



U.S. Agency for
International
Development

FISCAL YEAR
2004

Budget Justification to the Congress

Annex II

Asia and the Near East

FY 2004 Congressional Budget Justification

Annex II: Asia and the Near East

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ASIA AND THE NEAR EAST

Assistant Administrator, Wendy Chamberlin
Deputy Assistant Administrator, Gordon West
Deputy Assistant Administrator, James Kunder

East Asia Region

Burma
CambodiaMission Director, Lisa Chiles
China
East Timor.....USAID Representative, James Lehman
IndonesiaMission Director, Desaix Myers
Laos
MongoliaMission Director, Jonathan Addleton
PhilippinesMission Director, Michael Yates
Thailand
Vietnam

South Asia Region

AfghanistanMission Director, Craig Buck
BangladeshMission Director, Gene George
IndiaMission Director, Walter North
NepalMission Director, Joanne Hale
PakistanMission Director, Mark Ward
Sri LankaMission Director, Carol Becker

Middle East and North Africa Region

EgyptActing Mission Director, Anne Aarnes
Israel
JordanMission Director, Toni Christiansen-Wagner
LebanonMission Director, Raouf Youssef
MoroccoMission Director, James Bednar
West Bank and Gaza ..Mission Director, Larry Garber
YemenUSAID Representative, Douglas Heisler

ASIA AND THE NEAR EAST

THE DEVELOPMENT CHALLENGE

The Asia and Near East (ANE) region is home to 800 million impoverished people, more than Africa and Latin America combined. Inadequate economic opportunity at both the national and local level is a problem throughout the region, and is of particular concern in South Asia and the Middle East. The ANE region has the highest levels of illiteracy, with over 600 million uneducated people—four times the totals for Africa, Latin America, and Europe/Eurasia combined. Illiteracy in the region disproportionately affects women and girls. South Asia has the highest rate of female illiteracy in the world at 57 percent, and in East Asia illiteracy is two and a half times higher among women than men. The region is also governed by some of the world's most closed and repressive regimes. Over half of all ANE countries are considered "not free."¹ Inadequate economic opportunity, the lack of education and skills training, together with corrupt and authoritarian governance, contribute to a disillusioned, isolated, and under-employed populace. In combination with high illiteracy rates—and with post-9/11 hindsight—it seems clear why the region became a nexus of intolerance and an exporter of terror.

Foreign assistance to the Asia and Near East region is one of the United States' most effective foreign policy tools for promoting regional stability. A prosperous, healthy, educated population able to participate in democratic processes reduces the risk of terrorism, civil conflict, and regional instability. A robust foreign assistance program will help invigorate economic growth and opportunity; tackle illiteracy and skills development; and promote inclusive, representative, and transparent governance. USAID's ANE Bureau, by addressing priority development needs, will also work to alter the social and economic geography upon which terrorism has grown.

The ANE Bureau proposes a comprehensive agenda to address the development needs of key frontline states in the war against terrorism by bringing resources to new initiatives that reduce poverty and hopelessness. These initiatives include expanding economic opportunity by developing trade capacity and invigorating economic opportunity at the local level; improving education in the region through programs that address illiteracy, gender disparities, and out-of-work youth; and working with governments and civil society to advance democratic reforms and make governments more representative, transparent, and responsive to their constituents.

Implementing these new initiatives and core programs will require (as compared with FY 2002 levels) expanding the DA and CSH budgets by a combined total of \$176.3 million, expanding the ESF budget by \$121.3 million (excluding Egypt, Israel, and cash transfer programs in Pakistan), and increasing OE by \$9.2 million. The bureau plans to hold its USDH level constant at the FY 2002 number.

1. Middle East and North Africa

In the Middle East and North Africa sub-region, the need for robust foreign assistance has never been more compelling. September 11 pointed out the need to address the root causes of regional instability. In countries across the Middle East, economic hopelessness and political stagnation are breeding extremism, providing fertile ground for those seeking to fill the ranks of terrorist groups. Over the last 25 years, economic performance in the Middle East has fallen behind that of most other regions of the world. The economic situation is exacerbated by the demographic conditions, with a majority of the population in many of these countries below the age of 25. Each year millions of young people enter the labor market with no prospect of finding a job.

Governments in the Middle East face crucial choices on issues of economic development and policy reform. If they do not make the right choices, the region will continue to fall farther behind,

¹ Source: Freedom House.

potentially strengthening the hand of the extremists and increasing the threat to stability. Economic assistance is critical to fostering the correct choices and providing the means to implement them. By addressing the major development problems of economic stagnation, lack of participatory government, competition over water resources, and high population rates, USAID can help to create the conditions necessary for regional peace and stability. To accomplish these objectives, the ANE Bureau is working closely with the Department of State to adjust the structure of all USAID programs in the sub-region to correspond closely with the objectives of the Middle East Partnership Initiative (MEPI) announced by Secretary of State Powell. Those objectives include:

- Ensuring that our assistance is focused on economic reform and private sector development, increasing educational opportunity, strengthening civil society and the rule of law, and increasing the participation of women in political and economic life;
- Expanding the reach of our assistance to more directly improve the lives of more people in the Middle East;
- Improving the efficiency of our assistance; and
- Monitoring and measuring the results more effectively.

MEPI now forms the thematic construct around which all of our programs in the region will be organized; it may also serve as a source of funding for activities undertaken by or in collaboration with these programs. The Department of State and USAID are conducting a joint review of the overall strategic direction of the Middle East and North Africa portfolio and its specific programs to ensure that USAID efforts are reaching as many people as possible, with a particular emphasis on women and youth, and that we are providing the most effective and efficient assistance possible. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review, USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

2. South Asia

South Asia is the frontline in the war on terrorism. The events of September 11 highlighted the strategic importance of this subregion to the United States, and the importance of improving economic and social conditions in South Asia to U.S. national security. South Asia faces some of the most daunting development problems in the world. The region is home to one-fifth of the world's population and 40 percent of the world's poor. More than half of the region's children under the age of five are malnourished. South Asia has the world's highest adult illiteracy rates, second highest fertility levels, a rapidly growing HIV/AIDS epidemic, widespread prevalence of infectious diseases, low socioeconomic status for women and girls, increasing urbanization and pollution, and staggering infant and child mortality. Each of these contributes to political instability.

In Afghanistan, years of civil war, compounded by Taliban rule and the worst drought in recent history, have devastated the country. While significant progress has been made in the past year (return of three million children to school, return of two million refugees, a successful Loya Jirga, and an increase in wheat production of 82 percent), approximately half of Afghanistan's 22 million people live in absolute poverty. Malnutrition is widespread. Fifty percent of the people are unemployed, while 70 percent are illiterate. Despite the significant increase in donor contributions, the slow pace of demonstrated improvements in people's lives continues to threaten the country's stability.

In Nepal, a Maoist insurgency has gained increasing control over rural areas and escalated dramatically in intensity. While the Government of Nepal controls all 75 district centers, Maoists now basically control seven of Nepal's 75 districts. In these districts, they have declared people's governments, established people's courts, and maintained or allowed the provision of basic health and education services. Maoists have significant presence in 17 additional districts and

have carried out violent activities – e.g., attacks on government offices, hydropower plants, telecommunications, and bridges – in 74 districts.

Pakistan, a key partner of the U.S. in the international campaign against terrorism, faces serious challenges to correct its social inequities, devolve political and economic authority to its provinces, and raise its basic health and education indicators. Next door in India, the world's largest democracy and home of the second largest Muslim population, the U.S. and India are seeking to transform their strategic relationship across military, security, economic and development lines. Bangladesh, although recognized for its continued democratic transfer of power and its significant social development progress in recent years, remains one of the poorest, most corrupt and most disaster-prone countries in the world. Finally, the issue of Kashmir represents a political and military tinderbox between the nuclear weapon states of India and Pakistan, which in the past year helped to lead to one million soldiers facing off with each other across the Line of Control.

On a positive note, Sri Lanka, for the first time in almost twenty years, now enjoys a cease-fire between the government and the Liberation Tigers of Tamil Eelam (LTTE). Considerable work now must be done to advance post-conflict reconciliation, inter-ethnic tolerance and respect, and a renewed commitment to development.

3. East Asia

While nations in East Asia continue to struggle to emerge from a legacy of financial and political crises, East Asia has also been affected by the network of terrorism that became evident after September 11. This was made tragically clear by October bombing in Bali, Indonesia, which killed 300 people and precipitated the ordered evacuation in the U.S. Mission, as well as a series of bombings and kidnappings in the Philippines. With increasing evidence of terrorist networks in Southeast Asia, combating their operations, addressing the root causes of terrorism, reinforcing the influence of moderate Islam and supporting democracy and stability in the region are important U.S. priorities. At the same time, fragile post-conflict situations, including Mindanao in the Philippines and Aceh in Indonesia, require sustainable improvements in people's lives to improve the chances for lasting peace

Levels of development in East Asia vary widely. Some countries are in a state of economic and political transition; intrastate conflict threatens fragile democracies in several East Asian nations; and authoritarian regimes persist. The effects of the Asian financial crisis of the late 1990s linger across the region, while the spread of HIV/AIDS threatens all East Asia. Burma and Cambodia have the highest rates of HIV infection in Asia, and HIV crosses borders easily and rapidly in Southeast Asia.

USAID is responding to these challenges with a diverse portfolio of assistance emphasizing trade, education, health, and democracy. For example, in the Philippines and Indonesia, USAID continues to provide significant assistance in economic policy reform and is a catalyst among donors in such areas as anti-money laundering, bank reform, and customs and procurement reform. In Cambodia, USAID assistance is focused on human rights and opening up the political system to more than one party. USAID assistance for Burma is focused on providing education and health services for refugees along the Thai border. With USAID assistance, a number of countries are making progress on WTO membership and/or major trade agreements with the U.S. For example, in Vietnam, USAID is providing important technical expertise to help the Vietnamese comply with the requirements of the Bilateral Trade Agreement with the U.S.

PROGRAM AND MANAGEMENT CHALLENGES

USAID continues to face three main program and management challenges in the ANE region. First, USAID has had to adjust available resources to tackle heightened foreign policy priorities (e.g., the establishment of new missions in Pakistan, Afghanistan, and increased efforts in basic

education) without jeopardizing existing bilateral and regional development activities. Existing activities remain critical to achieving development progress and stability and supporting broader U.S. foreign policy objectives in the three sub-regions.

Second, USAID must respond to requests to initiate or expand programs in non-presence countries while identifying better ways to manage assistance in such countries. USAID must be able to deliver meaningful development results that contribute to achievement of U.S. foreign policy objectives. To meet this challenge, USAID will take three major steps in FY 2003:

- The Agency will open a new Regional Development Office in Bangkok, Thailand. This office will be responsible for managing non-presence programs in Burma, China, Laos, and Vietnam, as well as a portfolio of regional programs with activities throughout South and Southeast Asia in the economic growth, health, and democracy sectors. It should be noted that these regional programs are not new; rather, management responsibility for them is simply being shifted from Washington to the field.
- USAID will expand the capacity of the existing bilateral mission in Egypt to serve as a regional support center for programs in presence and non-presence countries throughout the Near East and North Africa sub-region.
- The Agency will establish an office in Yemen to lead the development and management of USAID's expanding program in that country.

Finally, USAID is taking significant steps toward fulfilling the vision captured by the Global Development Alliance. Considering the daunting problems facing the ANE region, USAID programs alone are not enough. Accordingly, USAID has taken significant steps toward fostering greater collaboration with key bilateral donors and private sector entities (foundations, companies, NGOs, etc.) to mobilize resources in order to maximize efforts in support of U.S. foreign policy objectives. For example:

- USAID, British Petroleum, Great Britain's Department for International Development, and the Indonesian government have become partners in an effort to train Indonesians to use new income from gas production to prevent environmental damage and social disruption.
- Mirant Philippines partnered with USAID to electrify remote areas of Mindanao by using sustainable renewable energy systems such as solar panels and thereby spur economic development.
- To combat threats to orangutans posed by unsustainable and illegal logging, USAID partnered with the Nature Conservancy, Home Depot, local communities, and the Indonesian government to create economic incentives to manage forests sustainably and protect primate habitat.

OTHER DONORS

Excluding its assistance to Israel, the United States now ranks second among donors in this region. The top donor is Japan, followed by the U.S., the World Bank, the European Union, Germany, France, and the Asian Development Bank (ADB). USAID continues to work with these donors and United Nations agencies to reach a consensus on development priorities and to coordinate programs in every USAID-assisted country. In particular, USAID is actively exploring new ways to cooperate with Japan and the ADB on parallel programs in Asia and the Middle East.

FY 2004 PROGRAM

USAID requests \$2,831,595,000 for FY 2004 programs in the ANE region. Of this amount, \$358,888,000 would come from the Development Assistance (DA) account, \$240,318,000 from

the Child Survival and Health (CSH) account, \$2,130,750,000 from the Economic Support Fund (ESF) account. In addition, USAID is requesting \$101,639,000 from P.L. 480 Title II resources.

This FY 2004 request is broken down by sub-region as follows:

▪ East Asia	\$ 285.8 million
▪ South Asia	\$ 889.5 million
▪ Middle East and North Africa	\$1,432.9 million
▪ Regional	\$ 223.4 million

By USAID pillar, the FY 2004 request is as follows:

Economic Growth, Agriculture, and Trade	\$2,157.8 million
Global Health	\$ 330.4 million
Democracy, Conflict, and Humanitarian Assistance (which includes \$101.6 million in P.L. 480 Title II)	\$ 343.4 million

**Asia and Near East
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	110,533	214,028	211,100	240,318
Development Assistance	222,807	209,316	253,148	358,888
Economic Support Fund	2,036,558	2,729,500	2,234,750	2,130,750
PL 480 Title II	194,352	299,447	146,616	101,639
Total Program Funds	2,564,250	3,452,291	2,845,614	2,831,595

Asia and Near East PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Afghanistan				
Child Survival and Health Programs Fund	0	4,000	0	21,000
Development Assistance	0	10,701	0	150,000
Economic Support Fund	0	105,250	0	150,000
PL 480 Title II	29,294	159,472	0	0
Total Afghanistan	29,294	279,423	0	321,000
Algeria				
PL 480 Title II	0	2,009	0	0
Total Algeria	0	2,009	0	0
ANE Regional				
Child Survival and Health Programs Fund	13,044	16,227	17,742	14,418
Development Assistance	44,301	46,769	55,305	26,218
Economic Support Fund	114,079	92,250	71,250	182,750
Total ANE Regional	171,424	155,246	144,297	223,386
Bangladesh				
Child Survival and Health Programs Fund	15,500	39,950	33,700	32,000
Development Assistance	42,050	21,670	24,720	18,850
Economic Support Fund	0	3,000	7,000	6,000
PL 480 Title II	67,658	23,974	45,083	45,445
Total Bangladesh	125,208	88,594	110,503	102,295
Burma				
Child Survival and Health Programs Fund	2,000	0	0	2,500
Development Assistance	993	0	0	0
Economic Support Fund	3,492	6,500	6,500	6,500
Total Burma	6,485	6,500	6,500	9,000
Cambodia				
Child Survival and Health Programs Fund	9,420	15,000	22,500	22,800
Development Assistance	0	0	0	2,000
Economic Support Fund	14,967	20,000	17,000	15,000
PL 480 Title II	2,422	1,085	0	0
Total Cambodia	26,809	36,085	39,500	39,800
China				
Economic Support Fund	0	5,000	5,000	0
Total China	0	5,000	5,000	0
East Timor				
Economic Support Fund	24,945	25,000	19,000	13,500
Total East Timor	24,945	25,000	19,000	13,500
Egypt				
Economic Support Fund	693,471	655,000	615,000	575,000
PL 480 Title II	323	3,839	0	0
Total Egypt	693,794	658,839	615,000	575,000
India				
Child Survival and Health Programs Fund	24,593	41,678	40,785	40,800
Development Assistance	28,805	29,200	34,400	27,100
Economic Support Fund	4,989	7,000	25,000	20,000
PL 480 Title II	78,289	93,679	91,288	45,000
Total India	136,676	171,557	191,473	132,900

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
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Indonesia				
Child Survival and Health Programs Fund	19,580	35,568	32,568	29,250
Development Assistance	51,483	38,704	38,704	31,691
Economic Support Fund	49,890	50,000	60,000	60,000
PL 480 Title II	12,144	5,670	10,245	11,194
Total Indonesia	133,097	129,942	141,517	132,135
Israel				
Economic Support Fund	838,152	720,000	800,000	480,000
Total Israel	838,152	720,000	800,000	480,000
Jordan				
Economic Support Fund	149,670	250,000	250,000	250,000
Total Jordan	149,670	250,000	250,000	250,000
Laos				
Child Survival and Health Programs Fund	0	1,000	1,000	1,350
Development Assistance	0	1,000	1,000	0
PL 480 Title II	0	513	0	0
Total Laos	0	2,513	2,000	1,350
Lebanon				
Development Assistance	600	600	500	500
Economic Support Fund	34,923	35,000	32,000	32,000
Total Lebanon	35,523	35,600	32,500	32,500
Mongolia				
Economic Support Fund	11,974	12,000	12,000	10,000
Total Mongolia	11,974	12,000	12,000	10,000
Morocco				
Child Survival and Health Programs Fund	4,902	4,600	0	0
Development Assistance	5,685	5,766	6,713	5,400
PL 480 Title II	591	0	0	0
Total Morocco	11,178	10,366	6,713	5,400
Nepal				
Child Survival and Health Programs Fund	9,250	20,000	20,449	18,500
Development Assistance	12,158	7,597	11,247	14,311
Economic Support Fund	0	3,000	6,000	6,000
PL 480 Title II	0	2,352	0	0
Total Nepal	21,408	32,949	37,696	38,811
North Korea				
PL 480 Title II	1,776	0	0	0
Total North Korea	1,776	0	0	0
Pakistan				
Child Survival and Health Programs Fund	0	5,000	12,500	25,000
Development Assistance	0	10,000	37,500	50,000
Economic Support Fund	0	624,500	200,000	200,000
PL 480 Title II	1,855	5,134	0	0
Total Pakistan	1,855	644,634	250,000	275,000
Philippines				
Child Survival and Health Programs Fund	9,450	25,599	24,550	22,000
Development Assistance	30,334	24,459	26,609	23,068
Economic Support Fund	7,202	33,000	20,000	20,000
Total Philippines	46,986	83,058	71,159	65,068

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Sri Lanka				
Child Survival and Health Programs Fund	300	300	300	500

Development Assistance	3,399	5,150	5,750	5,000
Economic Support Fund	0	3,000	4,000	14,000
PL 480 Title II	0	1,325	0	0
Total Sri Lanka	3,699	9,775	10,050	19,500
Thailand				
Child Survival and Health Programs Fund	0	1,000	1,000	3,000
Development Assistance	0	750	2,250	750
Total Thailand	0	1,750	3,250	3,750
Vietnam				
Child Survival and Health Programs Fund	2,494	4,106	4,006	7,200
Development Assistance	2,999	6,950	8,450	4,000
Total Vietnam	5,493	11,056	12,456	11,200
West Bank and Gaza				
Economic Support Fund	84,813	72,000	75,000	75,000
Total West Bank and Gaza	84,813	72,000	75,000	75,000
Yemen				
Economic Support Fund	3,991	8,000	10,000	15,000
PL 480 Title II	0	395	0	0
Total Yemen	3,991	8,395	10,000	15,000
Total Program Funds	2,564,250	3,452,291	2,845,614	2,831,595

Asia and Near East PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	110,533	214,028	211,100	240,318
Development Assistance	222,807	209,313	253,148	358,888
Economic Support Fund	2,036,558	1,891,500	2,234,750	2,130,750
Supplemental--ESF	0	238,000	0	0
Emergency Response Fund	0	600,000	0	0
PL 480 Title II	194,352	298,122	146,616	101,639
Total Program Funds	2,564,250	3,450,963	2,845,614	2,831,595

Afghanistan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	4,000	TBD	21,000
Development Assistance	0	10,701	TBD	150,000
Economic Support Fund	0	17,250	TBD	150,000
Supplemental--ESF	0	88,000	TBD	0
PL 480 Title II	29,294	159,472	TBD	0
Total Program Funds	29,294	279,423	TBD	321,000

STRATEGIC OBJECTIVE SUMMARY

306-001 Agriculture				
DA	0	9,985	TBD	42,359
306-002 Basic Education and Health				
CSH	0	4,000	TBD	21,000
DA	0	0	TBD	19,293
306-003 Infrastructure, Economic Governance & Democracy				
DA	0	716	TBD	88,348
ESF	0	105,250	TBD	150,000

306-003 includes \$88 M of the FY 2002 Supplemental - ESF.

Algeria
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
PL 480 Title II	0	2,009	0	0
Total Program Funds	0	2,009	0	0

STRATEGIC OBJECTIVE SUMMARY

Burma PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	2,000	0	0	2,500
Development Assistance	993	0	0	0
Economic Support Fund	3,492	6,500	6,500	6,500
Total Program Funds	6,485	6,500	6,500	9,000

STRATEGIC OBJECTIVE SUMMARY

482-002 Promote Democracy and Aid Burmese Refugees				
CSH	2,000	0	0	0
DA	993	0	0	0
ESF	3,492	6,500	6,500	6,500
1/ 482-XXX ANE Regional HIV/AIDS Program				
CSH	0	0	0	2,500

1/ USAID plans to obligate \$2,500,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health (498-022) for HIV/AIDS activities in Burma.

Bangladesh PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	15,500	39,950	33,700	32,000
Development Assistance	42,050	21,670	24,720	18,850
Economic Support Fund	0	3,000	7,000	6,000
PL 480 Title II	67,658	23,974	45,083	45,445
Total Program Funds	125,208	88,594	110,503	102,295

STRATEGIC OBJECTIVE SUMMARY

388-001 Integrated Family Planning and Health				
CSH	14,000	39,950	33,700	32,000
DA	26,000	0	0	0
388-005 Private Enterprise Development				
DA	5,700	4,800	5,600	4,500
ESF	0	0	1,500	1,000
388-006 Environment				
DA	1,800	2,900	2,700	2,500
ESF	0	0	500	500
388-007 Bilateral Energy				
DA	2,500	4,770	5,470	3,500
ESF	0	1,500	1,500	1,500
388-008 Food Security and Disaster Management				
DA	3,050	3,700	2,600	2,100
ESF	0	500	1,500	1,500
PL 480	0	23,974	10,000	45,000
388-009 Democracy and Governance				
CSH	1,500	0	0	0
DA	3,000	5,500	6,000	3,250
388-010 Education				
DA	0	0	2,350	3,000
ESF	0	0	2,000	1,500
TRANSFER				
ESF	0	1,000	0	0

Cambodia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	9,420	15,000	22,500	22,800
Development Assistance	0	0	0	2,000
Economic Support Fund	14,967	20,000	17,000	15,000
PL 480 Title II	2,422	1,085	0	0
Total Program Funds	26,809	36,085	39,500	39,800

STRATEGIC OBJECTIVE SUMMARY

442-001 Human Rights				
ESF	8,514	55	0	0
442-002 Family Health				
ESF	4,703	3,853	0	0
442-004 Mine Victims				
ESF	1,000	0	0	0
442-005 Reduced Transmission of Sexually Transmitted Infections and HIV/AIDS among High-Risk Populations				
CSH	9,420	0	0	0
ESF	750	0	0	0
442-009 HIV/AIDS and Family Health				
CSH	0	15,000	22,500	22,800
ESF	0	5,519	0	0
442-010 Democracy and Human Rights				
ESF	0	10,573	17,000	15,000
442-011 Improving Basic Education				
DA	0	0	0	2,000

**China
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	0	5,000	5,000	0
Total Program Funds	0	5,000	5,000	0

STRATEGIC OBJECTIVE SUMMARY

435-003 Rule of Law				
ESF	0	5,000	5,000	0

East Timor PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	24,945	25,000	19,000	13,500
Total Program Funds	24,945	25,000	19,000	13,500

STRATEGIC OBJECTIVE SUMMARY				
472-001 Economic Revitalization				
ESF	13,603	11,500	9,000	6,000
472-003 Support for Democratic Transition				
ESF	11,342	12,500	10,000	7,500
472-xxx ANE Regional HIV/AIDS program				
ESF	0	1,000	0	0

Egypt PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	693,471	655,000	615,000	575,000
PL 480 Title II	323	3,839	0	0
Total Program Funds	693,794	658,839	615,000	575,000

STRATEGIC OBJECTIVE SUMMARY				
263-016 Creating Jobs through Trade and Investment				
ESF	440,796	498,800	491,000	440,400
263-017 Workforce Development				
ESF	65,000	19,010	22,000	22,000
263-018 Infrastructure				
ESF	53,803	0	0	13,000
263-019 Environment and Natural Resources Management				
ESF	40,780	48,480	13,050	12,940
263-020 Healthier, Planned Families				
ESF	58,100	46,490	38,900	33,000
263-021 Democracy and Governance				
ESF	11,092	9,420	16,040	20,160
263-022 Improved Basic Education				
ESF	23,900	32,800	34,010	33,500

India PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	24,593	41,678	40,785	40,800
Development Assistance	28,805	29,200	34,400	27,100
Economic Support Fund	4,989	7,000	25,000	20,000
PL 480 Title II	78,289	93,679	91,288	45,000
Total Program Funds	136,676	171,557	191,473	132,900

STRATEGIC OBJECTIVE SUMMARY

386-002 Reproductive Health in North India				
CSH	0	11,900	0	0
DA	15,905	0	0	0
386-003 Improved Child Survival				
CSH	4,300	8,000	0	0
PL 480	78,064	99,042	0	0
386-004 Environmental Protection				
DA	8,288	13,348	0	0
ESF	0	2,994	0	0
386-007 Reduce Infectious Diseases				
CSH	17,593	21,778	0	0
386-009 Women and Girls Service Networks				
CSH	700	0	0	0
DA	0	2,958	0	0
386-011 Governance				
DA	3,616	11,522	0	0
ESF	4,989	2,506	0	0
386-012 Vulnerable Groups				
CSH	2,000	0	0	0
DA	996	1,372	0	0
ESF	0	1,500	0	0
386-013 Economic Growth				
DA	0	0	12,692	9,400
ESF	0	0	3,000	2,700
386-014 Improved Health and Reduced Fertility				
CSH	0	0	40,785	40,800
PL 480	0	0	91,288	45,000
386-015 Disaster Management Support				
DA	0	0	2,800	2,000
ESF	0	0	2,500	2,300
386-016 Environmental Protection				
DA	0	0	10,900	10,000
ESF	0	0	10,000	7,500
386-017 Education/Equity				
DA	0	0	7,508	4,700
ESF	0	0	9,500	7,500
1/ 386-XXX ANE Regional US-AEP				
DA	0	0	500	1,000

1/ USAID plans to obligate \$500,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in India.

Indonesia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	19,580	35,568	32,568	29,250
Development Assistance	51,483	38,704	38,704	31,691
Economic Support Fund	49,890	50,000	60,000	60,000
PL 480 Title II	12,144	5,670	10,245	11,194
Total Program Funds	133,097	129,942	141,517	132,135

STRATEGIC OBJECTIVE SUMMARY

497-007 Democracy Reform				
DA	8,180	8,000	9,000	7,000
ESF	18,080	15,000	28,000	27,500
497-008 Health, Population, and Nutrition				
CSH	19,580	35,568	32,568	29,250
DA	9,678	0	0	0
497-009 Crisis Mitigation				
DA	3,506	4,000	4,500	5,250
ESF	0	12,500	13,000	10,000
497-010 Strengthening Local Government				
DA	9,496	7,451	6,910	5,450
ESF	2,500	7,000	6,500	10,000
497-011 Promoting Economic Growth				
DA	5,623	5,123	6,494	4,850
ESF	11,827	14,000	11,000	11,000
497-012 Natural Resource Management				
DA	10,500	10,500	9,300	6,141
ESF	1,500	1,500	1,500	1,500
497-013 Energy Sector Reform				
DA	4,500	3,630	2,000	2,000
497-XXX State Department programs				
ESF	15,983	0	0	0
1/ 497-YYY ANE Regional US-AEP				
DA	0	0	500	1,000

1/ USAID plans to obligate \$500,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Indonesia.

Israel PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	838,152	720,000	800,000	480,000
Total Program Funds	838,152	720,000	800,000	480,000

STRATEGIC OBJECTIVE SUMMARY				
271-001 Israel Cash Transfer				
ESF	838,152	720,000	600,000	480,000
271-YYY Anti-Terrorism				
ESF			200,000	

Jordan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	149,670	150,000	250,000	250,000
Supplemental--ESF	0	100,000	0	0
Total Program Funds	149,670	250,000	250,000	250,000

STRATEGIC OBJECTIVE SUMMARY				
278-002 Water Resources Management				
ESF	43,845	45,000	47,000	50,000
278-003 Reproductive and Primary Health Care				
ESF	17,938	18,000	28,000	50,000
278-005 Broad-based Economic Growth				
ESF	87,887	187,000	175,000	150,000

278-005 includes \$100 M of the FY 2002 Supplemental - ESF.

**Laos
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	1,000	1,000	1,350
Development Assistance	0	1,000	1,000	0
PL 480 Title II	0	513	0	0
Total Program Funds	0	2,513	2,000	1,350

STRATEGIC OBJECTIVE SUMMARY

439-004 Economic Development				
DA	0	1,000	1,000	0
439-005 HIV/AIDS				
CSH	0	1,000	0	0
1/ 439-XXX ANE Regional HIV/AIDS Program				
CSH	0	0	1,000	1,350

1/ USAID plans to obligate \$1,000,000 in FY 2003 and \$1,350,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health program (498-022) for HIV/AIDS activities in Laos.

Lebanon PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Development Assistance	600	600	500	500
Economic Support Fund	34,923	35,000	32,000	32,000
Total Program Funds	35,523	35,600	32,500	32,500

STRATEGIC OBJECTIVE SUMMARY

268-001 Economic Development				
DA	0	0	500	500
ESF	22,964	23,000	20,000	20,000
268-002 Promoting Democracy and Good Governance				
ESF	5,481	7,000	7,000	7,000
268-005 Improving the Environment and Preventing Landmines				
DA	600	600	0	0
ESF	6,478	5,000	5,000	5,000

Mongolia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	11,974	12,000	12,000	10,000
Total Program Funds	11,974	12,000	12,000	10,000

STRATEGIC OBJECTIVE SUMMARY				
438-001 Economic Growth				
ESF	8,974	8,000	8,500	7,300
438-002 Democratic Transition				
ESF	3,000	4,000	3,500	2,700

Morocco PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	4,902	4,600	0	0
Development Assistance	5,685	5,766	6,713	5,400
PL 480 Title II	591	0	0	0
Total Program Funds	11,178	10,366	6,713	5,400

STRATEGIC OBJECTIVE SUMMARY				
608-005 Expanded Business Opportunities				
DA	2,685	2,038	2,891	0
608-006 Environment for Sustainable Development				
DA	1,000	2,300	2,294	0
608-007 Health Improvements for Women & Children				
CSH	3,414	4,600	0	0
DA	2,000	0	0	0
608-008 Keeping Girls in School				
CSH	1,488	0	0	0
DA	0	1,428	1,528	0
608-011 Trade and Investment				
DA	0	0	0	5,400

Nepal PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	9,250	20,000	20,449	18,500
Development Assistance	12,158	7,597	11,247	14,311
Economic Support Fund	0	3,000	6,000	6,000
PL 480 Title II	0	2,352	0	0
Total Program Funds	21,408	32,949	37,696	38,811

STRATEGIC OBJECTIVE SUMMARY				
367-001 Sustainable Forest and Agricultural Products				
DA	0	0	1,500	3,000
367-002 Health and Family Planning				
CSH	9,250	20,000	20,449	18,500
DA	6,500	0	0	0
367-004 Hydropower				
DA	185	0	0	0
367-006 Hydropower Development				
DA	2,318	2,200	2,200	2,200
367-007 Governance				
DA	2,855	3,647	5,300	5,587
ESF	0	750	600	1,000
367-008 Ending Conflict and Expanding Democracy				
DA	300	1,750	2,247	3,524
ESF	0	2,250	5,400	5,000

**North Korea
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
PL 480 Title II	1,776	0	0	0
Total Program Funds	1,776	0	0	0

STRATEGIC OBJECTIVE SUMMARY

Pakistan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	5,000	12,500	25,000
Development Assistance	0	10,000	37,500	50,000
Economic Support Fund	0	9,500	200,000	200,000
Supplemental--ESF	0	15,000	0	0
Emergency Response Fund	0	600,000	0	0
PL 480 Title II	1,855	5,134	0	0
Total Program Funds	1,855	644,634	250,000	275,000

STRATEGIC OBJECTIVE SUMMARY

391-003 Primary Education and Literacy				
DA	0	10,000	21,500	24,000
ESF	0	5,000	0	0
391-004 Democracy and Governance				
DA	0	0	10,000	11,500
ESF	0	2,000	0	0
391-005 Emergency Economic Assistance				
ESF	0	617,500	200,000	200,000
391-006 Economic Growth				
DA	0	0	6,000	14,500
391-007 Basic Health				
CSH	0	5,000	12,500	25,000

391-005 includes \$15M of the FY 2002 Supplemental - ESF.

391-005 includes \$600M of the Emergency Response Fund - ESF.

Philippines PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	9,450	25,599	24,550	22,000
Development Assistance	30,334	24,456	26,609	23,068
Economic Support Fund	7,202	21,000	20,000	20,000
Supplemental--ESF	0	12,000	0	0
Total Program Funds	46,986	83,055	71,159	65,068

STRATEGIC OBJECTIVE SUMMARY

492-001 Mindanao				
DA	200	0	0	0
492-002 Economic Governance				
DA	6,402	5,592	9,192	8,708
ESF	3,991	10,000	5,000	5,000
492-003 Family Planning and Health				
CSH	4,500	13,685	24,550	22,000
DA	17,865	0	0	0
ESF	0	4,000	0	0
492-004 Environment and Energy				
DA	4,367	13,664	13,167	10,360
492-007 Reduce HIV/AIDS and Selected Infectious Diseases				
CSH	4,950	0	0	0
492-010 Conflict Resolution in Mindanao				
DA	1,500	5,200	3,750	3,000
ESF	3,211	19,000	15,000	15,000
1/ 492-XXX ANE Regional US-AEP				
DA	0	0	500	1,000
TRANSFER				
CSH	0	11,914	0	0

492-010 includes \$10M of the FY 2002 Supplemental - ESF.

492-003 includes \$2M of the FY 2002 Supplemental - ESF.

1/ USAID plans to obligate \$500,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Philippines.

Sri Lanka PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	300	300	300	500
Development Assistance	3,399	5,150	5,750	5,000
Economic Support Fund	0	3,000	4,000	14,000
PL 480 Title II	0	1,325	0	0
Total Program Funds	3,699	9,775	10,050	19,500

STRATEGIC OBJECTIVE SUMMARY

383-003 Humanitarian Assistance				
CSH	300	300	300	500
DA	400	1,900	500	0
ESF	0	200	0	1,000
383-004 Competitiveness				
DA	2,999	3,250	3,000	4,250
ESF	0	0	2,000	3,000
383-005 Democracy and Governance				
DA	0	0	2,000	500
ESF	0	2,800	0	4,000
1/ 383-XXX ANE Regional US-AEP				
DA	0	0	250	250
383-YYY Transition Initiatives				
ESF	0	0	2,000	6,000

^{1/} USAID plans to obligate \$250,000 in FY 2003 and \$250,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Sri Lanka.

Thailand PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	1,000	1,000	3,000
Development Assistance	0	750	2,250	750
Total Program Funds	0	1,750	3,250	3,750

STRATEGIC OBJECTIVE SUMMARY

1/	493-WWW ANE Regional Encourage Economic Growth				
	DA	0	0	1,500	0
2/	493-XXX ANE Regional US-AEP				
	DA	0	750	750	750
3/	493-YYY ANE Regional HIV/AIDS Program				
	CSH	0	1,000	1,000	3,000

- 1/ USAID plans to obligate \$1,500,000 in FY 2004 under the regional Encourage Economic Growth program (498-023) for activities in Thailand.
- 2/ USAID plans to obligate \$750,000 in FY 2003 and \$750,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Thailand.
- 3/ USAID plans to obligate \$1,000,000 in FY 2003 and \$3,000,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health program (498-022) for HIV/AIDS activities in Thailand.

Vietnam PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	2,494	4,106	4,006	7,200
Development Assistance	2,999	6,950	8,450	4,000
Total Program Funds	5,493	11,056	12,456	11,200

STRATEGIC OBJECTIVE SUMMARY

440-006 Trade and Investment				
DA	2,999	5,450	5,950	3,000
440-007 Assistance to Vulnerable Groups				
CSH	2,494	4,106	506	1,200
DA	0	1,500	1,500	0
1/ 440-XXX 498-009 U.S. - Asia Environmental Partnership (US-AEP)				
DA	0	0	1,000	1,000
2/ 440-YYY 498-022 ANE Regional Stabilize Population Growth and Protect Human Health				
CSH	0	0	3,500	6,000

1/ USAID plans to obligate \$1,000,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Vietnam.

2/ USAID plans to obligate \$3,500,000 in FY 2003 and \$6,000,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health program (498-022) for HIV/AIDS activities in Vietnam.

West Bank and Gaza PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	84,813	72,000	75,000	75,000
Total Program Funds	84,813	72,000	75,000	75,000

STRATEGIC OBJECTIVE SUMMARY				
294-001 Private Sector Development				
ESF	3,752	13,601	10,000	10,000
294-002 Water Resources Development				
ESF	60,384	27,725	30,100	50,036
294-003 Democracy and Governance				
ESF	10,580	11,375	10,150	9,996
294-005 Higher Education and Training				
ESF	5,007	205	2,812	2,968
294-007 Family Health				
ESF	5,090	1,369	21,300	1,250
294-008 Community Services Program				
ESF	0	17,725	638	750

Yemen PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	3,991	5,000	10,000	15,000
Supplemental--ESF	0	3,000	0	0
PL 480 Title II	0	395	0	0
Total Program Funds	3,991	8,395	10,000	15,000

STRATEGIC OBJECTIVE SUMMARY

279-004 Community-based Health and Education				
ESF	3,991	8,000	10,000	15,000

279-004 includes \$3M of the FY 2002 Supplemental-ESF.

ANE Regional PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	13,044	16,227	17,742	14,418
Development Assistance	44,301	46,769	55,305	26,218
Economic Support Fund	114,079	72,250	71,250	182,750
Supplemental--ESF	0	20,000	0	0
Total Program Funds	171,424	155,246	144,297	223,386

STRATEGIC OBJECTIVE SUMMARY

498-007 Program Development and Learning					
	CSH	1,535	8,450	5,939	1,885
	DA	12,376	25,797	36,783	9,348
1/	498-009 United States-Asia Environmental Partnership				
	DA	14,878	10,000	8,000	4,800
498-012 Middle East Regional Democracy Fund					
	ESF	3,991	6,525	5,000	0
2/	498-022 Regional HIV/AIDS and Infectious Diseases				
	CSH	11,237	7,777	11,803	12,533
3/	498-023 Encourage Economic Growth				
	DA	14,547	9,600	9,600	8,500
	ESF	10,620	4,000	4,000	0
498-024 Sustainable Environment					
	DA	500	0	0	0
	ESF	4,680	3,500	0	0
498-036 East Asia Regional Democracy Fund					
	DA	0	100	0	0
	ESF	6,341	9,000	9,000	7,000
498-037 South Asia Regional Democracy					
	CSH	272	0	0	0
	DA	2,000	1,272	922	3,570
	ESF	10,477	3,500	2,000	2,000
498-xxx Department of State Programs					
	ESF	77,970	65,725	51,250	173,750

498-012 includes \$1.5M of the FY 2002 Supplemental- ESF - for the Middle East Partnership Initiative.

498-XXX includes \$18.5M of the FY 2002 Supplemental - ESF- for the Middle East Partnership Initiative.

1/ Excludes funds (all years) shown under the following country programs: India, Indonesia, Philippines, Sri Lanka, Thailand and Vietnam.

2/ Excludes funds (all years) shown under the following country programs: Burma, Laos, Thailand and Vietnam.

3/ Excludes FY 2002 funds shown under Thailand.

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

Country/Program SO No.	Strategic Objective Title	Account	Amount Being Notified in CBJ
<u>EAST ASIA REGION</u>			
Burma			
482-002	Democracy and Humanitarian Assistance	ESF	\$6,500 **
Cambodia			
442-009	Increased Use of HIV/AIDS and Family Health Services and Appropriate Health-Seeking Behavior	CSH	\$22,800
442-010	Increased Competition in Cambodian Political Life	ESF	\$15,000
442-011	Increases Relevance and Quality of Basic Education	DA	\$2,000
East Timor			
472-001	Revitalization of Local Economy	ESF	\$6,000
472-003	Democratic Development Strengthened	ESF	\$7,500
Indonesia			
497-007	Democratic Reforms Sustained and Deepened	DA	\$7,000
		ESF	\$24,000
497-008	Health of Women and Children Improved	CSH	\$29,250
497-009	Impact of Conflicts and Crises Reduced	DA	\$5,250
		ESF	\$13,500
497-010	Decentralized and Participatory Local Government	DA	\$5,450
		ESF	\$10,000
497-011	Fnds Set for Rapid, Sustain,& Equitable Econ Grth	DA	\$4,850
		ESF	\$11,000
497-012	Strengthen and Decentralize Natural Res Mgt	DA	\$6,141
		ESF	\$1,500
497-013	Energy Sector Governance Strengthened	DA	\$2,000
Mongolia			
438-001	Accelerate and Broaden Environmentally Sound Private Sector Growth	ESF	\$7,300
438-002	Consolidate Mongolia's Democratic Transition	ESF	\$2,700
Philippines			
492-002	Investment Climate LessConstrained by Corruption and Poor Governance	DA	\$8,708
		ESF	\$5,000
492-003	Reduced Fertility Rate and Improved Maternal and Child Health	CSH	\$22,000
492-004	Environmental Management Improved	DA	\$10,360
492-010	Prospects for Sustainable Peace in Mindanao Strengthened	DA	\$3,000
		ESF	\$15,000

* Previously notified.

** Separate notification required.

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

Country/Program SO No.	Strategic Objective Title	Account	Amount Being Notified in CBJ
Vietnam			
440-006	Enhanced Environment for Trade and Investment	DA	\$3,000
440-007	Improved Access to Services for Selected Vulnerable Groups	CSH	\$1,200
<u>SOUTH ASIA REGION</u>			
<u>Afghanistan</u>			
306-001	Reestablish Food Security	DA	\$42,359
306-002	Create Conditions for Stability	CSH	\$21,000
		DA	\$19,293
306-003	Rehabilitate Afghanistan as a Nation	DA	\$88,348
		ESF	\$150,000
Bangladesh			
388-001	Fertility Reduced and Family Health Improved	CSH	\$32,000
388-005	Growth of Agribusiness and Small Business	DA	\$4,500
		ESF	\$1,000
388-006	Improved Management of Open Water and Tropical Forest Resources	DA	\$2,500
		ESF	\$500
388-007	Improved Performance of the Energy Sector	DA	\$3,500
		ESF	\$1,500
388-008	Improved Food Security for Vulnerable Groups	DA	\$2,100
		ESF	\$1,500
388-009	Strengthened Institutions of Democracy	DA	\$3,250
388-010	Improved Performance at the Early and Primary Education Levels through Innovative Learning Models	DA	\$3,000
		ESF	\$1,500
India			
386-013	Increased Transparency and Efficiency in the Allocation and Mobilization of Resources in Selected States	DA	\$9,400
		ESF	\$2,700
386-014	Improved Health and Reduced Fertility in Targetted Areas of India	CSH	\$40,800
386-015	Reduced Vulnerability to Disasters in High-Risk Areas	DA	\$2,000
		ESF	\$2,300
386-016	Improved Access to Clean Energy and Water in Selected States	DA	\$10,000
		ESF	\$7,500
386-017	Enhanced Opportunities for Vulnerable People	DA	\$4,700
		ESF	\$7,500

* Previously notified.

** Separate notification required.

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

Country/Program SO No.	Strategic Objective Title	Account	Amount Being Notified in CBJ
Nepal			
367-001	Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products	DA	\$3,000
367-002	Reduced Fertility and Improved Maternal and Child Health	CSH	\$18,500
367-006	Incr Private-Sector Participation and Inv in Env and Socially Sustainable Hydropower Dev	DA	\$2,200
367-007	Strengthened Governance of Natural Resources and Selected Institutions	DA ESF	\$5,587 \$1,000
367-008	Promoting Peace Through Improved Governance and Incomes in Targeted Areas	DA ESF	\$3,524 \$5,000
Pakistan			
391-003	Pakistan Primary Education and Literacy Program	DA	\$24,000 **
391-004	Pakistan Democracy and Governance Program	DA	\$11,500 **
391-005	Emergency Economic Assistance to Pakistan	ESF	\$200,000 **
391-006	Agriculture Growth and Employment	DA	\$14,500 **
391-007	Improve Basic Health Services	CSH	\$25,000 **
Sri Lanka			
383-003	Humanitarian Assistance	CSH DA	\$500 \$1,000
383-004	Competitiveness	DA ESF	\$4,250 \$3,000
383-005	Democracy and Governance	DA ESF	\$500 \$4,000
383-YYY	Transition Initiatives	ESF	\$6,000 **
<u>MIDDLE EAST and NORTH AFRICA REGION</u>			
Egypt			
263-016	Environment for Trade and Investment Strengthened	ESF	\$80,400
	Cash Transfer	ESF	\$200,000 **
	Commodity Import Program (CIP)	ESF	\$160,000 **
263-017	Skills for Competitiveness Developed	ESF	\$22,000
263-018	Access to Sustainable Utility Service in Selected Areas Increased	ESF	\$13,000
263-019	Management of the Environment and Natural Resources in Targeted Sectors Improved	ESF	\$12,940
263-020	Healthier, Planned Families	ESF	\$33,000
263-021	Egyptian Initiatives in Governance and Participation Strengthened	ESF	\$20,160
263-022	Basic Education Improved to Meet Market Demands	ESF	\$33,500

* Previously notified.

** Separate notification required.

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

Country/Program SO No.	Strategic Objective Title	Account	Amount Being Notified in CBJ
Israel			
271-001	Support Policy Reform for Financial Stability	ESF	\$480,000 **
Jordan			
278-002	Improved Water Resources Management	ESF	\$50,000
278-003	Improved Access to and Quality of Reproductive and Primary Health Care	ESF	\$50,000
278-005	Increased Economic Opportunities for Jordanians cash transfer	ESF	\$37,000 \$113,000 **
Lebanon			
268-001	Expanded Economic Opportunity	DA ESF	\$500 \$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	\$5,400
West Bank and Gaza			
294-001	Expanded Economic Opportunities	ESF	\$10,000
294-002	Greater Access to and More Effective Use of Scarce Water Resources	ESF	\$50,036
294-003	More Responsive and Accountable Governance	ESF	\$9,996
294-005	Increased Access to Higher Education and Training	ESF	\$2,968
294-007	Healthier Palestinian Families	ESF	\$1,250
294-008	Improved Community Services	ESF	\$750
Yemen			
279-004	Broad-Based Economic Growth	ESF	\$15,000
<u>Asis and Near East Regional Programs</u>			
498-007	Program Development and Learning	CSH DA	\$1,885 \$9,348
498-009	United States-Asia Environmental Partnership (US-AEP)	DA	\$9,800
498-022	Stabilize Population Growth and Protect Human Health	CSH	\$25,383
498-023	Encourage Economic Growth	DA	\$8,500
498-036	Improve East Asia Regional Stability Through Democracy and Human Rights	ESF	\$7,000
498-037	Improve South Asia Regional Stability Through Democracy and Human Rights	DA ESF	\$3,570 \$2,000

* Previously notified.

** Separate notification required.

**Asia and Near East Bureau
Budget Justification to the Congress
Notified Levels for FY 2003**

Program/ SO Number	Title	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
<u>EAST ASIA REGION</u>				
Burma				
482-002	Democracy and Humanitarian Assistance	ESF	\$6,500	\$0 **
		ESF c/o	\$5,469	\$0 *
Cambodia				
442-009	Increased Use of HIV/AIDS and Family Health Services and Appropriate Health-Seeking Behavior	CSH	\$22,500	\$0 *
		CSH c/o	\$1,557	\$0 *
		ESF c/o	\$121	\$0 *
442-010	Increased Competition in Cambodian Political Life	ESF	\$17,000	\$17,000
		ESF c/o	\$427	\$0 *
442-011	Increases Relevance and Quality of Basic Education	ESF c/o	\$2,000	\$0 *
China				
435-003	Selected Foreign Policy Concerns Addressed	ESF	\$5,000	\$0 **
East Timor				
472-001	Revitalization of Local Economy	ESF	\$9,000	\$2,000
		ESF c/o	\$2,185	\$0 *
472-003	Democratic Development Strengthened	ESF	\$10,000	\$0 *
		ESF c/o	\$2,316	\$0 *
Indonesia				
497-007	Democratic Reforms Sustained and Deepened	DA	\$9,000	\$1,500
		ESF	\$28,000	\$4,500
497-008	Health of Women and Children Improved	CSH	\$32,568	\$0 *
		CSH c/o	\$995	\$0 *
497-009	Impact of Conflicts and Crises Reduced	DA	\$4,500	\$0 *
		ESF	\$13,000	\$6,500
497-010	Decentralized and Participatory Local Government	DA	\$6,910	\$0 *
		ESF	\$6,500	\$0 *
497-011	Fnds Set for Rapid, Sustain, & Equitable Econ Grth	DA	\$6,494	\$1,371
		ESF	\$11,000	\$0 *
497-012	Strengthen and Decentralize Natural Res Mgt	DA	\$9,300	\$0 *
		ESF	\$1,500	\$0 *
497-013	Energy Sector Governance Strengthened	DA	\$2,000	\$0 *
Laos				
439-004	Laos Economic Acceleration Program for the Silk Sector	DA	\$1,000	\$0 *
Mongolia				
438-001	Accelerate and Broaden Environmentally Sound Private Sector Growth	ESF	\$8,500	\$0 *
438-002	Consolidate Mongolia's Democratic Transition	ESF	\$3,500	\$500

* Previously notified.

** Separate notification required.

**Asia and Near East Bureau
Budget Justification to the Congress
Notified Levels for FY 2003**

Program/ SO Number	Title	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
Philippines				
492-002	A More Stable and Competitive Economy	DA	\$9,192	\$0 *
		ESF	\$5,000	\$0 *
492-003	Reduced Fertility Rate and Improved Maternal and Child Health	CSH	\$24,550	\$500
		ESF c/o supplemental	\$2,000	\$0 *
		DA	\$13,167	\$0 *
492-004	Environmental Management Improved	DA	\$13,167	\$0 *
492-010	Prospects for Sustainable Peace in Mindanao Strengthened	DA	\$3,750	\$0 *
		ESF	\$15,000	\$0 *
		ESF c/o supplemental	\$10,000	\$10,000
Vietnam				
440-006	Enhanced Environment for Trade and Investment	DA	\$5,950	\$0 *
		DA c/o	\$96	\$0 *
440-007	Improved Access to Services for Selected Vulnerable Groups	DA	\$1,500	\$0 *
		DA c/o	\$457	\$0 *
		CSH	\$506	\$0 *
		CSH c/o	\$1,003	\$0 *
<u>SOUTH ASIA REGION</u>				
<u>Afghanistan</u>				
306-001	Reestablish Food Security	DA	TBD	
		DA c/o	\$3,065	\$0 *
306-002	Create Conditions for Stability	DA	TBD	
		CSH	TBD	
		CSH c/o	\$2,000	\$0 *
306-003	Rehabilitate Afghanistan as a Nation	DA	TBD	
		DA c/o	\$716	\$0 *
		ESF	TBD	
		ESF c/o supplemental	\$88,000	\$0 *
		ESF c/o	\$995	\$0 *
Bangladesh				
388-001	Reduced Fertility and Improved Family Health	CSH	\$33,700	\$1,200
388-005	Growth of Agribusiness and Small Business	DA	\$5,600	\$0 *
		ESF	\$1,500	\$0 *
388-006	Improved Management of Open Water and Tropical Forest Resources	DA	\$2,700	\$0 *
		DA c/o	\$1,426	\$0 *
		ESF	\$500	\$0 *
388-007	Improved Performance of the Energy Sector	DA	\$5,470	\$0 *
		ESF	\$1,500	\$0 *
388-008	Improved Food Security for Vulnerable Groups	DA	\$2,600	\$0 *
		DA c/o	\$300	\$0 *
		ESF	\$1,500	\$0 *

* Previously notified.

** Separate notification required.

**Asia and Near East Bureau
Budget Justification to the Congress
Notified Levels for FY 2003**

Program/ SO Number	Title	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
388-009	Strengthened Institutions of Democracy	DA	\$6,000	\$0 *
		DA c/o	\$1,703	\$0 *
388-010	Improved Performance at the Early and Primary Education Levels through Innovative Learning Models	DA	\$2,350	\$2,350
		ESF	\$2,000	\$2,000
India				
386-013	Increased Transparency and Efficiency in the Allocation and Mobilization of Resources in Selected States	DA	\$12,692	\$12,692
		ESF	\$3,000	\$3,000
386-014	Improved Health and Reduced Fertility in Targetted Areas of India	CSH	\$40,785	\$40,785
		CSH c/o	\$500	\$0 *
386-015	Reduced Vulnerability to Disasters in High-Risk Areas	DA	\$2,800	\$2,800
		ESF	\$2,500	\$2,500
		ESF c/o	\$1,350	\$0 *
386-016	Improved Access to Clean Energy and Water in Selected States	DA	\$10,900	\$0 *
		DA c/o	\$1,068	\$0 *
		ESF	\$10,000	\$10,000
		ESF c/o	\$3,000	\$0 *
386-017	Enhanced Opportunities for Vulnerable People	DA	\$7,508	\$7,508
		DA c/o	\$350	\$0 *
		ESF	\$9,500	\$9,500
Nepal				
367-001	Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products	DA	\$1,500	\$1,500
367-002	Reduced Fertility and Improved Maternal and Child Health	DA	\$20,449	\$0 *
367-006	Incr Private-Sector Participation and Inv in Env and Socially Sustainable Hydropower Dev	DA	\$2,200	\$0 *
367-007	Strengthened Governance of Natural Resources and Selected Institutions	DA	\$5,300	\$0 *
		ESF	\$600	\$600
367-008	Restoring Political Stability and Improving Local Governance	DA	\$2,247	\$0 *
		ESF	\$5,400	\$0 *
Pakistan				
391-003	Pakistan Basic Education	DA	\$21,500	\$0 *
391-004	Pakistan Democracy and Governance Program	DA	\$10,000	\$0 *
391-005	Emergency Economic Assistance to Pakistan	ESF	\$200,000	\$0 **
		ESF c/o supplemental	\$15,000	\$15,000
		ESF c/o	\$2,500	\$0 *
391-006	Agriculture Growth and Employment	DA	\$6,000	\$0 **
391-007	Improve Basic Health Services	CSH	\$12,500	\$0 **
		CSH c/o	\$179	\$0 *

* Previously notified.

** Separate notification required.

**Asia and Near East Bureau
Budget Justification to the Congress
Notified Levels for FY 2003**

Program/ SO Number	Title	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
Sri Lanka				
383-003	Humanitarian Assistance	CSH	\$300	\$0 *
		DA	\$500	\$0 *
383-004	Competitiveness	DA	\$3,000	\$0 *
		ESF	\$2,000	\$2,000
383-005	Democracy and Governance	DA	\$2,000	\$2,000
383-YYY	Transition Initiatives	ESF	\$2,000	\$0
<u>MIDDLE EAST and NORTH AFRICA REGION</u>				
Egypt				
263-016	Environment for Trade and Investment Strengthened	ESF	\$91,000	\$0 *
		ESF c/o	\$21,500	\$0 *
	Cash Transfer	ESF	\$200,000	\$0 **
	Commodity Import Program (CIP)	ESF	\$200,000	\$0 **
263-017	Skills for Competitiveness Developed	ESF	\$22,000	\$0 *
		ESF c/o	\$2,000	\$0 *
263-018	Access to Sustainable Utility Service in Selected Areas Increased	ESF c/o	\$19,038	\$0 *
263-019	Management of the Environment and Natural Resources in Targeted Sectors Improved	ESF	\$13,050	\$2,050
		ESF c/o	\$1,900	\$0 *
263-020	Healthier, Planned Families	ESF	\$38,900	\$0 *
	Commodity Import Program (CIP)			\$0 **
263-021	Egyptian Initiatives in Governance and Participation Strengthened	ESF	\$16,040	\$0 *
		ESF c/o	\$13,000	\$0 *
263-022	Basic Education Improved to Meet Market Demands	ESF	\$34,010	\$21,110
		ESF c/o	\$15,000	\$0 *
Israel				
271-001	Support Policy Reform for Financial Stability	ESF	\$600,000	\$0 **
271-YYY	Anti-Terrorism	ESF	\$200,000	\$0 **
Jordan				
278-002	Improved Water Resources Management	ESF	\$47,000	\$0 *
278-003	Improved Access to and Quality of Reproductive and Primary Health Care	ESF	\$28,000	\$0 *
278-005	Increased Economic Opportunities for Jordanians	ESF	\$30,500	\$0 *
	cash transfer		\$144,500	\$0 **
		ESF c/o supplemental	\$15,000	\$0 *
		ESF c/o	\$8,813	\$0 *
Lebanon				
268-001	Expanded Economic Opportunity	ESF	\$20,000	\$0 *
		ESF c/o	\$23,000	\$0 *
		DA	\$500	\$500
		DA c/o	\$600	\$0 *
268-002	Strengthened Foundations for Governance	ESF	\$7,000	\$0 *
		ESF c/o	\$7,000	\$0 *

* Previously notified.

** Separate notification required.

**Asia and Near East Bureau
Budget Justification to the Congress
Notified Levels for FY 2003**

Program/ SO Number	Title	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
Lebanon con't				
268-005	Improved Environmental Policies and Practices	ESF	\$5,000	\$0 *
		ESF c/o	\$5,000	\$0 *
Morocco				
608-005	Increased Opportunities for Domestic and Foreign Investment	DA	\$2,891	\$706
608-006	Improved Water Resources Management in the Souss-Massa River Basin	DA	\$2,294	\$0 *
608-007	Health Improvements for Women & Children	DA c/o	\$500	\$0 *
608-008	Increased Attainment of Basic Education Among Girls in Selected Rural Provinces	DA	\$1,528	\$0 *
West Bank and Gaza				
294-001	Expanded Economic Opportunities	ESF	\$10,000	\$0 *
		ESF c/o	\$17,601	\$0 *
294-002	Greater Access to and More Effective Use of Scarce Water Resources	ESF	\$30,100	\$0 *
		ESF c/o	\$157,125	\$0 *
294-003	More Responsive and Accountable Governance	ESF	\$10,150	\$0 *
		ESF c/o	\$9,469	\$0 *
294-005	Increased Access to Higher Education and Training	ESF	\$2,812	\$1,012
		ESF c/o	\$25,232	\$0 *
294-007	Healthier Palestinian Families	ESF	\$21,300	\$15,190
		ESF c/o	\$1,369	\$0 *
294-008	Improved Community Services	ESF	\$638	\$0 *
		ESF c/o	\$17,214	\$0 *
Yemen				
279-004	Broad-Based Economic Growth	ESF	\$10,000	\$0 *
		ESF c/o supplemental	\$3,000	\$3,000
		ESF c/o	\$5,000	\$0 *
Asis and Near East Regional Programs				
498-007	Program Development and Learning	DA	\$36,783	\$0 *
		CSH	\$5,939	\$0 *
498-009	United States-Asia Environmental Partnership (US-AEP)	DA	\$8,000	\$0 *
498-012	Middle East Regional Democracy Fund	ESF	\$5,000	\$0 *
		ESF c/o supplemental	\$1,525	\$1,525
498-022	Stabilize Population Growth and Protect Human Health	DA	\$11,803	\$0 *
498-023	Encourage Economic Growth	DA	\$9,600	\$0 *
		ESF	\$4,000	\$0 *
498-036	Improve East Asia Regional Stability Through Democracy and Human Rights	ESF	\$9,000	\$0 *
498-037	Improve South Asia Regional Stability Through Democracy and Human Rights	DA	\$922	\$0 *
		ESF	\$2,000	\$0 *

* Previously notified.

** Separate notification required.

ANE Regional

The Development Challenge: Growing political instability and the spread of terrorism, combined with the existing development problems that plague this most populated region of world (continued high population growth rates, slow economic growth, weak governance systems, human rights violations, growing food insecurity and water scarcity, continued environmental degradation, and the rapid spread of HIV/AIDS and other infectious diseases) provide a highly challenging environment to carry out development programs.

The USAID Program: USAID has seven regional programs operating in the ANE region. These programs support key US foreign policy objectives including the war against terrorism, stopping the spread of HIV/AIDS, improving trade and investment, and halting environmental degradation. Development Assistance and Child Survival funding for ANE sponsored regional programs was reduced from \$73.0 million in FY 2003 to \$40.6 million in FY 2004 in order to sustain funding for key bilateral programs. ESF funding for these USAID-managed regional programs also was reduced from \$20.0 million to \$9.0 million for these same years, although State-managed regional programs increased from \$51.3 million to \$173.8 million, respectively. In spite this reduced funding, these programs continue to provide key support that gives USAID the flexibility to address transnational issues (disease and environmental degradation) and facilitate the exchange of information and ideas between countries. The following regional programs are discussed in greater detail in the attached Program Data Sheets.

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.

US-Asia Environmental Partnership (USAEP). USAEP operates in six countries in Asia (Indonesia, Philippines, Vietnam, Thailand, India and Sri Lanka). Program activities engage the US Government, academic, business, and professional communities in addressing the environmental challenges of rapid industrial and urban growth in Asia. The management of this program is being shifted to USAID's new Regional Development Office in Bangkok, and country programs are being focused to more explicitly support USAID's bilateral objectives in each country.

Stabilize Population Growth and Protect Human Health. This program supports USAID's regional HIV/AIDS and infectious-disease activities in Vietnam, Laos, China, Thailand, and Burma. The program also supports research and analyses across the region where lessons can be learned that will inform other country programs. The program will continue to expand sub-regional coordination of surveillance, monitor drug resistance, and prevent and treat tuberculosis and malaria. The management of this program is being shifted to USAID's new Regional Development Office in Bangkok in FY 2003 .

The 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.

Middle East Regional Democracy program. FY 2003 funds support democratization efforts in the Middle East and North Africa, and provide technical assistance, training, and other support in the following areas: strengthening civil society, rule of law, judicial reform, and the development of more representative governments. Various elements of this program are expected to continue in the New Middle East Partnership Initiative in FY 2004.

Encourage Economic Growth program. This program supports regional energy cooperation and the eventual trade in clean energy resources in South Asia and will initiate a new program element in FY 2004 to support activities focused on improving governance in East Asia.

East Asia Regional Democracy program. This program supports rule of law activities in China and provides funding to organizations helping to maintain Tibetan culture.

Other Program Elements: None

Other Donors: USAID coordinates with other donors in the region for its regional activities. The HIV/AIDS and environment activities have especially benefited under regional partnerships with multilateral and bilateral donors. This close coordination has bolstered results for USAID objectives in the region. The principal partner donors are the World Bank, the Asian Development Bank, the European Union, Japan, and several UN agencies. Coordination is initiated at both the country and regional levels.

Asia and Near East Regional PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
ANE Regional				
Child Survival and Health Programs Fund	13,044	16,227	17,742	14,418
Development Assistance	44,301	46,769	55,305	26,218
Economic Support Fund	114,079	72,250	71,250	182,750
Supplemental--ESF	0	20,000	0	0
Total ANE Regional	171,424	155,246	144,297	223,386
Total Program Funds	171,424	155,246	144,297	223,386

Asia and Near East Regional PROGRAM SUMMARY

(in thousands of dollars)

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(in thousands of dollars)

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Total Program Funds	171,424	155,246	144,297	223,386

STRATEGIC OBJECTIVE SUMMARY

498-007 Program Development and Learning					
	CSH	1,535	8,450	5,939	1,885
	DA	12,376	25,797	36,783	9,348
1/	498-009 United States-Asia Environmental Partnership				
	DA	14,878	10,000	8,000	4,800
498-012 Middle East Regional Democracy Fund					
	ESF	3,991	6,525	5,000	0
2/	498-022 Regional HIV/AIDS and Infectious Diseases				
	CSH	11,237	7,777	11,803	12,533
3/	498-023 Encourage Economic Growth				
	DA	14,547	9,600	9,600	8,500
	ESF	10,620	4,000	4,000	0
498-024 Sustainable Environment					
	DA	500	0	0	0
	ESF	4,680	3,500	0	0
498-036 East Asia Regional Democracy Fund					
	DA	0	100	0	0
	ESF	6,341	9,000	9,000	7,000
498-037 South Asia Regional Democracy					
	CSH	272	0	0	0
	DA	2,000	1,272	922	3,570
	ESF	10,477	3,500	2,000	2,000
498-xxx Department of State Programs					
	ESF	77,970	65,725	51,250	173,750

498-012 includes \$1.5M of the FY 2002 Supplemental- ESF - for the Middle East Partnership Initiative.

498-XXX includes \$18.5M of the FY 2002 Supplemental - ESF- for the Middle East Partnership Initiative.

1/ Excludes funds (all years) shown under the following country programs: India, Indonesia, Philippines, Sri Lanka, Thailand and Vietnam.

2/ Excludes funds (all years) shown under the following country programs: Burma, Laos, Thailand and Vietnam.

3/ Excludes FY 2002 funds shown under Thailand.

Data Sheet

498-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

498-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

498-003: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	ANE Regional
Program Title:	Program Development and Learning
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	498-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,939,000 CSH; \$36,783,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,885,000 CSH; \$9,348,000 DA
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	Continuing

Summary: The Program Development and Learning (PD&L) strategic objective is funded with both ANE regional and bilateral mission funds to finance short-term activities. Needs are determined on an annual basis to address current priorities and demands. PD&L funds finance activities and advisors that support programs from Development Assistance (DA) and Child Survival and Health (CSH) funds.

DA funds will be used to develop and refine new strategies for country and regional programs, and develop forward looking analyses that identify emerging development problems and opportunities in the region. Funds will also be used to review program implementation and coordination in specific sectors (economic growth, agriculture, environment, education, and democracy) across the region, identify trends or common challenges, and evaluate and assess bilateral and regional development programs. CSH funds will be used for technical analyses, data collection and dissemination to guide and refine future population, health, and nutrition programming in the ANE region. PD&L activities undertaken by missions with their funds are notified separately.

Inputs, Outputs, Activities:

FY 2003 Program:

The FY 2003 PD&L budget consists of funds drawn from the EGAT (\$34,233,000 DA), DCHA (\$2,550,000 DA) and GH (\$5,939,000 CSH) pillars. These funds will be used to support the following types of activities:

Economic Growth, Agriculture and Trade (EGAT):

- Analytical and technical support for the development of new programs that strengthen international trade and cooperation, and support and facilitate entry into WTO or trade related agreements with the U.S.
- The promotion of information and communication technologies for economic development. Activities will support innovative pilot programs to support the enforcement of intellectual property rights, the use of digital broadcast satellite technology for development objectives, and liberalized telecommunications and ICT policy reform.
- Analytical and technical support in environment and agriculture in issues such as managing conflict in Asian forest communities; targeting programs for better water management, especially across international borders; and expanding the use of innovative public-private partnerships to further development objectives.

Democracy, Conflict and Humanitarian Assistance (DCHA): Funds will finance analytical and technical support in education and democracy, and support regional education fora, the development of pilot education databases, and support gender and conflict-related research.

Global Health (GH): Funds will finance analytical and technical support for both bilateral and regional programs, especially in the areas of health policy, infectious diseases, maternal and child health, and HIV/AIDS and other sexually transmitted diseases. Program funds will also support professional

development training, and targeted research in maternal and neonatal health, adolescent reproductive health and urban child health.

All sectors will support analytical and technical support for program evaluations, goal area reviews and other emerging priorities, web site development and content for enhanced program management and reporting, and a portion of management and oversight costs, including travel, of programs in non-presence countries.

FY 2004 Program:

USAID plans to use FY 2004 PD&L resources (\$9,348,000 DA; \$1,885,000 CSH) to continue to support program development in the areas identified above.

Performance and Results: The program supported the following activities and results:

- Microfinance training for 84 stakeholders from Egypt, Jordan, Lebanon, Morocco, and the West Bank and Gaza to identify key issues and strengthen strategies to expand access to financial services for micro-entrepreneurs in the region.
- The design and implementation of public-private partnerships in areas such as non-timber forest products, electric vehicles, girls' education, policy on illegal logging, and global forest watch. Of particular note was a partnership established in Indonesia to stop illegal logging. Local government officials signed a memorandum of understanding with the Nature Conservancy to combat illegal logging and to conserve highly bio-diverse forests that include orangutan habitat. The U.S. partner, Home Depot, contributed \$1.15 million in support of the project. The alliance received written commitment from officials in East Kalimantan to conserve a key orangutan habitat. The pulp and paper firm, APRIL, also committed itself to conserving forests in the Tesso Nilo, Sumatra, an area that has the highest plant biodiversity in the world.
- Analysis and recommendations for the liberalization of telecommunications regulations in several countries to facilitate competition, increase enforcement and transparency of intellectual property rights, and liberalize telecommunications to allow economic growth.
- Scholarships for women from Morocco, Algeria, Tunisia, Sri Lanka, Nepal, Bangladesh, and Mongolia to learn the latest technical in telecommunication and information technology in order to get middle to upper income jobs.
- Assessment of the USAID-implemented health, community development, and education activities funded under the humanitarian relief program for Burmese refugees along the Thai-Burma border. The assessment substantiated that these programs strengthened the capacities of implementing organizations to provide essential camp services. The evaluation also highlighted implications for future programming both inside and outside the camps.
- Assessment of the damages caused by deforestation to agriculture, water supplies and fisheries that create grievances and foster conflict. The assessment also identified clear links between extraction of forest resources by rebels and militaries to finance rebel movements and conflicts.
- Technical assistance to identify and address key policy issues, strategy, and gaps in programming to assist populations most at risk for neonatal health, infectious diseases, maternal and child health, HIV/AIDS and STD. Programs supported interventions to help reduce maternal mortality in the ANE region, which has 46 percent of the world's maternal deaths. Twenty-five participants from eight countries - Cambodia, Egypt, Indonesia, Jordan, Nepal, Pakistan, Philippines, and Vietnam - received training to build the capacity of midwives to reduce maternal mortality and to reduce the number of neonatal deaths in Asia (2.5 million) that account for 60 percent of the world's neonatal deaths. A pilot program in three mega-cities focused on finding a solution for urban children's health that can be reproduced in the ANE region.

US Financing in Thousands of Dollars

ANE Regional

498-007 Program Development and Learning	CSH	DA	ESF
Through September 30, 2001			
Obligations	2,838	13,811	2,892
Expenditures	573	7,313	2,675
Unliquidated	2,265	6,498	217
Fiscal Year 2002			
Obligations	2,465	12,325	0
Expenditures	1,914	5,939	32
Through September 30, 2002			
Obligations	5,303	26,136	2,892
Expenditures	2,487	13,252	2,707
Unliquidated	2,816	12,884	185
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	5,939	36,783	0
Total Planned Fiscal Year 2003			
Obligations	5,939	36,783	0
Proposed Fiscal Year 2004 NOA			
Obligations	1,885	9,348	0
Future Obligations	0	0	0
Est. Total Cost	13,127	72,267	2,892

Data Sheet

498-008: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	ANE Regional
Program Title:	US-Asia Environmental Partnership
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	498-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$8,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,800,000 DA
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	Continuing

Summary: USAEP's strategic objective is to have a "sustained impact on the key people, institutions and forces that drives Asia to adopt a cleaner path to urban and industrial growth". USAEP demonstrates to key players in Asia's efforts to expand industrial and urban growth, including the private sector, that good environmental performance is consistent with economic growth. To mobilize resources from outside the U.S. government and produce results with long-lived impact, USAEP has developed more than 800 alliances between American and Asian partners that make resources and expertise available to influence Asia's growth. As a regional program, USAEP links the needs of Asians to the experiences of the U.S. and to other Asian countries. USAEP's American partners include U.S. state agencies, non-profit organizations, and private sector firms. The program concentrates on public policy and environmental regulation, urban and industrial environmental management, and the clean production and efficient use of energy. The management of this program is being shifted to USAID's new Regional Development Office in Bangkok.

Inputs, Outputs, Activities:

FY 2003 Program:

In FY 2003, USAID plans to obligate a total of \$11,500,000 under USAEP. In addition to the \$8,000,000 reflected in the program budget table, USAID plans to obligate \$500,000 per country in India, Indonesia and the Philippines, \$1,000,000 in Vietnam, \$250,000 in Sri Lanka and \$750,000 in Thailand to support specific activities in each country.

Partnerships between U.S. and Asian institutions representing government, civil society, and the private sector (\$1,578,000 DA). Through the Council for State Government's (CSG) State Environmental Initiative, USAEP will facilitate public-private partnerships that link Asian needs with U.S. environmental experience, technology and practice. The Exchange Program for Sustainable Growth will form linkages that share experiences and technical knowledge between the U.S. and Asia and within Asia. USAEP will also support the Environmental Technology Network for Asia, which helps to match U.S. environmental technology and services with needs in Asia.

Improved policies, regulations and compliance (\$1,779,000 DA). USAEP technical assistance will support a regulatory dialogue that works with ministries of environment and justice to strengthen environmental policies, legislation, compliance and enforcement. The project will continue to support the development and improvement of key legislation such as the Decentralization Act and National Environmental Quality Act in Thailand, reorganization of national environmental agencies in Vietnam and Thailand, and will coordinate with the U.S. Environmental Protection Agency to help develop a Toxic and Hazardous Waste Act in the Philippines. Air quality will continue to be a priority policy area in all six USAEP countries. The program will work with key stakeholders to promote improved policies, regulations, and compliance to reduce emissions from vehicles and industry, and promote cleaner fuels for domestic use on both a national and regional level.

Improved urban management (\$2,674,000 DA). USAEP will provide technical assistance and training to build the capacity of national and local government decision-makers to improve the delivery of urban services. The International City Managers Association (ICMA) will continue its work with the League of Cities and the League of Municipalities in the Philippines, and with the City Manager Associations in eight states in India. ICMA is also beginning work with Asian partners to establish an Asian Federation of Municipalities. USAEP will continue its work with USAID/Indonesia to build the capacity of local water enterprises to ensure their financial viability, and therefore their ability to provide clean water to urban residents. USAEP urban management projects will improve urban environmental services in Asia, in particular the delivery of potable water, management of wastewater, and solid and hazardous waste management.

Improved industrial environmental management (\$826,000 DA). USAEP will promote the Global Reporting Initiative (GRI) in Asia, and will provide technical assistance to improve corporate governance through standardized reporting of environmental, social, and economic information. To improve the environmental behavior of small- and medium industries, USAEP will assist large firms to "green their supply chain", and through this effort, help the smaller firms that supply materials and components to the larger firms to meet national and international environmental standards. USAEP also will provide technical assistance to improve environmental management in industrial estates in Thailand and Vietnam.

Increased energy efficiency (\$500,000 DA). USAEP, in conjunction with the Alliance to Save Energy, will continue to work with Indian municipalities to implement programs that increase the efficiency of water distribution systems. In Thailand, USAEP is strengthening two business associations to work with government to improve energy efficiency policy and implementation. Energy Wise India, funded in FY 2002 through the Global Development Alliance, is a voluntary public-private partnership assisted by USAEP to promote industrial energy efficiency in India. The project is strengthening the ability of the nascent Government of India's Bureau of Energy Efficiency to carry out its mandate to improve efficiency. Signed commitments of \$2 million have already been secured from key partners, including Johnson & Johnson, Owens Corning, and a number of Indian industry associations and businesses.

Develop capacity of civil society to protect the environmental (\$643,000 DA). Small grants administered by The Asia Foundation and by the USAEP principal contractor, the Louis Berger Group will work to enhance the role of civil society organizations in supporting public participation in environmental decision-making, non-confrontational environmental advocacy, community-based environmental monitoring, and environmental education and awareness. Activities will lead to increased involvement of civil society organizations in influencing government policies and actions.

FY 2004 Program:

The FY 2004 program is expected to continue the current focus areas and approaches identified above. The ANE Bureau plans to carry out a review of USAEP's strategic focus to determine if it should be expanded beyond industrial and urban environmental management issues. USAID plans to obligate a total of \$9,800,000 under USAEP in FY 2004. In addition to the \$4,800,000 reflected in the program budget table, USAID plans to obligate \$1,000,000 per country in India, Indonesia, Philippines and Vietnam, \$250,000 in Sri Lanka and \$750,000 in Thailand to support specific activities in each country.

Performance and Results: During FY 2002, USAEP supported the development of 107 U.S.-Asian partnerships and leveraged over \$4.8 million in non-USAID funds, plus \$2 million in written commitments to match \$1 million in Global Development Alliance funds. Specifically, the program helped introduce unleaded gasoline into Indonesian and Vietnam. Indonesia will have unleaded gasoline available throughout the country by January 2003. The program also improved the ability of Asian legal, regulatory and judicial systems to protect the environment. One result is a recent landmark ruling by a judge participating in a USAEP Forum to close an illegal landfill in Thailand, sending a clear message to polluters and regulatory agencies. A new water body restoration technology was introduced to India by helping establish a US-Indian business partnership. As a result, eight small lakes in Goa and near Bangalore in Karnataka have been restored, as well as Kachrali Lake at Thane in Maharashtra.

US Financing in Thousands of Dollars

ANE Regional

	DA	ESF
498-009 US-Asia Environmental Partnership		
Through September 30, 2001		
Obligations	98,817	0
Expenditures	71,747	0
Unliquidated	27,070	0
Fiscal Year 2002		
Obligations	12,860	2,500
Expenditures	20,962	0
Through September 30, 2002		
Obligations	111,677	2,500
Expenditures	92,709	0
Unliquidated	18,968	2,500
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	8,000	0
Total Planned Fiscal Year 2003		
Obligations	8,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	4,800	0
Future Obligations	0	0
Est. Total Cost	124,477	2,500

Data Sheet

USAID Mission:	ANE Regional
Program Title:	Middle East Regional Democracy Fund
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	498-012
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,000,000 ESF
Prior Year Unobligated:	\$1,525,000 ESF
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	1998
Estimated Completion Date:	2003

Summary: The development of a democratic culture in the Near East, based on representative government, strong civil society institutions, and respect for individual human rights, directly supports the U.S. goal of fostering democracy worldwide and enhances U.S. interests in peace and stability in the region. More democratic countries in the region that respect the rule of law and embrace civil society are likely to transfer power peacefully, resist the spread of extremism, promote investment by increasing confidence in the business sectors, and enhance the stability of the Near East region as a whole.

The countries of the Middle East often are characterized by autocratic rule, the absence of political and civil rights, cumbersome bureaucracies, corruption, and failure to deliver basic services. These factors, combined with fundamentalist Islam, pose serious challenges to the region's democratic development. However, some positive democratic momentum in the Middle East has been generated in recent years. Public participation in political life in many states is increasing through the growth of active non-governmental organizations and the expanded role of elected legislatures/advisory councils. Morocco and Yemen have demonstrated a willingness to implement judicial reforms, as well as provide additional degrees of freedom to civil society organizations. While still nascent, potential openings for civil society, court reform, and legislative strengthening exist in Oman and Algeria.

Inputs, Outputs, Activities:

FY 2003 Program:

This activity has defined a core program that directs resources to Morocco, Yemen, Oman and Algeria in areas that have been identified as most likely to generate results over a short period of time. In FY 2003 the program will expand to include activities in the Gulf. The program will support activities focused on (but not limited to):

- Algeria: parliamentary and civil society training;
- Morocco: civil society advocacy, human rights monitoring, anticorruption and ethics programs, women's rights advocacy, pre-election political party training
- Oman: judicial reform
- Yemen: political party and parliamentary training, electoral assistance, judicial reform

A Persian Gulf Regional Democratization Project will begin in 2003. The program will support: establishment of a regional "democracy center" devoted to civic education; the development of a parliamentary training center to educate current and future legislators; and a series of targeted international visits and exchanges

This activity also supports a small grants program administered by the Department of State.

Approximately \$1,500,000 FY 2002 ESF Supplemental will support the activities described above for FY 2003.

FY 2004 Program:

In FY 2004, this program will be subsumed under the broader Middle East Partnership Initiative.

Performance and Results: In FY 2002, the program supported activities that:

- strengthened civil society organizations and political parties in Algeria, Oman and Yemen.
- assisted the Government of Morocco develop an anti-corruption program.
- provided technical assistance to the Government of Morocco on decentralization and to strengthen women's rights advocacy.
- supported judicial reforms and training in court administration and constitutional law in Oman.
- supported judicial and human rights reforms in Algeria.

US Financing in Thousands of Dollars

ANE Regional

498-012 Middle East Regional Democracy Fund	ESF
Through September 30, 2001	
Obligations	5,180
Expenditures	2,895
Unliquidated	2,285
Fiscal Year 2002	
Obligations	3,051
Expenditures	2,407
Through September 30, 2002	
Obligations	8,231
Expenditures	5,302
Unliquidated	2,929
Prior Year Unobligated Funds*	
Obligations	1,525
Planned Fiscal Year 2003 NOA	
Obligations	5,000
Total Planned Fiscal Year 2003	
Obligations	6,525
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	14,756

* Prior Year Unobligated Funds includes \$1.5M of the FY 2002 Supplemental Funds - ESF- for the Middle East Partnership Initiative, the balance of \$18.5M is shown under State Department programs.

Data Sheet

498-013: No Summary and/or Pillar information entered for this SO.

Data Sheet

498-014: No Summary and/or Pillar information entered for this SO.

Data Sheet

498-015: No Summary and/or Pillar information entered for this SO.

Data Sheet

498-016: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	ANE Regional
Program Title:	Regional HIV/AIDS and Infectious Diseases
Pillar:	Global Health
Strategic Objective:	498-022
Status:	Continuing
Proposed FY 2003 Obligation:	\$11,803,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$12,533,000 CSH
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: The Regional HIV/AIDS and Infectious Diseases Program strengthens capacity to address diseases such as HIV/AIDS, tuberculosis, and malaria in the following ways:

- disease surveillance;
- behavior change and communications (BCC);
- training;
- research; and
- community-based care and support.

The regional program supports HIV/AIDS and infectious disease activities: in countries where USAID does not have a mission ("nonpresence" countries); occasionally in countries where USAID has a mission but where lessons can be learned that will inform other country programs; by multilateral organizations implementing HIV/AIDS and/or infectious disease activities where our objectives are compatible, but USAID capacity is limited; and across borders where no mission has primary responsibility. The regional program also funds consultants to investigate significant issues in HIV/AIDS and infectious diseases that will inform missions as they develop strategies and design, conduct, and monitor activities. Until FY 2002, the regional program also funded senior advisors in HIV/AIDS and infectious diseases.

Inputs, Outputs, Activities:

FY 2003 Program:

In FY 2003, USAID plans to obligate a total of \$17,303,000 under regional SO 498-022. In addition to the \$11,803,000 noted in the table above, USAID will obligate \$1,000,00 each in Laos and Thailand, and \$3,500,000 in Vietnam under this program.

The program will support: (1) activities in non-presence countries listed above; (2) multi-country and cross-border activities in South and Southeast Asia; (3) international and multilateral health organizations; and (4) short-term HIV/AIDS and infectious disease consultants assisting missions and the ANE Bureau. FY 2003 activities will mainly focus on HIV/AIDS and other infectious diseases such as tuberculosis, and malaria. USAID will provide technical assistance through these activities to strengthen training, policy, advocacy, and surveillance systems, while developing and applying new interventions to address populations most at risk for HIV/AIDS and other priority infectious diseases.

FY 2004 Program:

In FY 2004, USAID plans to obligate \$25,383,000 under regional SO 498-022. In addition to the \$12,533 identified above, USAID will obligate \$2,500,000 in Burma, \$1,350,000 in Laos, \$3,000,000 in Thailand, and \$6,000,000 in Vietnam under the program.

Furthermore, during FY 2003-2004, oversight of multi-country, cross-border activities, and support for international and multilateral organizations will be transferred to the new USAID Regional Support Office in Bangkok, Thailand. ANE's regional Strategic Objective 498-022 will continue to fund HIV/AIDS and infectious disease activities in non-presence countries such as Burma, China, Laos, Thailand, and

Vietnam; short-term consultants to assist missions and the ANE Bureau; and activities in selected countries that will provide broader lessons learned.

Performance and Results: With support from USAID, monitoring of priority diseases has been improved and access to key services has been expanded in the region. Specific examples include:

-- Support for a qualitative study of Cambodia's 100 percent Condom Use Program that led to recommendations for policy and programmatic reform to improve this HIV/AIDS intervention in Cambodia and other countries; technical assistance in support of Pakistan's National AIDS strategy, which is being funded by a World Bank loan; development of a focused HIV/AIDS program in Burma and exploration of opportunities to address HIV/AIDS in the border areas of southern China, both done in consultation with Congress, other USG agencies, international donors, and NGOs and part of a larger, USAID regional effort to control HIV/AIDS in Southeast Asia; technical assistance to Papua/New Guinea, including an initial assessment of the HIV/AIDS situation, a thorough review of the country's mid-term plan for HIV/AIDS and activities over the last four years that were funded by the Australian Agency for International Development, and assistance with their application to the Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM).

-- Provision of technical assistance to improve tuberculosis-control efforts in countries such as Cambodia, Laos, 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 tuberculosis in the Philippines) that have application for other countries; developing country proposals to the GFATM; and planning and conducting more precise studies to determine tuberculosis incidence and drug-resistance levels.

-- Initiation of standardized surveillance for drug-resistant malaria in Cambodia, Laos, and Thailand and completion of initial assessments of antimalarial-drug use in Cambodia and antimalarial drug quality in Cambodia, Laos, Thailand, and Vietnam. This information is being used for: (1) changing national drug policy to improve the treatment of multi drug-resistant malaria; and (2) identification of specific factors related to poor use and quality of antimalarial drugs that are contributing to the emergence of drug resistance and are key for designing and focusing interventions on the most-affected populations and geographic areas. At the same time, 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.

Overall, USAID support has enabled national and regional partners to better understand the extent of these diseases, strengthen monitoring capabilities, and expand prevention and treatment services to reach more people at risk. As a result, more people in the region can protect themselves against the debilitating effects of the diseases and participate in the development of their countries.

Principal Contractors, Grantees, or Agencies: Key partners for USAID include Family Health International, the Futures Group International, the International HIV/AIDS Alliance, the Kenan Institute of Asia, Management Sciences for Health, the U.S. Pharmacopeia, and the World Health Organization.

US Financing in Thousands of Dollars

ANE Regional

498-022 Regional HIV/AIDS and Infectious Diseases	CSH	DA	ESF
Through September 30, 2001			
Obligations	23,682	100	1,780
Expenditures	2,476	0	731
Unliquidated	21,206	100	1,049
Fiscal Year 2002			
Obligations	8,225	0	3
Expenditures	9,213	100	20
Through September 30, 2002			
Obligations	31,907	100	1,783
Expenditures	11,689	100	751
Unliquidated	20,218	0	1,032
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	11,803	0	0
Total Planned Fiscal Year 2003			
Obligations	11,803	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	12,533	0	0
Future Obligations	0	0	0
Est. Total Cost	56,243	100	1,783

Data Sheet

USAID Mission:	ANE Regional
Program Title:	Encourage Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	498-023
Status:	Continuing
Proposed FY 2003 Obligation:	\$9,600,000 DA; \$4,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$8,500,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	Continuing

Summary: The ANE regional economic growth program finances the following assistance in the North Africa, South Asia, and Southeast Asia sub-regions:

- Technical assistance, training and partnership programs in a number of countries through contractors, NGOs, U.S. Government agencies, academic institutions, and the private sector;
- Legal, policy and regulatory reform to increase trade and investment, improved governance and increased regional stability; and
- Promotion of regional cooperation in energy development and the eventual trade in clean energy resources among six South Asian countries.

Inputs, Outputs, Activities:

FY 2003 Program:

The U.S.-North Africa Economic partnership (USNAEP) is a multi-agency effort implemented by the U.S. Department of Treasury, U.S. Department of Commerce, U.S. Department of State, and USAID. The goal of USNAEP is to foster private sector-led growth, economic and trade reform, and regional trade and investment in the Maghreb countries of Algeria, Morocco, and Tunisia.

The South Asia Regional Initiative/Energy (SARI/Energy) program will continue to encourage regional cooperation in energy development and trade in clean energy resources among the South Asian countries of Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka. FY 2003 DA funds will be used to establish centers of excellence in the region in a number of technical areas, extend program management contracts, and continue technical assistance, training, and partnership activities. The core themes of the program are establishing the framework for regional energy trade and exchange; harmonizing and reforming regulatory and tariff policies; promoting greater private sector investment in energy development and supply; expanding cost-effective rural energy supplies and services; and catalyzing improvements in energy efficiency.

FY 2004 Program:

US-North Africa Economic Partnership (USNAEP) activities will be merged into the new Middle East Partnership Initiative.

In FY 2004, the SARI/Energy program will provide continued support to regional centers of excellence, finance technical assistance, training and partnership activities in the core technical areas, and expand the stakeholder base. These activities are expected to:

- Strengthen the role and efficacy of regional institutions in dialogue, policy advocacy, professional development and policy analysis;
- Support and expand regional networks of energy sector professionals; and
- Engage a wide range of stakeholders, including non-government organizations, media, academia, and business associations in advocacy and dialogue on regional energy cooperation.

SARI/Energy plans to continue to coordinate its activities closely with USAID bilateral energy programs in Bangladesh, India, and Nepal; with other U.S. Government agencies, especially the Departments of State, Energy, and Commerce and the U.S. Trade and Development Agency; and with those of the Asian Development Bank and the World Bank.

USAID plans to launch a new Southeast Asia Regional Governance program (SARG) in FY 2004. This program will build on interventions begun under the Accelerated Economic Recovery in Asia (AERA) initiative. Results are to include: improving public and private sector governance (for example, greater transparency and accountability, public policies changed and consistent with civil society advocacy, and judicial reform), the advancement of democratic processes, addressing terrorism (for example, anti-money laundering), and promoting more open political systems. Regional funds are to support efforts that address the challenges of re-establishing financial and political stability by improving the policy, legal, and regulatory environment. SARG will complement and support USG ASEAN Cooperation Plan (ACP) objectives by building upon on-going donor and bilateral USAID efforts in Southeast Asia that address weaknesses in the regional countries economic and governance systems. The program will provide technical assistance and training that will be closely linked and coordinated with World Bank and Asian Development Bank economic governance initiatives. The program is expected to work in Burma, Cambodia, Laos, Thailand, Vietnam, and China.

Performance and Results: The USNAEP program is implemented through interagency transfer agreements (632a Transfers) to the Departments of Commerce, Treasury and State, and through the USAID/Morocco bilateral program. Under the terms of the Section 632(a) agreements, the implementing agencies report directly on results achieved, and not through USAID. Results achieved in Morocco are reported in the Morocco country report under its "Increased Opportunities for Domestic and Foreign Investment" (608-005) strategic objective.

By 2002 the SARI/Energy program, through its various capacity-building elements, reached out to over 1000 energy sector professionals in South Asia who play important roles in shaping their respective countries' social, economic, political, and technical activities related to regional energy cooperation. Counterparts from the six participating countries signed a memorandum of understanding to formalize a regional transmission planning consultative group. Pre-feasibility assessments detailed separate power trading opportunities between India and three of its neighbors: Sri Lanka, Nepal and Bangladesh. SARI/Energy activities helped support:

- drafting and approval of sector reform initiatives in Sri Lanka and Nepal;
- establishment of the Power Sector Regulatory Commission in Sri Lanka;
- harmonization of energy efficiency standards in multiple countries for two appliances, draft energy efficiency legislation in Sri Lanka, and the establishment of multiple Energy Service Companies (ESCOs); and
- exchange of model agreements and rural energy service models from Bangladesh to India and Nepal.

SARI/Energy efforts complemented those of the Asian Development Bank's South Asia Sub-regional Economic Cooperation (SASEC) initiative to encourage SAARC to host its first-ever technical committee meeting for energy cooperation in Dhaka in late 2002. The committee agreed on a regional energy data sharing protocol, influenced in part by the SARI/Energy regional energy statistics capacity-building effort implemented by the U.S. Department of Energy.

USAID and State are exploring ways to expand SARI/Energy program participation to eventually include other South Asian nations, thereby enhancing the program's ability to facilitate regional stability through expanded economic linkages throughout the region.

Regional Governance: Close coordination with other donors in the sub-region enables the program to have a significant impact, particularly in the areas related to anti-corruption, rule of law, improved transparency, and other systemic changes necessary to bring about sustained economic growth and good governance.

US Financing in Thousands of Dollars

ANE Regional

498-023 Encourage Economic Growth	CSH	DA	ESF
Through September 30, 2001			
Obligations	75	5,232	21,627
Expenditures	0	2,217	21,336
Unliquidated	75	3,015	291
Fiscal Year 2002			
Obligations	0	6,118	6,529
Expenditures	75	1,442	464
Through September 30, 2002			
Obligations	75	11,350	28,156
Expenditures	75	3,659	21,800
Unliquidated	0	7,691	6,356
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	9,600	4,000
Total Planned Fiscal Year 2003			
Obligations	0	9,600	4,000
Proposed Fiscal Year 2004 NOA			
Obligations	0	8,500	0
Future Obligations	0	0	0
Est. Total Cost	75	29,450	32,156

Data Sheet

498-024: No Summary and/or Pillar information entered for this SO.

Data Sheet

498-029: No Summary and/or Pillar information entered for this SO.

Data Sheet

498-031: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	ANE Regional
Program Title:	East Asia Regional Democracy Fund
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	498-036
Status:	Continuing
Proposed FY 2003 Obligation:	\$9,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$7,000,000 ESF
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	Continuing

Summary: USAID and the Department of State use the East Asia Regional Democracy Fund to support activities designed to strengthen democratic institutions, and improve governance and human rights in East Asia.

The trend in the East Asia and Pacific region from autocratic governments toward democracies and democratic institutions has been uneven. This program supports the U.S. goals of strengthening democratic institutions, civil society and the rule of law, and improving human rights and the empowerment of women.

Inputs, Outputs, Activities:

FY 2003 Program:

The program supports country specific and region-wide programs that finance training and technical assistance, and support local NGO efforts designed to:

Support for Tibetan Communities in China (\$3,000,000 million ESF). Funds will be provided to NGOs to support cultural preservation, sustainable development and environmental conservation in Tibetan communities in China and Tibet.

Reduce the Trafficking of Women and Children in East Asia (\$4,000,000 ESF). Funds will finance NGO-led efforts to reduce the trafficking of women and children in East Asia.

Strengthen Democratic Institutions (\$2,000,000 million ESF). Funds will finance technical assistance and training, and provide support for NGOs and regional institutions (ASEAN) to: (1) increase the effectiveness of governments to combat terrorism and corruption, improve governance, and strengthen the foundations of law-based and civil society; (2) increase women's leadership in decision-making bodies, particularly at the local level; and (3) strengthen the capacity of women's organizations to advocate and shape policies that will improve the status of women and provide women a more equitable role in political processes.

FY 2004 Program:

Support for Tibetan Communities in China (\$3,000,000 ESF). Funds will be continue to be provided to support cultural preservation, sustainable development and environmental conservation in Tibetan communities in China and Tibet.

China Rule of Law (\$2,000,000 ESF). The program will continue to strengthen legal training programs at Tsinghua University to train Chinese legal professionals in international treaty obligations, the professional duties of attorneys and in other important aspects of international and American constitutional law.

Strengthen Democratic Institutions (\$2,000,000). Funds will continue to finance technical assistance and training, and provide support for NGOs to: (1) increase the effectiveness of governments to combat terrorism and corruption, improve governance, and strengthen the foundations of law-based and civil society; (2) increase women's leadership in decision-making bodies; and (3) strengthen the capacity of women's organizations to advocate and shape policies that will improve the status of women and provide women a more equitable role in political processes.

Performance and Results: In FY 2002, program funded twenty five anti-trafficking activities in Cambodia, Laos, Vietnam, Fiji, Solomon Islands, Papua Guinea, Philippines, Thailand, Indonesia. Activities financed achieved the following objectives:

- advanced the sharing of information, coordination among NGOs with similar objectives in an overall effort to reduce trafficking and gender-based human rights abuses.
- facilitated the sharing of models and strategies between NGOs for bilateral and regional actions.
- developed and implemented community-based programs that effectively engaged social and health workers, and law enforcement organizations, to improve protection for victims of violence and trafficking.
- established and/or refurbished halfway houses and crisis centers in key locations where women and children migrating for work are at high risk for trafficking.
- supported public education campaigns to raise awareness on trafficking and violence against women. These campaigns supported training, published and distributed information materials and other forms of community education and public outreach efforts to raise awareness and change popular attitudes and perceptions about trafficking and violence against women.
- developed and distributed educational information to women and children who are vulnerable to trafficking to make them more aware of risks, and taught life skill courses in schools and among members of village women's and children's groups to reduce the number of potential people at risk of being trafficked.

Principal partners for the current and planned programs include: The Asia Foundation (TAF), American Center for International Labor Solidarity (ACILS), International Organization on Migration (IOM), World Education, Yayasan Estetika dan Technology (SET), International Relief and Development (IRD), Legal Aid Society of Indonesia, Temple University and The Bridge Fund.

US Financing in Thousands of Dollars

ANE Regional

498-036 East Asia Regional Democracy Fund	ESF
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	4,725
Expenditures	39
Through September 30, 2002	
Obligations	4,725
Expenditures	39
Unliquidated	4,686
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	9,000
Total Planned Fiscal Year 2003	
Obligations	9,000
Proposed Fiscal Year 2004 NOA	
Obligations	7,000
Future Obligations	0
Est. Total Cost	20,725

Data Sheet

USAID Mission:	ANE Regional
Program Title:	South Asia Regional Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	498-037
Status:	Continuing
Proposed FY 2003 Obligation:	\$922,000 DA; \$2,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,570,000 DA; \$2,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: Compared to men, South Asian women generally have significantly less access to and control over productive assets, employment and training opportunities, basic social services, and information and decision-making at home and in their community. Discrimination against women remains entrenched in South Asia. While the region is rich with government and NGO programs promoting women's empowerment and protecting victims of rights abuses, the scale and scope of many efforts remain limited. USAID and the Department of State seek to reduce these inequalities with a particular emphasis on the needs of higher-risk groups, e.g., trafficked women and children, victims of domestic violence, landless women, poor women without access to credit, out-of-school children, and adolescents with minimal levels of education.

The South Asia Regional Democracy Program includes the USAID managed SARI/Equity program (\$3,570,000 DA) and various State Department-led initiatives (\$2,000,000 ESF) that support and catalyze South Asian-led efforts to (1) address human rights concerns that arise from women's and children's unequal status and that contribute to perpetuating it, and (2) promote opportunities for disadvantaged groups (especially women and children) to participate equitably in society. SARI/Equity addresses human rights and social and economic participation issues that come under two categories, i.e., transnational concerns like trafficking and national issues such as child labor, domestic violence and human rights violations. Whether transnational or national in nature or scope, there is remarkable commonality across these countries regarding the factors that contribute to these inequities, as well as commonality regarding how donors like USAID work with governments and NGOs to address these concerns.

The South Asia Regional Democracy program promotes South Asian-led efforts (governmental and NGO) to support innovative and responsive programming on equity concerns. Working closely with bilateral USAID missions, the program: (1) fosters better sharing of lessons learned and exposes countries to unique approaches their neighbors have adopted to address similar problems; (2) funds cutting-edge research to better inform advocacy efforts and to design sound responses; (3) supports establishing or strengthening of national and regional coalitions to undertake concerted, well-focused advocacy and information sharing campaigns; and (4) seeks to improve the quality of data collection on these issues as well as increase the level of understanding about these equity concerns within the region.

Inputs, Outputs, Activities:

FY 2003 Program:

In FY 2003, the program will finance an assessment on the trafficking of adults and possibly child soldiers from Sri Lanka. New activities in Nepal and India will support the development of information materials and expand the base of sustainable microfinance services available to poor and land- and asset-less women. The program will also support the development and exchange of information and lessons learned among women and human rights advocacy groups to promote improved policies, laws and regulations. State Department-led initiatives will continue to support national anti-trafficking efforts.

FY 2004 Program:

In FY 2004, the SARI/Equity and State-led programs are expected to provide assistance in the following areas:

- support local NGO efforts to develop public messages and information that highlights human rights abuses, especially against women and children;
- support for job skills training to women vulnerable to trafficking, violence, and other forms of human rights abuses;
- support workshops for parliamentarians and senior government officials on the social and economic impact of trafficking, child labor, and violence against women and children in South Asia; and
- support the strengthening of regional coalitions and networks that will advocate for changes in national policies and laws, and the formulation of regional conventions based on international standards for human rights.

Performance and Results: With support from USAID, successful anti-trafficking, child labor and violence against women activities in South Asia include:

The Regional anti-trafficking program, with UNIFEM as the implementing partner. This program supported cross-cutting research studies in India and Nepal to evaluate the existing legal framework and institutional mechanisms to control trafficking, and to assess the trafficking situation and map vulnerable regions. The studies found poverty and domestic violence as two critical contributing factors, which make women vulnerable to trafficking. The program established an anti-trafficking regional resource center at the regional UNIFEM office in New Delhi, along with national resource centers in Nepal, Sri Lanka, and Pakistan. This program supported transition schools for prevention of second generation trafficking in India, established a regional network of NGOs (Against Trafficking and Sexual Exploitation of Children/ATSEC), and developed print and visual media to raise public awareness. Resource materials, e.g., four training films, are being produced to sensitize a variety of stakeholders on cross-border trafficking.

UNIFEM also supported the organization of community awareness programs on trafficking on the Indo-Nepal border. More than 7,000 community members in hot-spot locations participated in programs to foster community vigilance. The regional program addresses the growing need for mental health services for survivors of trafficking. In Sri Lanka, 15 persons were trained to provide counseling therapy for child survivors. UNIFEM partners developed a regional trauma-counseling module and different NGOs offered counselor training in each country. In India, UNIFEM supported STOP, an NGO working in New Delhi, to rescue 183 women and children from Delhi brothels and to repatriate fifty victims. Three traffickers were convicted as a result of these rescues.

In Sri Lanka, UNIFEM funded a public information campaign through the American Center for International Labor Solidarity to raise awareness of trafficking and to assess the public's recognition of the issue. This prompted other agencies, e.g., Migrant Services Center, to sensitize prospective migrant workers about trafficking. UNIFEM supported Sri Lanka's National Child Protection Authority's production of a set of "info-mercials" on trafficking.

Indian NGOs, through UNDP and Catholic Relief Services (CRS), worked to prevent and eliminate child labor through quality education efforts. CRS' activity ended in September 2002, having succeeded in reaching about 62,000 out-of-school children in three states with alternative equivalency education. The UNDP activity in this area reached about 13,000 children in four states.

US Financing in Thousands of Dollars

ANE Regional

	DA	ESF
498-037 South Asia Regional Democracy		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	5,586
Expenditures	0	984
Through September 30, 2002		
Obligations	0	5,586
Expenditures	0	984
Unliquidated	0	4,602
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	922	2,000
Total Planned Fiscal Year 2003		
Obligations	922	2,000
Proposed Fiscal Year 2004 NOA		
Obligations	3,570	2,000
Future Obligations	0	0
Est. Total Cost	4,492	9,586

Data Sheet

498-xxx: No Summary and/or Pillar information entered for this SO.

Asia and Near East Regional PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
ANE Regional				
Child Survival and Health Programs Fund	13,044	16,227	17,742	14,418
Development Assistance	44,301	46,769	55,305	26,218
Economic Support Fund	114,079	92,250	71,250	182,750
Total ANE Regional	171,424	155,246	144,297	223,386
Total Program Funds	171,424	155,246	144,297	223,386

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
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
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

East Asia PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Burma				
Child Survival and Health Programs Fund	2,000	0	0	2,500
Development Assistance	993	0	0	0
Economic Support Fund	3,492	6,500	6,500	6,500
Total Burma	6,485	6,500	6,500	9,000
Cambodia				
Child Survival and Health Programs Fund	9,420	15,000	22,500	22,800
Development Assistance	0	0	0	2,000
Economic Support Fund	14,967	20,000	17,000	15,000
PL 480 Title II	2,422	1,085	0	0
Total Cambodia	26,809	36,085	39,500	39,800
China				
Economic Support Fund	0	5,000	5,000	0
Total China	0	5,000	5,000	0
East Timor				
Economic Support Fund	24,945	25,000	19,000	13,500
Total East Timor	24,945	25,000	19,000	13,500
Indonesia				
Child Survival and Health Programs Fund	19,580	35,568	32,568	29,250
Development Assistance	51,483	38,704	38,704	31,691
Economic Support Fund	49,890	50,000	60,000	60,000
PL 480 Title II	12,144	5,670	10,245	11,194
Total Indonesia	133,097	129,942	141,517	132,135
Laos				
Child Survival and Health Programs Fund	0	1,000	1,000	1,350
Development Assistance	0	1,000	1,000	0
PL 480 Title II	0	513	0	0
Total Laos	0	2,513	2,000	1,350
Mongolia				
Economic Support Fund	11,974	12,000	12,000	10,000
Total Mongolia	11,974	12,000	12,000	10,000
North Korea				
PL 480 Title II	1,776	0	0	0
Total North Korea	1,776	0	0	0
Philippines				
Child Survival and Health Programs Fund	9,450	25,599	24,550	22,000
Development Assistance	30,334	24,456	26,609	23,068
Economic Support Fund	7,202	21,000	20,000	20,000
Supplemental--ESF	0	12,000	0	0
Total Philippines	46,986	83,055	71,159	65,068
Thailand				
Child Survival and Health Programs Fund	0	1,000	1,000	3,000
Development Assistance	0	750	2,250	750
Total Thailand	0	1,750	3,250	3,750
Vietnam				
Child Survival and Health Programs Fund	2,494	4,106	4,006	7,200
Development Assistance	2,999	6,950	8,450	4,000
Total Vietnam	5,493	11,056	12,456	11,200
Total Program Funds	257,565	312,901	312,382	285,803

East Asia PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Burma				
Child Survival and Health Programs Fund	2,000	0	0	2,500
Development Assistance	993	0	0	0
Economic Support Fund	3,492	6,500	6,500	6,500
Total Burma	6,485	6,500	6,500	9,000
Cambodia				
Child Survival and Health Programs Fund	9,420	15,000	22,500	22,800
Development Assistance	0	0	0	2,000
Economic Support Fund	14,967	20,000	17,000	15,000
PL 480 Title II	2,422	1,085	0	0
Total Cambodia	26,809	36,085	39,500	39,800
China				
Economic Support Fund	0	5,000	5,000	0
Total China	0	5,000	5,000	0
East Timor				
Economic Support Fund	24,945	25,000	19,000	13,500
Total East Timor	24,945	25,000	19,000	13,500
Indonesia				
Child Survival and Health Programs Fund	19,580	35,568	32,568	29,250
Development Assistance	51,483	38,704	38,704	31,691
Economic Support Fund	49,890	50,000	60,000	60,000
PL 480 Title II	12,144	5,670	10,245	11,194
Total Indonesia	133,097	129,942	141,517	132,135
Laos				
Child Survival and Health Programs Fund	0	1,000	1,000	1,350
Development Assistance	0	1,000	1,000	0
PL 480 Title II	0	513	0	0
Total Laos	0	2,513	2,000	1,350
Mongolia				
Economic Support Fund	11,974	12,000	12,000	10,000
Total Mongolia	11,974	12,000	12,000	10,000
North Korea				
PL 480 Title II	1,776	0	0	0
Total North Korea	1,776	0	0	0
Philippines				
Child Survival and Health Programs Fund	9,450	25,599	24,550	22,000
Development Assistance	30,334	24,459	26,609	23,068
Economic Support Fund	7,202	33,000	20,000	20,000
Total Philippines	46,986	83,058	71,159	65,068
Thailand				
Child Survival and Health Programs Fund	0	1,000	1,000	3,000
Development Assistance	0	750	2,250	750
Total Thailand	0	1,750	3,250	3,750

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
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Vietnam				
Child Survival and Health Programs Fund	2,494	4,106	4,006	7,200
Development Assistance	2,999	6,950	8,450	4,000
Total Vietnam	5,493	11,056	12,456	11,200
Total Program Funds	257,565	312,904	312,382	285,803

**East Asia
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	42,944	82,273	85,624	88,100
Development Assistance	85,809	71,863	77,013	61,509
Economic Support Fund	112,470	151,500	139,500	125,000
PL 480 Title II	16,342	7,268	10,245	11,194
Total Program Funds	257,565	312,904	312,382	285,803

Burma

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

Conditions in Burma continue to reflect the State Peace and Development Council's (SPDC, formerly called SLORC) struggle for 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. U.S. Government policies maintain 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 Aung San Suu Kyi from her most recent period of house arrest and freed hundreds of political prisoners. However, no apparent progress has been made toward a substantive dialogue between the regime and Aung San Suu Kyi.

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. Extrajudiciary killings, torture, forced labor, portering, forced relocation, rape and other abuses still commonly occur in most of the ethnic states of Burma.

Economic policies pursued by the Burmese Government have resulted in a deteriorating social and economic situation. Approximately 13 million of Burma's 48 million people, more than 25% of the population, live below the subsistence level of \$1.00 per day. Ten percent of Burmese children are severely malnourished, and 20% suffer moderate wasting, according to a recent World Bank report.

As a result of ethnic fighting and deteriorating economic conditions in Burma, more than 1.6 million people have fled Burma and an estimated 1.5 million more remain inside Burma as internally displaced people. Of the population that fled Burma, approximately 155,000 reside in refugee camps in Thailand and Bangladesh, while the remainder live as illegal migrant workers in Thailand, Bangladesh, India, China and Malaysia.

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 earmark with State/DRL. Since FY 1999, \$6.5 million has been earmarked to support democracy in Burma and pro-democracy groups outside Burma, and meet the humanitarian needs of Burmese who reside in Thailand.

Currently, with its share of the earmarked funds, USAID administers: (1) humanitarian assistance activities that provide primary healthcare and basic education support to refugees living in refugee camps on the Thai-Burma border; and (2) 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: With funding from the Regional Stabilize Population Growth and Protect Human Health strategic objective (498-022), USAID began HIV/AIDS prevention activities inside Burma in FY 2002. USAID anticipates programming another \$2.5 million (CSH) under this program in FY 2003 to expand and deepen on-going HIV/AIDS prevention activities inside Burma. The Department of State's Population, Refugees and Migration Program funds refugee assistance activities that complement USAID

activities on the Thai-Burma border. State/DRL also supports a grant to the National Endowment for Democracy (NED) under the earmark.

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. Bilateral donor programs 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 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	2,000	0	0	2,500
Development Assistance	993	0	0	0
Economic Support Fund	3,492	6,500	6,500	6,500
Total Program Funds	6,485	6,500	6,500	9,000

STRATEGIC OBJECTIVE SUMMARY

482-002 Promote Democracy and Aid Burmese Refugees				
CSH	2,000	0	0	0
DA	993	0	0	0
ESF	3,492	6,500	6,500	6,500
1/ 482-XXX ANE Regional HIV/AIDS Program				
CSH	0	0	0	2,500

1/ USAID plans to obligate \$2,500,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health (498-022) for HIV/AIDS activities in Burma.

Data Sheet

USAID Mission:	Burma
Program Title:	Promote Democracy and Aid Burmese Refugees
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	482-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,500,000 ESF
Prior Year Unobligated:	\$5,469,000 ESF
Proposed FY 2004 Obligation:	\$6,500,000 ESF
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2005

Summary: Since 1998, USAID and the Department of State have co-managed the Burma earmark. The FY 2002 Burma earmark required that at least \$6.5 million be provided for democracy activities in Burma, democracy and humanitarian activities along the Burma-Thailand border, and for Burmese student groups and other organizations located outside Burma. In FY 2002, USAID and the Department of State programmed \$4.0 million for democracy programs and \$2.5 million for the humanitarian assistance.

Inputs, Outputs, Activities:

FY 2003 Program:

Humanitarian Assistance (\$3,000,000 ESF): New initiatives were begun in FY 2002 to assist Burmese who fled Burma and now live in Thailand, but not in the recognized refugee camps. This activity will work with the Thai Public Service and local NGOs to provide basic health services to the mobile Burmese refugees in Thailand and help prevent the spread of contagious diseases, such as tuberculosis, malaria and HIV/AIDS. USAID and the Department of State will continue to provide support for Burmese refugees living in camps, but at a lower level than FY 2002, in order to begin addressing the primary health care needs of these Burmese refugees that live outside the camps.

Democracy (\$3,500,000 ESF): Democracy activities will support English language training and scholarships to allow disadvantaged Burmese students access to higher education opportunities in Asia, Australia, Europe and North America. A new generation of Burmese journalists will be trained in investigative journalism, critical thinking, and basic journalism techniques.

FY 2004 Program:

In FY 2004 (\$6,500,000 ESF), the program will continue activities that assist Burmese refugees, internally displaced people, and pro-democracy groups. To date, these activities have supported 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 have improved access to primary health care, helped maintain the nutrition and food security of the refugee population, and improved the quality of education being provided to refugee children.

Possible Adjustments to Plans: USAID and the Department of State are exploring 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.

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 2002, performance highlights of USAID funded health, community development, and education programs working under this these objective goals were as follows:

By the end of 2002, USAID-supported training resulted in a more than 400 percent increase in medics in the camps over 1998 levels (15 in 1998, 67 in 2002). This training has sustained 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.

USAID-funded education activities are contributing significantly to the goal of increasing educational capacity in the refugee camps. By the end of 2002, over 70 participants had received school director training, increasing the ability of school directors to evaluate their own school programs to come up with suggestions for improvement. Over 100 people participated in teacher preparation and training activities. In addition, adult literacy classes trained over 150 students in seven languages. These classes are helping to change attitudes about the value of education among parents.

Principal Contractors, Grantees, or Agencies: Principal grantees include the National Endowment for Democracy; the International Relief Committee; World Education/World Learning Consortium; the American Center for International Labor Solidarity; International Organization for Migration; Open Society Institute; Internews; and Prospect Burma.

US Financing in Thousands of Dollars

Burma

482-002 Promote Democracy and Aid Burmese Refugees	CSH	DA	ESF
Through September 30, 2001			
Obligations	4,460	4,033	11,170
Expenditures	3,596	3,049	10,540
Unliquidated	864	984	630
Fiscal Year 2002			
Obligations	2,000	0	3,623
Expenditures	770	827	928
Through September 30, 2002			
Obligations	6,460	4,033	14,793
Expenditures	4,366	3,876	11,468
Unliquidated	2,094	157	3,325
Prior Year Unobligated Funds			
Obligations	0	0	5,469
Planned Fiscal Year 2003 NOA			
Obligations	0	0	6,500
Total Planned Fiscal Year 2003			
Obligations	0	0	11,969
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	6,500
Future Obligations	0	0	0
Est. Total Cost	6,460	4,033	33,262

Data Sheet

482-XXX: No Summary and/or Pillar information entered for this SO.

Cambodia

The Development Challenge: Cambodia continues to face significant challenges in its efforts to spur desperately needed economic growth. Nonetheless, the Royal Government of Cambodia (RGC) largely met its overall targets for revenue, expenditures, and domestic financing in 2001. The Gross National Product grew 5.3 percent in real terms, with low inflation and a stable exchange rate. Budgetary allocations for social sectors have increased as expenditures for defense and security decline, albeit modestly.

Cambodia's economic growth strategy is firmly based on the private sector. The trade regime has opened up: the number of tariff areas has declined from twelve to four, and the highest tariff rate of 130 percent was reduced to 35 percent. Cambodia has been fast-tracked for accession to the World Trade Organization, a goal it expects to achieve in 2003. As chair of the Association of Southeast Asian Nations (ASEAN), Cambodia gained some international prestige when it hosted the annual ASEAN Summit in November 2002. Civil society organizations that advocate for and promote change have grown in numbers and maturity.

These positive indicators mask continuing challenges. With a low annual per capita GDP of \$280, Cambodia is one of the poorest countries in Asia. Fifty-eight percent of the domestic budget is financed by donors, primarily through loans. The genocidal Khmer Rouge regime (1975-79) and occupation by Vietnam (1978-89) had a devastating impact on Cambodian institutions and human capacity. Although the trend is slowly improving, human resources capacity has not expanded sufficiently to meet needs, resulting in institutional weakness in government services and limitations for private sector growth.

About 80 percent of Cambodians are engaged in subsistence agriculture, a sector with insufficient productivity to keep up with population increases. The adult literacy rate was estimated at 37 percent by a recent UNESCO study. Health status is poor for most Cambodians. Life expectancy is in the mid-50s, population growth is 2.5 percent, and infant mortality is 95 per 1000. Half of all children under the age of five are malnourished, and 20 percent are severely stunted. The high incidence of HIV/AIDS infections, estimated at 2.6 percent of the general population, is straining the weak health care system and the economy.

Economic growth is mainly concentrated in two sectors: garments and tourism, which account for approximately one-third of GNP and 86 percent of exports. These sectors employ no more than a tenth of the labor force, and cannot provide jobs for a labor force growing at more than 5 percent per year, many of whom reside in poor rural areas. The donor agenda for economic reforms has focused on improving the legal framework, consistent application of the law in a transparent and efficient manner, financial sector reform, civil service and administrative reform, a reduction in corruption and the indirect costs of doing business, and environmental protection. Despite donor attempts to support economic reforms, private sector investment and employment generation have been disappointing. The impending abolition of the quota system globally in December 2004 poses the real danger that Cambodia may lose its market share for garments, and jobs, to lower-cost producer countries. With so few jobs currently available and legal enforcement so weak, Cambodia is a haven for trafficking in persons and child prostitution.

The coalition government consists of the dominant political party, the Cambodia Peoples Party and the National United Front for a Neutral, Peaceful, Cooperative and Independent Cambodia (FUNCINPEC). The National Assembly election in July 2003 will be the third since the Paris Peace Accords of 1991. Whether the elections will be free and fair depends on progress on issues including voter intimidation, equal access to radio and television for all political parties, and fair and impartial decisions by the National Election Committee.

The United States' main foreign policy objectives in Cambodia are to promote democratic practices, good governance and human rights; to support market-led economic growth to combat poverty; to support targeted interventions to fight the spread of infectious diseases, especially HIV/AIDS; and to improve maternal and child health.

The USAID Program: USAID requests FY 2003 and FY 2004 funds for three objectives: to increase competition in Cambodian political life; to increase the use of high-impact HIV/AIDS and family health services; and to increase the relevance and quality of basic education. The funds will also support Cambodian initiatives to engage in economic and environmental activities in the context of good governance, e.g., transparency and accountability on key economic and political issues.

USAID's democracy program supports Cambodian non-governmental organizations (NGOs) and national political parties. Years of USAID support have fostered the growth of strong, motivated NGOs. The new democracy strategy will strengthen their capacity to advocate for democratic reforms at the national level, human rights, and anti-trafficking reforms. USAID supports political parties that meet international standards for transparency and accountability, and promotes the achievement of a level playing field for all of them in the upcoming national elections in July 2003. Through its implementing partners, USAID provides technical assistance to strengthen the parties' capacities to reach voters, organize campaigns, ensure their safety and security, and gain access to media outlets in the lead-up to the elections. USAID also supports efforts by the Ministry of Women's and Veterans Affairs and Cambodian and international NGOs to prevent the trafficking of women and children.

USAID's health program supports the RGC's strong commitment to increase access to health services, and to mitigate and prevent the effects of the HIV/AIDS epidemic. USAID programs have contributed to significant reductions in infant and child mortality, as well as maternal mortality. USAID's previous support for AIDS prevention has helped to reduce HIV/AIDS prevalence significantly among key target groups and the general public. A new integrated health/HIV/AIDS program will build on innovative outreach and development approaches for the prevention and management of HIV/AIDS, and for improved coverage for child survival and maternal health programs.

Basic education activities focus on the relevance of the primary school curriculum for Cambodian children, and strengthening the school system to use new student-centered teaching methodologies. USAID collaborates well with the Ministry of Education, Youth and Sports, and participates in an effective donor coordination mechanism for this sector.

Other Program Elements: USAID/Washington programs complement and reinforce the USAID bilateral program strategy. USAID/W provides child survival grants for community-based health services, mostly in remote areas. The Leahy War Victims Fund helps to coordinate government, private, and donor activities for disabled persons, and funds rehabilitation centers to provide assistive devices, vocational training, and job placement. In the area of environmental management, programs support a university-level environmental studies program, and the protection and sustainable use of natural resources including forests, freshwater and coastal ecosystems, agricultural lands, and biodiversity.

Other Donors: The two largest donors are the multilateral banks. The Asian Development Bank finances health and education, poverty alleviation, agriculture, and roads. The World Bank funds health and education, governance and rural development. The United States is the second largest bilateral donor, after Japan. Japan focuses on a range of activities, including judicial reform, trade and investment, industrial promotion, transportation, power, telecommunications, health, education, and humanitarian aid. France is predominant in the area of higher education in law and medicine, as well as legal and judicial reform. The United Nations Development Program supports RGC programs in health, education, governance, elections and administrative reform. Australia, Germany, the United Kingdom, Sweden, and the European Union provide funds to the government for elections, governance, basic education, health, HIV/AIDS, environment, rural development, and poverty reduction. China wields considerable influence in Cambodia, but information about the size of its aid program is not available. Cambodia's small Muslim community receives assistance from Saudi Arabia and other donors. Donor coordination is effective, especially in the democracy, health, HIV/AIDS, and education sectors.

Cambodia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	9,420	15,000	22,500	22,800
Development Assistance	0	0	0	2,000
Economic Support Fund	14,967	20,000	17,000	15,000
PL 480 Title II	2,422	1,085	0	0
Total Program Funds	26,809	36,085	39,500	39,800

STRATEGIC OBJECTIVE SUMMARY

442-001 Human Rights				
ESF	8,514	55	0	0
442-002 Family Health				
ESF	4,703	3,853	0	0
442-004 Mine Victims				
ESF	1,000	0	0	0
442-005 Reduced Transmission of Sexually Transmitted Infections and HIV/AIDS among High-Risk Populations				
CSH	9,420	0	0	0
ESF	750	0	0	0
442-009 HIV/AIDS and Family Health				
CSH	0	15,000	22,500	22,800
ESF	0	5,519	0	0
442-010 Democracy and Human Rights				
ESF	0	10,573	17,000	15,000
442-011 Improving Basic Education				
DA	0	0	0	2,000

Data Sheet

442-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

442-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

442-003: No Summary and/or Pillar information entered for this SO.

Data Sheet

442-004: No Summary and/or Pillar information entered for this SO.

Data Sheet

442-005: No Summary and/or Pillar information entered for this SO.

Data Sheet

442-007: No Summary and/or Pillar information entered for this SO.

Data Sheet

442-008: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Cambodia
Program Title:	HIV/AIDS & Family Health
Pillar:	Global Health
Strategic Objective:	442-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$22,500,000 CSH
Prior Year Unobligated:	\$1,557,000 CSH; \$121,000 ESF
Proposed FY 2004 Obligation:	\$22,800,000 CSH
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: This integrated family health strategic objective seeks: to increase and improve access to, and the quality of, health information and services; to strengthen the capacity of individuals, families and communities to protect and provide for their own health; and to improve the capacity of Cambodia's health systems. The program supports the expansion and addition of proven initiatives in HIV/AIDS and family health.

Inputs, Outputs, Activities:

FY 2003 Program:

HIV/AIDS and Infectious Disease (\$17,000,000 CSH). USAID is increasing targeted prevention and care interventions for uniformed services (military and police), prostitutes, youth and other potentially vulnerable populations at the national, provincial, and district levels. At least half of the country's Military Police will be reached, 62,000 military personnel will participate in the peer education programs in 21 of Cambodia's 24 provinces, and a new initiative for military wives will be launched. Training and services at the provincial level are being doubled with support from USAID partners. Care and support services for AIDS patients, affected family members, and children will become more comprehensive and better linked to other services in 280 health centers, communities and non-governmental organizations (NGOs) in the seven-province 'full coverage' focus area. Institutional care for AIDS patients and peer support group activities will be established in Regional Military Hospitals in two of the seven focus provinces. HIV/AIDS and tuberculosis interaction training curricula are being adapted and provided to counselors and teams in the focus area. USAID is providing technical assistance to agencies of the Government of Cambodia to minimize stigma and discrimination, and increase gender equality. Funding will be provided to NGOs, civil society organizations, faith-based communities, and private sector entities to enable them to support key HIV/AIDS prevention and mitigation interventions, including stigma reduction for those affected by HIV/AIDS.

Family health (\$2,600,000 CSH). Proven health interventions will reach a potential two to three million new and repeat clients in USAID's focus areas. These interventions include the rehabilitation of severely malnourished children, vitamin A distribution through community outreach, life saving skills for midwives, bed-net impregnation to prevent malaria, integrated maternal-child interventions, birth spacing, safe motherhood, and immunization outreach. Reproductive health peer education and services for young garment factory workers in Phnom Penh will be doubled from 15 factories in 2003 to 30 by 2005, covering more than 60,000 workers or 40 percent of the current total worker population. The number and proportion of women seeking and obtaining at least two ante-natal consultations will increase by 50 percent, a priority target for this objective. All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Health systems strengthening (\$2,900,000 CSH). This component helps build the Ministry of Health's human resource infrastructure and capacity. Technical assistance in health care management and service delivery will improve the quantity and quality of Cambodia's health care delivery systems. The tangible outputs of these efforts in the first year are expected to include: a baseline evaluation for the

entire strategy to define targets and finalize the performance monitoring plan; the results of community and service delivery assessments to identify strengths and gaps in coverage and in the health information system; the formulation of realistic solutions with partners and government; and collaborative operations research for examining program development and feeding back lessons learned into the redesign of programs.

Program management (\$1,557,000 CSH Prior Year Unobligated; \$121,000 ESF Prior Year Unobligated). Mission plans to transfer \$800,000 of CSH carryover funds to Global Health for the Family Health International/IMPACT Project, and the balance to cooperating sponsors involved in tuberculosis Direct Observed Treatment Short-course (DOTS) activities at the community and health center level). ESF carryover funds will be use to fund new foreign service nationals for program management of the Strategic Objective.

FY 2004 Program:

HIV/AIDS and Infectious Disease (\$15,000,000 CSH). The rapid expansion of on-going activities will ensure full coverage in the seven province focus area, partial coverage in an additional four provinces, and national coverage for key initiatives. Depending on the Ministry's progress in treatment plans, USAID plans to make anti-retroviral drugs available for preventing mother-to-child transmission in the government-selected referral hospitals and may pilot the use of anti-retroviral drugs through midwives at the Health Center level. The sale of 20 million condoms is projected for 2004. Female condoms are being added to the women-controlled options for disease and pregnancy prevention and are expected to reach sales of 15,000 in 2004. Projections for sexually transmitted infectious diseases kit sales are set at 15,000.

Family health (\$5,800,000 CSH). Increased funding for the family health component will support continued expansion of interventions carried out in 2003. The requested funding will enable USAID to respond to the huge unmet need for contraception in Cambodia. Projected sales and distribution of modern contraceptives are expected to double by 2004 through social marketing networks and expanded private and public clinic services supported by USAID.

Health systems strengthening (\$2,000,000 CSH). USAID will continue to help improve quality and management, building on prior year activities. Improved management will result from increased numbers of health workers remaining 'on the job' at the health centers, district and provincial supervisors providing consistent leadership, increased reliability of health information and increased utilization of public health services.

Performance and Results: Progress towards this objective by FY 2005 will be demonstrated by: sustained declines in HIV prevalence and increases in protective behaviors among high risk populations; sustained or reduced prevalence rates among antenatal clinic attendees; improved knowledge of how to prevent HIV infection from mother to child; improved and increased coverage of care and support for adults and children infected and affected by HIV/AIDS; reduced parent-to-child transmission of HIV (provided retroviral therapy can be made more widely available, pending key infrastructural improvements by the Ministry of Health); greater community tolerance for those infected and affected by HIV/AIDS; improved reliability of health information systems; improved national, provincial, and local policies to link operational guidelines and practices; and significant increases in the use of appropriate prevention and care services for reproductive and child health, HIV/AIDS and infectious diseases in both the public and private sectors.

Principal Contractors, Grantees, or Agencies: USAID's activities in FY 2003 will be implemented through collaborative arrangements with USAID/Washington Field Support and agreements with implementing organizations, including CARE, Family Health International/IMPACT, Population Services International, Engender Health/Reproductive and Child Health Alliance, International HIV/AIDS Alliance and the Khmer HIV/AIDS NGO Alliance, Reproductive Health Association of Cambodia, Partners for Development, POLICY, Helen Keller International, University Research Corporation and Population Council. USAID/Washington funds child survival grants with Partners for Development, World Vision, World Relief, ADRA and Catholic Relief Services.

US Financing in Thousands of Dollars

Cambodia

	CSH	ESF
442-009 HIV/AIDS & Family Health		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	13,443	6,468
Expenditures	667	0
Through September 30, 2002		
Obligations	13,443	6,468
Expenditures	667	0
Unliquidated	12,776	6,468
Prior Year Unobligated Funds		
Obligations	1,557	121
Planned Fiscal Year 2003 NOA		
Obligations	22,500	0
Total Planned Fiscal Year 2003		
Obligations	24,057	121
Proposed Fiscal Year 2004 NOA		
Obligations	22,800	0
Future Obligations	0	0
Est. Total Cost	60,300	6,589

Data Sheet

442-00X: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Cambodia
Program Title:	Democracy and Human Rights
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	442-010
Status:	Continuing
Proposed FY 2003 Obligation:	\$17,000,000 ESF
Prior Year Unobligated:	\$427,000 ESF
Proposed FY 2004 Obligation:	\$15,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: This Strategic Objective seeks to strengthen elements within Cambodian society that seek equitable treatment for Cambodian citizens and to help them compete for their demands. Under a new strategy approved in 2002, USAID will support leading Cambodian and selected international human rights organizations to enable them to have a positive impact on law and governance in Cambodia.

Over the life of this Strategic Objective, "Increased Competition in Cambodian Political Life," the program will focus on: 1) creating political processes and strengthening political parties to meet international standards; 2) increased transparency and accountability on key economic and political issues, leading towards democratic reform; 3) enforcement of human rights norms through monitoring and investigation; 4) engagement of local officials on key development issues; and 5) increased capacity of future leaders to develop policies and effect change.

Inputs, Outputs, Activities:

FY 2003 Program:

Democracy and Governance (\$15,200,000 ESF). USAID's primary focus in 2003 will be on "leveling the playing field" among all contending political parties for the 2003 national elections. USAID will help political parties strengthen their internal procedures to facilitate democratic participation and effective communication with their constituents. Support will be provided on how to improve their organizational capabilities, how to promote leadership and how to develop messages. Equipment and assistance will be provided to help ensure the safety and security of the political party candidates and their supporters. USAID will provide resources to civil society organizations to better identify and expose corrupt practices, and to promote active engagement by the public in monitoring government activities and advocating for changes. This will raise public awareness about corruption and also establish a basis for enforcement. Areas of focus include reform of procurement procedures and environmental management. USAID will also support indigenous business associations to advocate for economic governance reform, and enhance the capacity of future leaders from under-represented groups in Cambodia, such as women and minorities, through the Fulbright and the International Visitors Programs.

Human Rights (\$1,800,000 ESF). USAID will support the enforcement of human rights, with a specific focus on anti-trafficking efforts through monitoring and investigation. The US Mission's anti-trafficking task force has developed a strategy for focusing future USG resources to address this serious issue. USAID will target resources and efforts towards changing Cambodia's climate of impunity by encouraging more arrests, prosecutions, and convictions for traffickers. In particular, USAID will help Cambodian organizations that take on important cases and issues, and that challenge the current norms.

Various activities (\$427,000 ESF Prior Year Unobligated). USAID plans to use about \$272,000 in carryover funds from FY 2002 for the Catalyzing Community Forestry in Cambodia activities, and the balance on the audits of several NGO grants and for the hiring a human rights project manager.

FY 2004 Program:

Democracy and Governance (\$14,500,000 ESF). USAID will target resources on anti-corruption activities, focusing on increased transparency and accountability on key economic and political issues, and thus leading towards reform in problem areas. With Cambodia seeking to enter the World Trade Organization (WTO) in provisional status in 2003, corruption-related issues will receive more attention. WTO accession and implementation will require the "rule of law" and transparency in economic and business matters. We anticipate that this will place pressure on corrupt practices that adversely affect the economy. USAID will support NGOs that will advocate for a reform agenda. USAID will also work with newly-elected officials, particularly in creating opportunities for debate beyond the limited fora currently available. USAID will continue to strengthen the capacity of future leaders in Cambodia through educational programs such as the Fulbright program and the International Visitors Program.

Human Rights (\$500,000 ESF). USAID will continue to support the enforcement of human rights through monitoring and investigation of human rights abuses and trafficking activities. The US Mission's anti-trafficking task force will continue to implement its anti-trafficking strategy. USAID will target resources and efforts to encouraging more arrests, prosecutions and convictions of traffickers. In particular, USAID will provide support to Cambodian organizations that take on important cases and issues, and that challenge the current norms.

Performance and Results: USAID efforts since 1992 to build and strengthen civil society organizations in Cambodia, along with the work of other donors, have been extremely successful. From only one Cambodian NGO in 1992, there were more than 1000 registered and active civil society organizations in 2002. Although many are small, grassroots organizations, a dozen or more have become influential leaders in their areas of focus. Under a new strategic plan approved in FY 2002, USAID has shifted from a focus on extending the outreach of these organizations to one of increasing their impact at the national level. Examples of the results achieved in 2002 are as follows:

-- For the first time in Cambodia, two human traffickers were sentenced to ten years each, and ordered to pay compensation to their victims.

-- Legal Aid of Cambodia won a case for victims of land grabbing in the Banteay Meanchey Province near Thailand. The dispute involved 581 families against high-ranking government and military officials who secretly obtained land ownership deeds in 1998 from the Cadastral Office, after land values increased. The villagers filed petitions to the National Assembly and the King, in vain. In 2000, they approached Legal Aid and the United Nations, whose envoy visited the area and appealed to the Prime Minister. Three high-ranking government officials in question relinquished their claim, while other claimants continued legal action. The villagers retained 33.8 of the original 45 hectares and will be assisted to acquire legal title.

Principal Contractors, Grantees, or Agencies: USAID activities are implemented by The Asia Foundation, the International Republican Institute, the National Democratic Institute, the American Center for International Labor Solidarity, and leading Cambodian human rights organizations.

US Financing in Thousands of Dollars

Cambodia

442-010 Democracy and Human Rights	ESF
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	10,573
Expenditures	0
Through September 30, 2002	
Obligations	10,573
Expenditures	0
Unliquidated	10,573
Prior Year Unobligated Funds	
Obligations	427
Planned Fiscal Year 2003 NOA	
Obligations	17,000
Total Planned Fiscal Year 2003	
Obligations	17,427
Proposed Fiscal Year 2004 NOA	
Obligations	15,000
Future Obligations	0
Est. Total Cost	43,000

Data Sheet

USAID Mission:	Cambodia
Program Title:	Improving Basic Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	442-011
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$2,000,000 ESF
Proposed FY 2004 Obligation:	\$2,000,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: The USAID basic education objective in Cambodia focuses on increasing the relevance of the basic education curriculum to everyday life, and on expanding the capacity of the school system to deliver competency-based education using student-centered teaching methodologies. Curriculum development will be the major activity in FY 2003, while improving the capacity to provide education services will be the major activity of FY 2004.

Inputs, Outputs, Activities:

FY 2003 Program:

Increased relevance of the basic education curriculum to everyday life (\$1,500,000 ESF Prior Year Unobligated). Curriculum development will be the major activity in FY 2003. The funds will help the Ministry of Education develop a primary school curriculum relevant to the lives of Cambodians, especially in rural areas. This will improve learning skills, and help to reduce school dropout and high grade repetition rates. The life-skills component will focus on civic education, health and nutrition, and practical knowledge about the agro-ecosystem. The life-skills curriculum will reinforce language, math, science and critical thinking skills in the core basic education curriculum. Students will be able to apply these skills to problems faced in everyday life at school, at home and in the community. The following activities are planned:

-- Development and testing of: 1) a student-centered, competency-based life-skills curriculum and syllabi for grades one through six for civic participation, health and nutrition, and agro-ecosystems; 2) a competency-based teacher training curriculum and syllabi; and 3) pre-service and in-service training materials, including activity guidelines that will assist teachers in compiling their own teaching guides for use in the classroom.

-- Increased capacity of the school system to deliver competency-based education (\$500,000 ESF Prior Year Unobligated). This component aims to strengthen the capacity to deliver effectively the life-skills curriculum at all levels of basic education, and to support its integration the primary education system. The focus will be on teacher training. Priority will be given to ensuring that education officials, school administrators, parents and local government officials, including commune council members, understand and support the life-skills curriculum. Activities will begin in FY 2003. Teacher training will be conducted at two levels: 1) in-service training in cluster schools as part of the response to the urgent need to upgrade the skills of existing teachers and to benefit students as soon as possible; and 2) pre-service training at the primary teacher training colleges to help the next generation of teachers acquire skills in delivering student-centered, competency-based training.

FY 2004 Program:

Increased relevance of the basic education curriculum to everyday life (\$500,000 DA). The curriculum will be finalized and evaluated in FY 2004. The following activities are planned: 1) on-the-job training for Ministry of Education staff in the design and testing of student-centered, competency-based curricula and learning materials; 2) strengthening of partnerships between the Ministry and non-education organizations

and programs in the curriculum development and testing process; and 3) continued involvement of the community in supporting the life-skills curriculum through the cluster school system.

Increased capacity of the school system to deliver competency-based education (\$1,500,000 DA). In FY 2004, this component will build the capacity of the education system to deliver the revised basic education curriculum. The following activities will be undertaken: 1) Education of trainers at the cluster school level to train and support to other teachers in the delivery of the life-skills curriculum; 2) Education of trainers at the teacher training schools; 3) Meetings with parent groups integrated into the implementation process at the cluster school level to gain support for the life-skills curriculum, discuss ways in which parents can help their children attain competency, and to elicit feedback on the new curriculum; 4) Publicizing the new curriculum to build demand and support; and 5) Workshops and seminars on life-skills education, focusing on the rationale and approaches to student-centered learning methodologies for school principals, education sector officials, and other stakeholders at the national, provincial and cluster school levels.

Performance and Results: Activities funded under this Strategic Objective began in FY 2003. It is, therefore, not yet possible to report results.

Principal Contractors, Grantees, or Agencies: To be determined.

US Financing in Thousands of Dollars

Cambodia

	DA	ESF
442-011 Improving Basic Education		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	2,000
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	0	2,000
Proposed Fiscal Year 2004 NOA		
Obligations	2,000	0
Future Obligations	0	0
Est. Total Cost	2,000	2,000

Data Sheet

442-0XX: No Summary and/or Pillar information entered for this SO.

Data Sheet

442-XXX: No Summary and/or Pillar information entered for this SO.

China

The Development Challenge: The People's Republic of China (PRC) sprawls across East Asia, its sheer size and economic power dominating the region. For the United States, seeing China fully integrated into the global economic and trading system is critical for regional security, prosperity 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. trade partner. Trade between the two countries totaled more than \$120 billion in 2001. 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. However, the United States maintains principled and purposeful engagement with the Government and people of China. This engagement has led to important gains in a number of critical areas, such as human rights and tariff reductions, although differences remain. The Chinese Government does not share core American values on human rights, religious freedom, and democracy. The United States and China also disagree on the best policies for Taiwan and Tibet. 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, an effort the United States firmly supports. 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 made the largest single contribution to global poverty reduction of any country. However, challenges still remain. Over 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.

In the 1980s, China tried to combine central planning with market-oriented reforms to increase productivity, living standards, and technological quality without exacerbating inflation, unemployment, and budget deficits. China also pursued agricultural reforms, dismantling the commune system and introducing a household-based system that provided peasants a greater decision-making role in agricultural activities. Other initiatives have included the promotion of self-management for state-owned enterprises, increased competition in the marketplace, and freer contacts between Chinese and foreign trading-enterprises. 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 Chinese Government's efforts to promote rule of law are significant and ongoing. 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.

The USAID Program: USAID's program is focused around two objectives: (1) improve China's legal infrastructure as it opens itself into more of a market economy, and (2) assist Tibetan communities to preserve their cultural traditions, promote sustainable development, and conserve the environment.

-- The first objective is being met through the China Rule of Law program 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 -- and teaches critical thinking and advocacy skills to support the application of those principles in the Chinese judicial system. In FY 2003 USAID will obligate \$2,000,000 in ESF funds from the Department of State's East Asian and Pacific Affairs Bureau (EAP) to implement ongoing programs to train judges, law professors, lawyers from minority (non-Han) groups, and other legal officials in the content and processes of international and U.S. constitutional law. The foci in FY 2003 will be on tort law reform to give private individuals a place to address their grievances, Internet and e-commerce regulation, and on strengthening health care regulation to address the growing HIV/AIDS epidemic.

-- In FY 2003, USAID will obligate \$3,000,000 to assist Tibetan communities in China. This program is in cooperation with EAP and the Special Coordinator for Tibetan Issues, and is implemented through NGOs headquartered outside China that can provide the Tibetan communities with access to financial, technical, marketing, environmental, and educational resources they need for equitable and sustainable development.

In FY 2004, USAID expects State's Bureau for Democracy, Human Rights and Labor (DRL) to manage this program.

Other Program Elements: State/DRL manages a number of activities that support the rule of law in China and complement USAID efforts. As part of its Greater Mekong HIV/AIDS strategy, USAID will be working 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 (FUDAN). 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 some funding. Multilateral donors include the World Bank, the EU, the Asian Development Bank, and the United Nations Development Program.

**China
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	0	5,000	5,000	0
Total Program Funds	0	5,000	5,000	0

STRATEGIC OBJECTIVE SUMMARY

435-003 Rule of Law				
ESF	0	5,000	5,000	0

Data Sheet

435-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

435-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	China
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	435-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2004

Summary: USAID's rule of law program in China strengthens the legal infrastructure for an emerging market economy through: education in international and American legal principles and processes, including transparency, due process, and attorney-client obligations. Specific activities under the program include training to improve Internet and e-commerce regulation, thus promoting both business opportunities and human rights through access to information, as well as training in WTO compliance measures and in promoting health care regulations to address HIV/AIDS issues.

Inputs, Outputs, Activities:

FY 2003 Program:

The USAID program has two components (\$5,000,000 ESF). The first is focused on the transparency and effectiveness of the Chinese legal system for its growing role in the global economy and strengthening China's capacity to deal with new challenges to their legal infrastructure. The second component focuses on Tibetan communities in China and is designed to promote sustainable development, preserve their cultural traditions and conserve the environment.

-- The Rule of Law activities will train Chinese judges, law professors, private sector lawyers and other legal professionals in the content and principles of international and American law with an emphasis on treaty obligations, especially WTO compliance; individual rights and legal ethics. Participants spend 15 months studying in the U.S. and at Temple University's Business and Comparative Law Center at Tsinghua University. USAID is actively promoting the advancement of minorities in the Chinese legal profession by seeking out those who have leadership potential for these programs. The program will also work with China's National People's Committee Tort Law Drafting Committee to design an effective tort law for the country. This will give private citizens a legitimate venue to address private disputes, something that currently does not exist. In addition, USAID will bring prominent Chinese legal scholars and U.S. legal experts together to promote legislation regulating the Internet and e-commerce that enables freedom of expression, allows organizing for human rights and other concerns and expands markets for the business community. A similar group will work with Chinese professors and legal health experts to begin developing regulations to ensure an uncontaminated blood supply, promote AIDS detection and treatment and prevent its dissemination.

-- The Tibetan community component is carried out in cooperation with the Department of State's East Asian and Pacific Affairs Bureau and the Special Coordinator for Tibet Issues. Under this activity, USAID will provide assistance that will be implemented through NGOs headquartered outside of China and that can provide the Tibetan communities with access to resources necessary for equitable and sustainable development, cultural preservation and environmental conservation.

FY 2004 Program:

The China Rule of Law program, in FY2004, will be funded under the "Improve East Asia Regional Stability Through Democracy and Human Rights" strategic objective reported in the Regional Programs section.

Performance and Results: USAID has helped strengthen the Chinese legal system by building the expertise of the leaders of the legal profession, including judges and law professors, in international and American constitutional law. Over the past year, through university in-residence programs, conferences and seminars, USAID has trained over 650 members of the legal profession in the importance of independent and impartial judicial and administrative decision-making, treaty obligations and the professional duties of attorneys to clients, tribunals and civil society. In addition, USAID has promoted the advancement of Chinese minorities (non-Han) by seeking out and educating minority legal professionals who can provide the leadership to advance the interests of minority groups. USAID has also created an advisory group to provide mid- to long-range assistance to Chinese legislators, regulators, scholars and judges in developing the legal infrastructure to accommodate China's emerging market economy. In FY 2002, the advisory group worked with the drafters of the Chinese Property Law Code and with the legal professionals responsible for WTO affairs and economic cooperation.

By program completion, the Chinese will have a better understanding of the issues inherent in running an effective legal system that takes individual rights into consideration; they will have the basis for developing effective regulations for the Internet and the health care industry and they will understand better their treaty obligations under the WTO.

US Financing in Thousands of Dollars

China

435-003 Rule of Law	ESF
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	2,300
Expenditures	0
Through September 30, 2002	
Obligations	2,300
Expenditures	0
Unliquidated	2,300
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	5,000
Total Planned Fiscal Year 2003	
Obligations	5,000
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	7,300

East Timor

The Development Challenge: The people of East Timor (Democratica Republica de Timor-Leste) celebrated full independence on May 20, 2002, completing a rapid transition from UN administration to self-rule which included development of a constitution, election of President Xanana Gusmao, transformation of the Constituent Assembly to the National Parliament, and inauguration of the new Prime Minister and Cabinet of Ministers. The challenges of building a strong democracy and vibrant economy with fragile institutions and limited human capital remain daunting. The country was launched with high optimism for its future, fed in part by the remarkable progress since devastation wrought during its separation from Indonesia. Escalating expectations represent a potentially destabilizing factor in the political equation, as the December 2002 riots in Dili clearly illustrated.

East Timor begins with the advantage of being debt-free, but its resources are limited and its first three-year budget remains dependent on foreign assistance to meet current expenditure needs. The country has largely rehabilitated the infrastructure destroyed in September 1999 after the vote for independence, but remains one of the poorest countries in Asia. Per capita GDP is estimated at \$478 in 2001 and the departure of international personnel after independence is predicted to reduce the real GDP by an estimated one percent in 2002. Rural and urban poverty continue to be a major problem. Increasing urban unemployment, fed by migration from economically depressed rural areas, significantly contributes to urban unrest and social tensions.

U.S. foreign policy interests in East Timor focus on helping the Timorese transition to a stable democratic government and growing and open market economy. Normalizing East Timor's relationship with Indonesia, its closest neighbor and largest trading partner, and building new trade and investment ties within the region are key priorities. As one of the first and largest foreign aid providers during East Timor's transition period, the United States is recognized as a reliable, credible, and efficient source of outside advice and assistance by the Timorese. Projected funding levels through FY 2004 will enable the United States to continue its development support and central leadership role in East Timor.

The USAID Program: USAID will devote \$19 million ESF funding in FY 2003 and is requesting \$13.5 million in FY 2004 ESF to achieve two primary objectives: strengthening the economic recovery and supporting post-conflict democratic development. FY 2003 funds for the economic recovery program will be used to continue USAID's technical and training assistance to the coffee cooperative program, now working with over 20,000 families. The program has increased employment and household incomes from coffee, East Timor's primary cash and export commodity. This program also sustains a network of rural cooperative-linked health clinics providing basic health services to about 20 percent of the population. Other economic recovery programs include expanding agricultural diversification and technology transfer; strengthening microenterprise and small business development; and providing technical and capacity building assistance to advance key economic transition issues such as foreign investment, administration of Timor Sea oil and gas resources, and land reform.

FY 2003 funds will continue support for East Timor's democratic development by increasing public participation in national and local governance, strengthening independent media, supporting the development of political parties, strengthening civil society, and fostering civilian oversight of uniformed forces. The democracy program will also improve citizens' access to justice by strengthening the judiciary institutions, training 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 2003 and FY 2004, USAID will continue to contribute to the World Bank-administered Transitional Support Program, which supports East Timor's nascent governing structures and provides initial support for the implementation of the National Development Plan. FY 2004 funds will continue providing critical technical and advisory support and training assistance to programs enhancing the development of East Timor's democratic government and civil society, while simultaneously assisting with the development of

robust market and public institutions supporting the growth and development of the agricultural and business sectors. USAID's program also provides key support to NGOs and local communities building their strategic planning, financial management, and technical capacities to provide support and deliver services to rural areas.

Other Program Elements: A rule of law program, funded and managed by USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance, has provided support to the judiciary, particularly in regard to the establishment of the Serious Crimes Unit and training for judges, prosecutors and public defenders. These activities have ended in FY 2002. USAID has begun a broader justice sector support to build on these initial activities.

Other Donors: Coordination among donors is excellent with twice-yearly conferences through May 2003. After that, the donor coordination conferences will be held annually. A donor coordination meeting is held monthly in Dili chaired by the Vice Minister of Finance and Planning. The United Nations Transitional Administration of East Timor (UNTAET) closed operations in May 2002 and put into place a much-reduced successor: the UN Mission of Support for East Timor (UNMISSET). UNMISSET remains engaged in the security sector and is providing personnel to fill 100 core stability advisor positions for the newly independent government. Donors support the World Bank-managed Transitional Support Program, which provides support to the East Timor national budget with benchmarks linked to the five-year National Development Plan. The International Monetary Fund, World Bank, and Asian Development Bank are engaged in the management of economic policy as well as the development of broad strategic objectives. In addition to the U.S., major bilateral donors include Japan, Portugal, and Australia.

East Timor PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	24,945	25,000	19,000	13,500
Total Program Funds	24,945	25,000	19,000	13,500

STRATEGIC OBJECTIVE SUMMARY				
472-001 Economic Revitalization				
ESF	13,603	11,500	9,000	6,000
472-003 Support for Democratic Transition				
ESF	11,342	12,500	10,000	7,500
472-xxx ANE Regional HIV/AIDS program				
ESF	0	1,000	0	0

Data Sheet

USAID Mission:	East Timor
Program Title:	Economic Revitalization
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	472-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$9,000,000 ESF
Prior Year Unobligated:	\$2,185,000 ESF
Proposed FY 2004 Obligation:	\$6,000,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: USAID's Economic Revitalization objective has four major components: (1) strengthening the National Cooperative Federation in East Timor through the "Cooperativa Cafe' Timor" (CCT) project and coffee cooperative activities including expanding high-quality organic specialty coffee for export, introducing other high-valued agricultural commodities to member producers, and developing small retail enterprises; (2) improving Timorese management and business skills, particularly CCT staff; (3) providing technical and capacity building assistance to advance key economic issues and stimulate economic growth such as foreign investment, administration of Timor Sea oil and gas resources, land reform, agricultural diversification, and microenterprise development; and (4) expanding the network and sustainability of cooperative health clinics that provide affordable health services to cooperative members and families, including HIV/AIDS prevention information and services.

USAID's economic revitalization program is responsive to the Council of Ministers' development priorities, which include supporting the development of the agricultural sector ensuring food security and enhancing access to markets; developing trade through cooperatives; promoting health; and creating employment opportunities.

Inputs, Outputs, Activities:

FY 2003 Program:

CCT Project (\$4,000,000 ESF). The USAID supported CCT Project is the largest private-sector employer in East Timor. The CCT project contributes significantly to economic recovery and long-term economic development by generating immediate employment opportunities and increasing the income of rural families producing coffee. While the focus in recent years has been on the coffee component of the project, USAID will emphasize research and demonstration projects to develop other profitable agricultural crops and trade opportunities in FY 2003. At the same time, USAID will expand the coffee component to more geographic areas and increase membership in the coffee cooperative by approximately 4,000 farmers to a total of 24,000. Business education and training will lay the groundwork for increased Timorese management of the project. USAID support to purchasing cooperatives of small-scale retail outlets will help lower prices and improve access to consumer goods in rural areas. Two new cooperative health clinics will increase the availability of affordable and quality health services in rural coffee-growing areas and assist the Ministry of Health in carrying out an HIV/AIDS education and awareness program. Primary contractors and grantees are: National Cooperative Business Association and Family Health International.

Promoting Economic Recovery (\$5,000,000 ESF). To help shape macro-economic policy decisions, USAID will fund the Senior Economic Advisor to the Office of the Prime Minister and the Senior Advisor on Foreign Investment in the Ministry of Investment, Tourism, and Environment. Technical assistance and training will build the capacity of the Office of the Timor Sea to administer the significant revenues expected from Timor Sea oil and gas resources. USAID will provide technical expertise in border demarcation to support East Timor's negotiations with Indonesia. An assessment of rural banking and the prospects for re-establishing profitable financial service operations will be conducted, as will a major

land reform study to serve as a blueprint for future policy changes. USAID is planning to develop new innovative pilot projects supporting agricultural diversification and technology transfer; strengthening farm-to-market trade linkages; expanding rural enterprises, and strengthening micro-lending to help promote and broaden rapid economic recovery, particularly in the depressed rural areas. Primary contractors and grantees are: Development Alternatives and The Asia Foundation.

FY 2004 Program:

USAID intends to use FY 2004 resources to support ongoing activities mentioned below and provide initial support to broaden economic growth activities that will be identified during the development of a new country strategy for FY 2005-2009.

CCT Project (\$2,000,000 ESF). USAID intends to concentrate and focus its CCT assistance strengthening Timorese managers' capacity to assume overall management of the project, by reducing the number of expatriate advisors. Depending on the success of agricultural diversification demonstration/outreach activities and an external evaluation, USAID may expand this component to focus on promising high-valued export crops such as vanilla into the new strategy period.

Economic Recovery Program (\$4,000,000 ESF). Based on assessments to be carried out this year, USAID may initiate programs to help East Timor implement land reform and programs to spur private sector development in rural areas through stronger market based financial institutions, increased credit access, and agricultural development. USAID is planning to continue its technical and advisory support to the government and to continue new pilot programs initiated in FY 2003 that are intended to strengthen rural development and economic recovery.

Performance and Results: The 2002 coffee harvest generated \$6 million for the USAID supported East Timor CCT farmers and those involved in the transport and processing of the coffee. The project directly benefited one in ten Timorese families by generating increased household income for farmers, cooperative staff, seasonal workers, and health clinic personnel. Increased income is critical to moving families above the poverty line and increasing the demand for rural products and services. 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 eight fixed 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 project continues to provide technology transfer to growers to ensure increased productivity and quality coffee.

In FY 2002, USAID/Office of Transition Initiatives (OTI) provided \$2.38 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 provided increased employment opportunities to Timorese living in urban communities and depressed rural communities. USAID also assisted the East Timor government in negotiations leading to the signing of the Timor Sea Treaty in May 2002, a significant milestone toward economic independence.

US Financing in Thousands of Dollars

East Timor

	DA	ESF
472-001 Economic Revitalization		
Through September 30, 2001		
Obligations	150	12,100
Expenditures	114	6,984
Unliquidated	36	5,116
Fiscal Year 2002		
Obligations	0	5,500
Expenditures	25	4,080
Through September 30, 2002		
Obligations	150	17,600
Expenditures	139	11,064
Unliquidated	11	6,536
Prior Year Unobligated Funds		
Obligations	0	2,185
Planned Fiscal Year 2003 NOA		
Obligations	0	9,000
Total Planned Fiscal Year 2003		
Obligations	0	11,185
Proposed Fiscal Year 2004 NOA		
Obligations	0	6,000
Future Obligations	0	0
Est. Total Cost	150	34,785

Data Sheet

472-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	East Timor
Program Title:	Support for Democratic Transition
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	472-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,000,000 ESF
Prior Year Unobligated:	\$2,316,000 ESF
Proposed FY 2004 Obligation:	\$7,500,000 ESF
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2004

Summary: USAID's program to support East Timor's post-conflict democratic development includes four components: (1) increasing public participation in national and local governance by strengthening independent media, political parties, advocacy-oriented civil society organizations, and fostering civilian oversight of uniformed forces; (2) improving citizens' access to justice through strengthening judicial institutions, training judicial personnel, expanding the reach of legal aid groups, and increasing citizens' knowledge of rights, responsibilities and legal processes; (3) strengthening government and independent institutions, including new legislative and executive bodies at the national and local level, to implement democratic processes, adopt effective legislation, and deliver services to communities; and (4) support for the World Bank's Transitional Support Program, which provides budget support to the East Timor government. USAID's democracy program is responsive to the Council of Ministers' development priorities which include strengthening administrative structures and elective authorities, and strengthening the justice system, including customary and formal systems.

Inputs, Outputs, Activities:

FY 2003 Program:

Increasing Public Participation in Governance (\$2,000,000 ESF). Civil society organizations in both Dili and the districts will receive assistance to develop advocacy and public outreach skills and build organizational and institutional capacity, leading to greater citizen engagement in national and local governance. USAID will support the efforts of community groups to strengthen the responsiveness of local government, political parties, and the National Parliament, while helping citizens articulate and solve their own problems without relying on government resources. Technical assistance will help establish an enabling legal environment for civic organizations. USAID media programs will enhance the professionalism of editors and journalists, develop sustainable management practices, improve the legal environment, and support the establishment of a Public Broadcasting Service. USAID will supplement technical assistance with small grants to local radio and newspapers. A successful program fostering constructive civil-military relations will be maintained. Principal contractors and grantees are: National Democratic Institute (prime), Catholic Relief Services (prime), Internews (prime), International Republican Institute (prime).

Improving Citizen Access to Justice (\$1,500,000 ESF). USAID will help East Timor develop its nascent judicial system. Judges, prosecutors and public defenders in national and district courts will receive a mix of technical assistance and training to improve skills and capacity. USAID will support legal aid services, more efficient court administration and procedures, 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 judicial monitoring and advocacy by civil society organizations. Principal contractors and grantees are: Asia Foundation (prime), International Development Law Organization (sub), International Foundation for Election Systems (prime).

Strengthening Government and Independent Institutions (\$1,000,000 ESF). USAID's technical assistance to East Timor's new legislative and executive bodies will lead to legislative drafting procedures

that are transparent, well-informed, and reflect public input into decision-making processes. USAID will support institutions such as the Ombudsman's office and the State Secretariat for Social Services that address the needs of potentially vulnerable groups, including veterans. Principal contractors and grantees: Asia Foundation (prime), International Foundation for Election Systems (prime).

The Program Support Initiative (PSI) (\$1,500,000 ESF). PSI supports the three program areas above with small grants and operational costs. These grants can be provided directly to local organizations or Timorese government or independent institutions as specific needs arise to support USAID's strategic objective of strengthening democracy. Principal contractor: Development Alternatives Inc., (prime).

Transitional Support Program (\$4,000,000 ESF). USAID will transfer \$4 million to the Transitional Support Program, a World Bank-administered fund that serves as the new East Timor Government's recurrent cost and capital spending budget.

FY 2004 Program:

USAID intends to use FY 2004 resources to support ongoing activities mentioned below and provide initial support to possible new democracy activities that will be identified during the development of a new country strategy for FY 2005-2009:

- Increasing Public Participation in Governance (\$1,000,000 ESF). USAID plans to maintain support for civil society organizations, the media, and political parties to increase citizen participation.
- Improving Citizen Access to Justice (\$1,250,000 ESF). USAID will continue to support justice sector programs to address economic governance issues including anti-corruption initiatives and government public information capacity and mechanisms.
- Strengthening Government and Independent Institutions (\$1,250,000 ESF). USAID intends to support public participation in policy development and legislative drafting, and may place additional emphasis on the development of local government structures.
- Transitional Support Program (\$4,000,000 ESF). USAID intends to transfer a final tranche of \$4 million to the World Bank-administered Transitional Support Program.

Performance and Results: USAID played an important role in the development and ratification of East Timor's constitution in FY 2002. Constitutional experts provided technical assistance and training to the newly elected Constituent Assembly, charged with drafting the constitution. The USAID team helped prepare options papers on key issues such as anti-corruption, land and property, and judicial independence. USAID programs promoted broad and informed public participation by producing information materials for the Constituent Assembly to use in its public consultations on the Constitution; providing training and resources to strengthen the Constituent Assembly's press office in its interaction with the public; bringing in observer groups representing civil society and the University of East Timor; and organizing dialogue sessions for civil society groups, journalists, and government officials on constitutional issues.

After the adoption of the constitution, USAID supported the Constituent Assembly as it transitioned into the National Parliament. USAID programs helped develop basic parliamentary rules and procedures, such as the establishment of committees, public hearings, and effective press relations. USAID support to civil society groups increased understanding about the role of parliament and facilitated constructive community interaction with national and local public and elected officials in 12 of East Timor's 13 districts on community interests and priorities such as health, education, water, and security.

USAID assistance contributed to Presidential elections in April 2002 that "clearly met international standards for freeness and fairness" according to international observers. Through effective domestic election observer programs, political party poll watcher training, and promotion of women's participation, USAID helped ensure active citizen participation and high voter turnout (86 percent). A weekly radio show and community discussion groups on the role of the President as defined by the Constitution played key roles in raising public awareness and understanding of the elections. USAID media partners provided professional and objective coverage of the elections.

US Financing in Thousands of Dollars

East Timor

	DA	ESF
472-003 Support for Democratic Transition		
Through September 30, 2001		
Obligations	0	5,057
Expenditures	0	1,263
Unliquidated	0	3,794
Fiscal Year 2002		
Obligations	374	15,475
Expenditures	10	3,298
Through September 30, 2002		
Obligations	374	20,532
Expenditures	10	4,561
Unliquidated	364	15,971
Prior Year Unobligated Funds		
Obligations	0	2,316
Planned Fiscal Year 2003 NOA		
Obligations	0	10,000
Total Planned Fiscal Year 2003		
Obligations	0	12,316
Proposed Fiscal Year 2004 NOA		
Obligations	0	7,500
Future Obligations	0	0
Est. Total Cost	374	40,348

Data Sheet

472-xxx: No Summary and/or Pillar information entered for this SO.

Indonesia

The Development Challenge: Entering the fifth year of a comprehensive democratic transition and effort to recover from the Asian financial crisis, Indonesia is implementing a major transformation of its political and economic landscape while simultaneously addressing multiple crises - from terrorism and inter-ethnic, sectarian and separatist violence to endemic corruption and rising poverty. As the world's largest Muslim country, Indonesia plays an important role in U.S. Government foreign policy efforts to combat terrorism and maintain political and economic stability across Southeast Asia. Indonesia's importance also stems from its enormous natural resource base, rich biodiversity, and strategic location across key shipping lanes linking Europe, the Middle East, and Asia.

Indonesia is making important progress as the country begins to realize dividends from the stability brought about by the Megawati Government. A Constitutional amendment in 2002 revamped the electoral process allowing for direct election of the President and Vice President, provided for the removal of non-elected military appointees in Parliament, and created a new chamber for regional representatives. The Cessation of Hostilities Agreement in Aceh in December 2002 offers an opportunity to end decades of conflict, reduce threats to Indonesia's territorial integrity, and ease a threat to natural gas exports from the Arun facilities--all of which are major U.S. foreign policy goals.

In addition, an ambitious decentralization effort to transfer authorities and resources from the central to local governments has proceeded far more smoothly than anticipated. More than two million government workers have been transferred from central to local government rolls without a breakdown in government services. A vibrant civil society and media are pushing the reform process. Annual targets for bank and corporate debt restructuring have been met consistently and the reduction of massive energy subsidies is easing pressures on the national budget (although provoking considerable social and political reaction).

Still, Indonesia has tremendous work to do in the coming years to overcome the deeply entrenched legacy of 30 years of authoritarian military rule, to consolidate gains made in building democracy, and to complete reforms required for sustainable long-term economic growth. Corruption still permeates all levels of society, politics, and the economy, seriously undermining reform efforts; the lack of central cohesion after Suharto's fall in 1998 in some ways exacerbates the problem. Yet, the conviction of Tommy Suharto, the former president's son, marked a significant breakthrough for justice sector reform. Such progress, however, must be balanced against failures to move against other political and corporate criminals or to prosecute meaningfully those responsible for human rights abuses in East Timor, Papua, or Aceh.

Furthermore, major components of the political and economic reform agenda have bogged down in the National Parliament. Although the economy at the end of 2002 showed initial signs of improvement with a stronger rupiah and a bullish stock market, the final 2002 Gross Domestic Product will not exceed the 2001 growth rate of 3.5 percent due to the Bali bombings. The GDP will fall well below the 2002 forecasted five percent growth rate, the level necessary to reduce poverty and create sufficient jobs for new labor market entrants. Also, an unattractive legal and security climate has continued to discourage new investment and jeopardizes existing investments while major corporations reevaluate Indonesia's competitiveness. Rising unemployment to double digit levels has pushed many people below the poverty line. Not least, more than 1.3 million Indonesians remain displaced by ethnic, religious, and separatist violence. The national contraceptive prevalence rate has remained stable, yet declining government resources for health imperils many Indonesians. HIV/AIDS is spreading at an alarming rate among high-risk populations.

The terrorist bombing on Bali in October 2002 was a watershed event for Indonesia. The country, perceived as a reluctant partner in the global war on terrorism post-September 11, has begun to come to grips with the real threat that terrorism represents to its own future. The Government has shown an increased willingness, beginning with the issuance of a strong presidential decree on anti-terrorism, to confront the threat directly. The police have continued an aggressive investigation into the bombings on

Bali and in Makassar working closely with Australian and U.S. counterparts. Police have arrested a number of key figures with alleged links to terrorism.

The Government has intensified pressure on suspected terrorist groups, and shown a new willingness to cooperate with the international community on counter terrorism. It has increased attention to developing financial crimes countermeasures, particularly the terrorist financing components of the new anti-money laundering law. Muslim leadership in the country has moved from the sidelines to the front pages in calling for peace, tolerance and understanding as Indonesia grapples with the terrorism threat that is closer to home than previously acknowledged. The changes since October offer hope that the kind of partnership sought by the U.S. to achieve foreign policy objectives related to counter terrorism and regional stability can gradually be realized in Indonesia.

The USAID Program: The program focuses on 1) thwarting terrorist financing; 2) accelerating Indonesia's democratic transition; 3) promoting economic recovery and growth; 4) facilitating Indonesia's decentralization process; 5) reducing the threat of conflict in strategic areas of Indonesia; 6) strengthening natural resources management; and 7) improving the health of women and children. FY 2003 funding will be used to provide technical assistance and training to implement on-going programs addressing: terrorist financing; preparations for the 2004 national election; the peace process in Aceh; conflict prevention in Bali; civil society development and the rule of law; sound macroeconomic policy and reforms including energy; local government capacity to manage resources efficiently and deliver services to rural areas; conflict and the urgent needs of internally displaced persons and urban poor; community management of natural resources; and child survival, family planning, and HIV/AIDS. The Indonesia program includes four public-private alliances to work on illegal logging, cocoa production, clean air, and regional development in Papua.

Other Program Elements: USAID is implementing activities in Indonesia through global and regional programs in health (polio and tuberculosis), economic growth ("Encouraged Economic Growth" program) and environment (U.S.-Asia Environmental Partnership and East Asia and Pacific Environment Initiative). The USAID Association Liaison Office for University Cooperation in Development provides funding for partnerships between U.S. and Indonesian universities in the areas of civic education and integrated pest management. USAID's Food for Peace Office provides Title II food assistance and programs related to internally displaced persons (IDPs). Planned humanitarian assistance by USAID's Office of Foreign Disaster Assistance (OFDA) also supports return and resettlement of IDPs.

The State Department's East Asia and Pacific Women's Issues Fund continues to support anti-trafficking programs in Indonesia. USAID's democracy activities are closely integrated with State Department public diplomacy and police reform efforts.

Other Donors: The United States is the second largest bilateral donor in Indonesia behind Japan. Other major bilateral donors include the Netherlands, Australia, Germany, the United Kingdom, and Canada. Through flexible and responsive programming, USAID plays a leadership role among donors, most notably in thwarting terrorist financing, elections assistance, civil society development, decentralization, natural resources management, and health and humanitarian assistance. USAID works closely with the major multilateral donors: the World Bank, the Asian Development Bank (ADB), the International Monetary Fund (IMF), the European Union, and the United Nations (UN) agencies. The World Bank-chaired Consultative Group on Indonesia (CGI) coordinates donor assistance to Indonesia. The UN-led Partnership for Governance 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 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	19,580	35,568	32,568	29,250
Development Assistance	51,483	38,704	38,704	31,691
Economic Support Fund	49,890	50,000	60,000	60,000
PL 480 Title II	12,144	5,670	10,245	11,194
Total Program Funds	133,097	129,942	141,517	132,135

STRATEGIC OBJECTIVE SUMMARY

497-007 Democracy Reform				
DA	8,180	8,000	9,000	7,000
ESF	18,080	15,000	28,000	27,500
497-008 Health, Population, and Nutrition				
CSH	19,580	35,568	32,568	29,250
DA	9,678	0	0	0
497-009 Crisis Mitigation				
DA	3,506	4,000	4,500	5,250
ESF	0	12,500	13,000	10,000
497-010 Strengthening Local Government				
DA	9,496	7,451	6,910	5,450
ESF	2,500	7,000	6,500	10,000
497-011 Promoting Economic Growth				
DA	5,623	5,123	6,494	4,850
ESF	11,827	14,000	11,000	11,000
497-012 Natural Resource Management				
DA	10,500	10,500	9,300	6,141
ESF	1,500	1,500	1,500	1,500
497-013 Energy Sector Reform				
DA	4,500	3,630	2,000	2,000
497-XXX State Department programs				
ESF	15,983	0	0	0
1/ 497-YYY ANE Regional US-AEP				
DA	0	0	500	1,000

1/ USAID plans to obligate \$500,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Indonesia.

US Financing in Thousands of Dollars

Indonesia

497-007 Democracy Reform	CSH	DA	ESF
Through September 30, 2001			
Obligations	2,601	84,862	31,686
Expenditures	2,601	76,737	12,811
Unliquidated	0	8,125	18,875
Fiscal Year 2002			
Obligations	0	8,773	14,696
Expenditures	0	10,498	15,484
Through September 30, 2002			
Obligations	2,601	93,635	46,382
Expenditures	2,601	87,235	28,295
Unliquidated	0	6,400	18,087
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	9,000	28,000
Total Planned Fiscal Year 2003			
Obligations	0	9,000	28,000
Proposed Fiscal Year 2004 NOA			
Obligations	0	7,000	27,500
Future Obligations	0	0	0
Est. Total Cost	2,601	109,635	101,882

Data Sheet

USAID Mission:	Indonesia
Program Title:	Democracy Reform
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	497-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$9,000,000 DA; \$28,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$7,000,000 DA; \$27,500,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: The USAID Democracy and Reform objective aims to further democratic reforms in the world's largest Muslim country by providing technical assistance, training, and grant support to: deepen competitive political processes for Indonesia's 2004 elections; strengthen civil society, including moderate Muslim and secular organizations, by increasing citizen participation and promoting religious tolerance, conflict prevention, respect for human rights, and the long-term sustainability of local NGOs; foster transparency and accountability in governance institutions implementing legislative and constitutional reforms at the national and local level; develop an independent media; and further justice sector reforms.

Inputs, Outputs, Activities:

FY 2003 Program:

Support for 2004 Elections (\$18,000,000 ESF). USAID will expand assistance supporting preparations for elections in mid-2004, when Indonesians will vote directly for their President and Vice President for the first time. Technical support to Parliament will finalize the electoral legislative framework, including laws governing the elections process and political parties, and build the capacity of the National Elections Commission to supervise the election process and resolve post-election dispute adjudication. Support to strengthen Indonesia's multi-party system will be maintained, prioritizing issue-oriented and non-violent campaigning and party pollwatcher training. Civil society groups will receive support to monitor the electoral process and increase citizen knowledge through voter/civic education and public surveys. USAID will help the media play a responsible and objective role in covering the elections and disseminating information. (National Democratic Institute, International Republican Institute, The Asia Foundation, International Foundation for Electoral Systems, Internews, Center for Electoral Reform)

Increase Citizen Participation in Governance (\$6,250,000 DA; \$5,000,000 ESF). USAID supports an innovative program for moderate Muslim groups to advocate tolerance and human rights. In six focus regions including Papua and Aceh, USAID provides grants to 150 civil society organizations involved in national and local advocacy campaigns that address issues such as human rights, inter-faith dialogue, labor rights, conflict mitigation, anti-corruption, and local governance. The program builds capacity of local NGOs in management and financial self-reliance to ensure sustainability. (Chemonics, The Asia Foundation, and American Center for International Labor Solidarity)

Strengthen Key Governance Institutions (\$1,500,000 DA). USAID will promote more transparent budgeting, planning, and public outreach through work with the National Parliament secretariat, committees, and members. The program will also provide comparative analyses to assist legislators in finalizing major constitutional reforms. Legislative associations of municipal and district assemblies will receive support to build up their role as policy advocates for decentralization. USAID will support implementation of Special Autonomy laws in Papua and Aceh. Funds will also strengthen local parliaments in regions involved in British Petroleum's (BP) development of natural gas resources in Papua, part of USAID/Indonesia's broader public-private partnership with BP. (National Democratic Institute)

Promote Justice Sector Reform (\$1,250,000 DA; \$5,000,000 ESF). USAID will build the capacity of justice sector institutions, such as the National Ombudsman Commission, to carry out legal reforms. USAID will support civil society-led efforts to collaborate with institutions, such as the Supreme Court and National Law Commission, to meet common legal reform goals including stronger judicial independence and establishment of a Judicial Commission. Work with civil society will focus on increasing public access to laws and on promoting informed debate about reform. Grants to human rights groups in conflict areas will build their capacity as institutions and will finance programs on issues such as missing persons, violence against women, and trafficking in persons. (The Asia Foundation, American Center for International Labor Solidarity, International Catholic Migration Commission)

State Department Programs (Funding level to be determined, and will come from other ESF programs listed above). Funds will be transferred to the State Department to support public diplomacy and police reform activities.

FY 2004 Program:

Support for 2004 Elections (\$6,000,000 ESF). USAID plans to continue support leading up to the elections in mid-2004, and focus post-election assistance on finalizing institutional development programs with the National Elections Commission and political party reforms.

Increase Citizen Participation in Governance (\$5,000,000 DA; \$2,000,000 ESF). ESF resources will allow USAID to expand efforts that promote moderation, pluralism, and tolerance within Muslim communities and in conflict areas. USAID plans to launch a new civil society strengthening program that targets groups with proven advocacy records. Additional DA funding will allow USAID to undertake new programs to strengthen civic basic education.

Strengthen Key Governance Institutions (\$1,000,000 DA; \$2,000,000 ESF). USAID plans to expand institution building programs that advance Indonesia's democratic transition and political reform process in the post-elections environment. USAID plans to strengthen newly elected national and local parliaments (including the newly-established Upper House) and support legislative associations.

Promote Justice Sector Reform (\$1,000,000 DA). USAID plans to provide technical assistance to continue rule of law initiatives that develop the capacity of justice sector institutions and encourage civil society advocacy.

State Department Programs (\$17,500,000 ESF). USAID anticipates a transfer of ESF resources to the State Department and other federal agencies to support public diplomacy, counter-terrorism, and police reform activities. The State Department and USAID are conducting a joint review of the Indonesia ESF portfolio. This review may ultimately entail changes in the level of funding of the programs and activities. Changes will be notified to Congress through established procedures.

Performance and Results: USAID assistance helped Indonesia improve its government accountability and responsiveness by amending the constitution to allow for direct election of presidential and vice presidential candidates, by creating a second chamber of the National Parliament, and by eliminating all non-elected members from the National Parliament. USAID expanded its program supporting moderate Muslim groups that promote religious tolerance. These groups carried out civic education programs on human rights, religious and ethnic pluralism, democratic processes, and women's rights; 1,000 different publications on the role of Islam in a democracy were disseminated; and 40,000 weekly pamphlets promoting the views of moderate Muslim thinkers were distributed after Friday prayers in 21 cities. Civil society's ability to engage government through advocacy and monitoring was enhanced, as evidenced by citizens providing input into over 50 national bills and government regulations. USAID trained more than 20,000 NGO members, labor activists, and community leaders in advocacy, financial management, fundraising, and conflict resolution. USAID's media partners mounted a successful advocacy campaign against the rebirth of the Ministry of Information, the main instrument used to control media under authoritarian rule. USAID's support enhanced journalistic standards, providing sustained training to 700 journalists across the country and shorter training to nearly 1,800 others.

Data Sheet

USAID Mission:	Indonesia
Program Title:	Health, Population and Nutrition
Pillar:	Global Health
Strategic Objective:	497-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$32,568,000 CSH
Prior Year Unobligated:	\$995,000 CSH
Proposed FY 2004 Obligation:	\$29,250,000 CSH
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

Summary: USAID's health, population, and nutrition program focuses on strengthening public sector commitment for reproductive and child health; improving access, quality and sustainability of basic health services; and empowering women, families and communities to take responsibility for improving health. The program's major components include technical assistance and training to: reduce maternal and neonatal mortality; improve the quality and sustained use of family planning; reduce malnutrition among children under age five; prevent the transmission of sexually transmitted infections (STIs), HIV/AIDS, tuberculosis, and malaria; and protect the health of the poor during the transition to decentralization through local advocacy for resources and skills building for decision-makers who set health priorities.

Inputs, Outputs, Activities:

FY 2003 Program:

Family Planning, Maternal and Child Health (\$17,768,000 CSH). CSH funding will provide technical assistance and training to improve reproductive and child health (including family planning, maternal, and newborn health) and nutrition, targeting Indonesia's poor women and children (including street children). Working closely with governmental and non-governmental institutions, USAID support will enhance the capacity of local government authorities to protect against possible increases in already high maternal, child, and infant mortality resulting from Indonesia's on-going decentralization of basic health services. With CSH resources for population programming, USAID will focus on strengthening long-term contraceptive security and logistics management; improving the quality of family planning and reproductive health services with renewed focus on midwives; and increasing advocacy for family planning and reproductive health policy reform at both the national and district level. USAID will continue to provide critical technical assistance on nutritional surveillance and Vitamin A supplementation. Prior year unobligated CSH funding will be used to support a new child blindness program. (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.)

Prevent the Spread of HIV/AIDS and Other Infectious Diseases (\$10,800,000 CSH). With CSH resources for HIV/AIDS, USAID technical assistance and training will support Government of Indonesia (GOI) and Indonesian civil society national and local efforts to curb the spread of AIDS, including increasing condom use, bolstering surveillance systems, and targeting results-oriented behavior change interventions within vulnerable populations. CSH infectious disease funding will support tuberculosis control activities and a newly launched malaria control activity that will rollout vector control activities in epidemic regions in Java. (The U.S. Naval Medical Research Unit, the Royal Netherlands Tuberculosis Association, and Family Health International)

Facilitate Decentralization of the Health Sector (\$4,000,000 CSH). USAID technical assistance in health sector decentralization aims to mitigate the potential negative impact of decentralization on the quality and use of health services. Working directly with national and local government institutions, through public-private partnerships, and with civil society organizations, USAID interventions will include

strengthening the Ministry of Health's nascent Decentralization Unit; helping define essential public health functions and basic services that districts nationwide must now implement; enhancing district-level skills and capacities for planning, programming, and delivering basic health care services; mobilizing community participation; and improving essential drug management and supply systems. The decentralization program will also focus support on meeting the health needs of very vulnerable populations residing in conflict areas (such as Aceh), including women, children, and internally displaced persons. (Management Science of Health, John Hopkins University, and Save the Children).

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

FY 2004 Program:

Family Planning, Maternal and Child Health (\$14,250,000 CSH). USAID intends to continue support for improving the quality and choice of reproductive health services, maintaining contraceptive security, and increasing focus on the reproductive health needs of Indonesia's youth. Newborn and child health, micronutrient supplementation, and maternal health are expected to remain key elements of USAID's maternal and child health programming.

Prevent the Spread of HIV/AIDS and Other Infectious Diseases (\$11,000,000 CSH). HIV/AIDS and infectious disease funding will allow USAID to continue the expansion of HIV/AIDS prevention, tuberculosis and malaria vector control activities.

Facilitate Decentralization of the Health Sector (\$4,000,000 CSH). USAID expects to continue to provide training and technical assistance at the national and local level to support decentralization of the health sector.

Performance and Results: USAID's investments in family planning and reproductive health are generating results at both the national and local level. Holding steady at 54.5 percent (Indonesia Family Life Survey, IFLS 2000, published in September 2002), use of modern family planning methods remains stable in comparison to pre-crisis levels. The same survey reports dramatic increases in the use of private sector midwives for provision of injectable contraceptives (28 percent in 1997 to 58.8 percent in 2000). In pilot sites for USAID's Maternal and Neonatal program, 100 percent have a community facilitator, 62 percent have a trained midwife, 43 percent have a blood donor system in place, and 51 percent have a revolving fund to pay for emergency complications.

Child health and nutrition efforts are making important contributions to Indonesia's success in improving Vitamin A supplementation to prevent nutritional blindness and reduce the risk of severe morbidity and mortality. In 2002, 72 to 75 percent of children under age five received at least one dose. This cost-effective child survival intervention helped save the lives of an estimated 35,000 children each year. With USAID support, Indonesia conducted one of the world's largest National Immunization Days in 2002 to increase polio coverage rates among Indonesia's 20.5 million children under age five. USAID grant support to 32 local NGOs is now providing health and educational services to an estimated 6,100 street children (44 percent girls).

USAID significantly expanded its HIV/AIDS prevention programs in 2002, responding to rising infection rates among female prostitutes, injecting drug users, and other high-risk populations. A new surveillance system has been piloted in three sites, with plans to expand to ten sites in 2003. As a result, district-level AIDS commissions are using improved surveillance data to develop new locally initiated disease prevention responses. Three new community-based interventions with injecting drug users in Jakarta, developed through innovative partnerships with the GOI and World Health Organization, have emerged as the leading harm reduction models in Indonesia. A nationwide prevention marketing campaign was launched in June 2002 and has stimulated interest and dialogue on the importance of abstinence, faithfulness, and condom use.

US Financing in Thousands of Dollars

Indonesia

497-008 Health, Population and Nutrition	CSH	DA	ESF
Through September 30, 2001			
Obligations	64,044	30,719	0
Expenditures	29,610	15,979	0
Unliquidated	34,434	14,740	0
Fiscal Year 2002			
Obligations	35,568	0	1,000
Expenditures	24,981	8,970	0
Through September 30, 2002			
Obligations	99,612	30,719	1,000
Expenditures	54,591	24,949	0
Unliquidated	45,021	5,770	1,000
Prior Year Unobligated Funds			
Obligations	995	0	0
Planned Fiscal Year 2003 NOA			
Obligations	32,568	0	0
Total Planned Fiscal Year 2003			
Obligations	33,563	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	29,250	0	0
Future Obligations	0	0	0
Est. Total Cost	162,425	30,719	1,000

Data Sheet

USAID Mission:	Indonesia
Program Title:	Crisis Mitigation
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	497-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,500,000 DA; \$13,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,250,000 DA; \$10,000,000 ESF
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2005

Summary: This cross-cutting objective serves as USAID's primary mechanism for taking advantage of opportunities to stabilize conflict situations in strategic parts of Indonesia and for delivering P.L. 480 Title II food assistance to improve food security for urban and rural poor. The major components of the program 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. This program will operate in Aceh to support implementation of the December 2002 Cessation of Hostilities Agreement; in Bali to promote social and economic recovery after the October 2002 terrorist bombing; and in other provinces experiencing conflict, food insecurity, or coping with internally displaced populations, such as Central and South Sulawesi, Ambon and North Maluku, Central Java, West Kalimantan, and West Timor.

Inputs, Outputs, Activities:

FY 2003 Program:

Improving Food Security (\$4,500,000 DA). USAID's Transitional Activity Program (TAP) is a P.L. 480 Title II program helping to alleviate poverty by improving the food security and nutritional status of urban and rural poor hit hardest by the prolonged economic crisis in Indonesia. Childhood malnutrition rates are approaching 13 percent, indicating a chronic food emergency by world standards, in urban areas where TAP is implemented. USAID plans to distribute approximately 23,000 metric tons (MTs) of P.L. 480 Title II commodities to an estimated 300,000 urban and rural poor in FY 2003. USAID will support food-for-work projects 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. Supplementary food-for-training projects in agriculture, health, and other vocational sectors will enhance skills and expand job opportunities. Capitalizing on effective partnership with the USAID/Indonesia health program (497-008), USAID nutritional surveillance programs will ensure that food aid is reaching the right people and having a measurable impact on their nutritional status. USAID will support basic health and nutrition training interventions to strengthen the linkages between food security and improved health and nutrition. (CARE, Catholic Relief Services, Church World Service, Mercy Corps International, World Vision, Helen Keller International)

USAID's P.L. 480 Title II food aid implementing partners serve as effective conduits for USAID's Office of Foreign Disaster Assistance (OFDA) emergency assistance. Their capacity to effectively manage food aid has also positioned TAP partners as effective implementers of World Food Program interventions and to program other donor assistance. The Title II program also coordinates closely with USDA-supported Title I and Section 416(b) programs.

Conflict Prevention and Response (\$13,000,000 ESF). Building on the successful work of USAID's Office of Transition Initiatives (OTI) in Indonesia, which phased out in FY 2002, USAID/Indonesia will direct quick impact support to help stabilize conflict situations in strategic areas of Indonesia, assist internally displaced persons (IDPs) in continued collaboration with OFDA, and build Indonesian capacity to analyze and implement conflict resolution and reconciliation interventions. In Aceh, USAID grant support will

generate tangible wins to demonstrate a peace dividend during the critical first year of the Cessation of Hostilities Agreement. USAID will respond to urgent humanitarian and social infrastructure needs such as shelter, health, education, and water/sanitation; foster economic revitalization; support media campaigns to promote public awareness and support for the peace agreement; help civil society organizations facilitate the process of dialogue and reconciliation; and strengthen institutions that will take the lead on advancing legal reforms, anti-corruption, good governance, and fiscal transparency in Aceh. In Bali, USAID will support community-driven initiatives that reduce the potential for outbreaks of religious or ethnic violence in the fragile post-bombing environment; promote professional and objective media reporting on sensitive social and religious issues; minimize the short-term economic impact from lost tourism; and help victims and families cope with the psycho-social impact of the bombing.

The presence of 1.3 million IDPs throughout Indonesia serves as 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 in hot spot regions such as the Malukus, Ambon, Sulawesi, and West Kalimantan. To encourage returns and resettlement, the program will complement OFDA humanitarian assistance by supporting livelihood enhancement activities such as income generation, agricultural inputs, efforts to restore economic ties between communities, and will foster dialogue in communities dealing with IDPs.

FY 2004 Program:

Improving Food Security (\$5,250,000 DA). DA resources will allow USAID to fund the final year of the P.L. 480 Title II TAP activity so that implementing partners can consolidate gains made to date, continue critical interventions benefiting vulnerable groups, especially children and mothers, and pursue innovative food assisted efforts focusing on not only food security but on recovery and peace building.

Conflict Prevention and Response (\$10,000,000 ESF). ESF resources will allow USAID to expand assistance for IDPs and to support strategic areas of Indonesia experiencing conflict. USAID anticipates phasing out conflict prevention activities on Bali.

Performance and Results: USAID has had a significant impact on the health status, productivity, and social stability of vulnerable populations by providing a stable food supply, income-generation opportunities, and community improvement. In 2002, TAP assistance directly benefited 320,000 people. In rural areas of Central Java, East Kalimantan, and East Nusa Tenggara, children participating in TAP programs suffered less wasting. Half of TAP beneficiaries in urban areas have family incomes of less than \$30 per month, childhood anemia is over 60 percent, and 40 percent of the children are underweight. Fortunately, the nutritional status of children is improving in TAP target areas. For example in Surabaya, anemia prevalence in children benefiting from the TAP (46 percent) is less than in non-benefiting groups (54 percent). TAP supplemental feeding programs not only directly impact child malnutrition, but can also be credited with encouraging higher participation in Government-sponsored health initiatives, such as vitamin A distribution, polio eradication, and measles inoculations.

Food assistance is an entry point to foster community cooperation. Inter-faith groups have worked jointly to build community infrastructure to promote community spirit and solidarity while countering the threat of social conflict. A food-for-work program in Ngraji village, Central Java built a new irrigation channel that eased communal tensions caused by the diversion of scarce water resources to farmers downstream. The villagers succeeded in not only eliminating a source of conflict in the community, but in the process increased their own sense of community solidarity. The urban poor are susceptible to recruitment attempts by radical and fundamentalist elements that use cash payments to entice participation in street protests. The TAP program helps combat such attempts by providing job opportunities and fostering greater community morale to the urban poor through food-for-work projects.

US Financing in Thousands of Dollars

Indonesia

497-009 Crisis Mitigation	CSH	DA	ESF
Through September 30, 2001			
Obligations	2,500	9,308	2,500
Expenditures	2,255	5,673	0
Unliquidated	245	3,635	2,500
Fiscal Year 2002			
Obligations	0	4,400	6,983
Expenditures	245	4,445	2,500
Through September 30, 2002			
Obligations	2,500	13,708	9,483
Expenditures	2,500	10,118	2,500
Unliquidated	0	3,590	6,983
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	4,500	13,000
Total Planned Fiscal Year 2003			
Obligations	0	4,500	13,000
Proposed Fiscal Year 2004 NOA			
Obligations	0	5,250	10,000
Future Obligations	0	0	0
Est. Total Cost	2,500	23,458	32,483

Data Sheet

USAID Mission:	Indonesia
Program Title:	Strengthening Local Government
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	497-010
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,910,000 DA; \$6,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,450,000 DA; \$10,000,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: This program plays a critical role in strengthening the capacity of local governments to respond to the challenges posed by the deep and broad devolution of management and fiscal authority initiated by the central government in January 2001. The development of responsive and accountable local government is essential to re-building Indonesia as a democratic nation. USAID technical and training assistance aims to: (1) improve and monitor the effectiveness of decentralization policies, working at the national level in key ministries; (2) build local government capacity in participatory planning and transparent, accountable budgeting and financial management; (3) strengthen local government capacity to manage and deliver key services such as quality water and education; and (4) support independent local government organizations to be effective advocates and promote better ideas for improving local government management practices and policies.

Inputs, Outputs, Activities:

FY 2003 Program:

National Decentralization Policy (\$500,000 DA; \$900,000 ESF). Technical assistance to the Ministry of Home Affairs and Ministry of Finance will improve fiscal and administrative decentralization policy and focus these ministries on facilitating local capacity-building rather than re-asserting central control. Support for the Indonesian Rapid Decentralization Appraisal (IRDA) will continue to provide the only source of information and analysis for national and local decision-makers on decentralization progress. USAID will support the establishment a local government credit market. (Research Triangle Institute, The Asia Foundation.)

Building Capacity in Participatory Planning and Budgeting (\$3,410,000 DA; \$4,100,000 ESF). USAID will provide assistance to more than 60 local governments to improve participatory planning, budgeting and financial management; and encourage the sharing and replication of innovative models and practices. The Resource Cities Program (RCP) will continue to foster linkages between U.S. and Indonesian local governments with resulting changes in the way local governments operate. (Research Triangle Institute, International City/County Management Association.)

Local Government Service Delivery: Water and Education (\$1,750,000 DA). USAID support will restructure local government water authorities into profit-making enterprises through direct assistance and dissemination of successful management models. USAID will expand a pilot effort launched in 2002 to strengthen local government capacity to manage and deliver quality basic education services, making public schools a more viable alternative to private religious educational institutions. (Urban Institute (prime), Chemonics (sub), Research Triangle Institute.)

Supporting Independent Local Government Organizations (\$1,250,000 DA; \$1,500,000 ESF). USAID will support associations of local government to ensure that views of local government and the public are channeled to decision-makers in Parliament and Government of Indonesia ministries. The Center for Local Government Innovation (CLGI) will receive support to establish itself as a promoter of improved

local government management practices and coordinate donor decentralization support. (International City/County Management Association, Urban Institute.)

FY 2004 Program:

National Decentralization Policy (\$1,000,000 DA; \$700,000 ESF). USAID intends to continue support to central government ministries engaged in decentralization policy and extend the Indonesian Rapid Decentralization Appraisal. DA resources will strengthen the impact of decentralization policy and better coordinate donor policy inputs.

Building Capacity in Participatory Planning and Budgeting (\$1,700,000 DA; \$5,400,000 ESF). USAID intends to expand assistance through a national "roll-out" of a participatory development planning model and performance budgeting tools to more than 100 additional local governments through the provision of workshops and limited advisory services. USAID will initiate a broader program to reduce corruption and increase efficiency through improved management and planning.

Local Government Service Delivery (\$1,500,000 DA; \$2,650,000 ESF). DA and ESF resources would allow USAID to expand its basic education program and provide technical assistance to local governments to improve other basic services such as solid waste and sanitation.

Supporting Independent Local Government Organizations (\$1,250,000 DA; \$1,250,000 ESF). USAID intends to intensify assistance to the Center for Local Government Innovation on taking steps towards self-sustainability.

Performance and Results: USAID is recognized as a leading donor supporting decentralization and the development of effective local government. A donor team, led by USAID, promoted improvements in administrative decentralization that clarified local government functions and established minimum service standards. USAID assistance to the Ministry of Home Affairs resulted in favorable regulations governing local government budgeting and financial management. The GOI and the international community regard USAID's IRDA as the only source of quality information and analysis on how decentralization is actually being implemented in the regions.

USAID technical assistance and training is directly benefitting nearly 80 local governments throughout the archipelago, building capacity to provide more effective services that are planned, budgeted, financed, and implemented with increasing levels of effectiveness, citizen participation, and transparency. Local governments that introduced performance budgeting in one or two sectors are now rapidly expanding the concepts and practices to all sectors of the municipal budget, relying on USAID models and training. USAID's efforts in the water sector enabled five failing water enterprises to become profitable for the first time, while adding 600,000 new consumers. The program has partnered Indonesian local governments with nine counterparts in Oregon, California, Texas, and Georgia. A series of exchanges between Bekasi, a Jakarta suburb of several million people, and Gresham, Oregon resulted in innovative solutions to Bekasi's traffic congestion. Less tangible but nevertheless important, Indonesian officials and their American counterparts are gaining a deeper understanding of cultural differences and ways of doing business. Each Resource Cities exchange generates substantial media and press coverage in both Indonesia and the United States. Enhanced understanding and respect contributes to better relations between the two countries.

USAID helped the three leading local government associations demonstrate greater awareness of their role in decentralization and increased their ability to serve as advocates. They put forward position statements and successfully petitioned to halt efforts to re-centralize government authority in 2002. The USAID-sponsored CLGI has begun to play a key role in helping local governments improve their management practices and in supporting local government associations in policy analysis and planning.

US Financing in Thousands of Dollars

Indonesia

497-010 Strengthening Local Government	DA	ESF
Through September 30, 2001		
Obligations	57,615	2,500
Expenditures	43,355	0
Unliquidated	14,260	2,500
Fiscal Year 2002		
Obligations	8,296	6,000
Expenditures	12,913	1,560
Through September 30, 2002		
Obligations	65,911	8,500
Expenditures	56,268	1,560
Unliquidated	9,643	6,940
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	6,910	6,500
Total Planned Fiscal Year 2003		
Obligations	6,910	6,500
Proposed Fiscal Year 2004 NOA		
Obligations	5,450	10,000
Future Obligations	0	0
Est. Total Cost	78,271	25,000

Data Sheet

USAID Mission:	Indonesia
Program Title:	Promoting Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-011
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,494,000 DA; \$11,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,850,000 DA; \$11,000,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

Summary: USAID's economic growth program is helping accelerate Indonesia's economic recovery and strengthen the capacity of key institutions and policy-makers to undertake economic reforms necessary for long-term equitable growth by funding technical assistance, training, and grant assistance to: strengthen key economic and financial institutions and encourage sound policies; create a market-oriented legal and regulatory environment that also reflects new counter terrorism priorities; foster small and medium enterprises (SMEs) and microenterprises through credit, supportive policies, and business services; and reform and assist parliaments, local governments, professional associations, media, and the public to participate in decision making.

Inputs, Outputs, Activities:

FY 2003 Program:

Sound Economic Policy and Institutions (\$1,747,000 DA; \$6,000,000 ESF). USAID technical advisors will help the Indonesian Bank Restructuring Agency (IBRA) and the Jakarta Initiative Task Force (JITF) finalize critical asset recovery and corporate debt restructuring transactions. Direct technical assistance and training to key economic ministries and financial institutions will advance policy reforms affecting trade and investment, privatization, competition, debt management, labor and industry, and fiscal policy. USAID will promote pro-poor policies in food and agriculture. (Nathan Associates (prime), Development Alternatives, Inc. (prime), Barents Group (prime), U.S. Department of Treasury; Financial Services Volunteer Corps, Deloitte Touche Tohmatsu).

Conducive Legal and Regulatory Framework (\$700,000 DA; \$5,000,000 ESF). USAID will expand its program to help Indonesia put into place a legal and regulatory framework that is transparent, effective and enforced by a strong commercial court system and independent regulatory commissions. Issues surrounding financial crimes and counter terrorism will remain critical priorities with focus placed on helping Indonesia implement key laws addressing money laundering and terrorism, and supporting the Financial Transaction and Report Analysis Center. USAID will fund technical assistance and training to strengthen national and local legal institutions such as the independent Competition Commission. USAID-supported Legislative Drafting Centers at five regional universities will train 100 local government officials, parliamentarians, and civil society representatives. (Nathan Associates (prime), Management Sciences International (sub), Rural Development Institute (prime), University of Indonesia (sub), University of San Francisco, Georgetown University).

Micro and Small Business Development (\$2,500,000 DA). Policy activities will improve the regulatory environment for micro, small, and medium enterprises to increase the capacity of business development services in selected industry sectors, and expand access to robust financial service institutions that use international best practices. USAID will also support a limited expansion of financial services into post-conflict regions of Indonesia. (The Asia Foundation (prime), CARE, Opportunity International, Bank Rakyat Indonesia).

Knowledgeable Public Participation in Economic Decision Making (\$1,547,000 DA). As a program supporting capacity building with the secretariat of the National Parliament comes to a close this year, USAID will design and launch a follow-up technical assistance and training program to continue work with the National Parliament on capacity building and public outreach. USAID will work with communities on Java to promote more active participation in local economic discussions and decisions. With a longer-term perspective in mind, USAID will build the foundations for enhanced capacity in law and economics in the eastern islands of Indonesia by sending a select group of up and coming local officials and university professionals to the United States for master's degree programs. Innovative programs using video-conferencing and e-learning mechanisms will continue at regional universities. (Nathan Associates (prime), and University of South Carolina (prime)).

FY 2004 Program:

Sound Economic Policy and Institutions (\$1,850,000 DA; \$5,500,000 ESF). USAID plans to close out asset sales and corporate debt restructuring programs as the mandates of the Indonesian Bank Restructuring Agency (IBRA) and the Jakarta Initiative Task Force (JITF) come to an end. USAID anticipates adjusting policy and institutional assistance programs to focus on a smaller set of those key reforms that Indonesia must implement in order to see longer-term economic growth. USAID may support programs that will facilitate implementation of new economic policies at the sub-national level.

Conducive Legal and Regulatory Framework (\$1,000,000 DA; \$5,500,000 ESF). FY 2004 funding will allow USAID to continue programs to improve Indonesia's economic laws, regulations, and institutions, particularly those related to financial crimes and counterterrorism.

Micro and Small Business Development (\$1,000,000 DA). USAID plans to expand financial services work to promote economic recovery in post-conflict regions of Indonesia. USAID may expand activities to stimulate private sector development through new programs on agricultural policy and technology and trade and investment.

Knowledgeable Public Participation in Economic Decision Making (\$1,000,000 DA). USAID anticipates designing and launching a comprehensive program to strengthen Indonesia's regional universities, combining in-country capacity building and U.S.-based higher education training.

Performance and Results: USAID's economic growth program achieved a number of key results this year, helping Indonesia to: 1) meet 2002 targets for asset recovery and corporate debt restructuring; 2) put into place critical laws, policies, and decrees on money laundering, asset freezing, and terrorism; 3) take an important step towards getting the country off the Financial Action Task Force blacklist by getting the new anti-money laundering agency, the Financial Transaction Report and Analysis Center established; 4) replace the blanket guarantee scheme with a limited coverage deposit insurance program; 5) re-institute "Team Tariff," an inter-ministerial coordinating body critical to preventing resurgent protectionism; 6) decide not to raise food prices which would have negatively impacted farmers; 7) set up a fair and transparent consignment system between micro, small, and medium business suppliers and retailers with large supermarkets to improve the system of payments; and 8) extend micro-lending services to more than 3,000 women in poor communities in Java through a new branch credit system.

US Financing in Thousands of Dollars

Indonesia

497-011 Promoting Economic Growth	DA	ESF
Through September 30, 2001		
Obligations	60,519	22,625
Expenditures	45,191	6,259
Unliquidated	15,328	16,366
Fiscal Year 2002		
Obligations	5,623	11,500
Expenditures	13,259	13,048
Through September 30, 2002		
Obligations	66,142	34,125
Expenditures	58,450	19,307
Unliquidated	7,692	14,818
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	6,494	11,000
Total Planned Fiscal Year 2003		
Obligations	6,494	11,000
Proposed Fiscal Year 2004 NOA		
Obligations	4,850	11,000
Future Obligations	0	0
Est. Total Cost	77,486	56,125

Data Sheet

USAID Mission:	Indonesia
Program Title:	Natural Resource Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-012
Status:	Continuing
Proposed FY 2003 Obligation:	\$9,300,000 DA; \$1,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,141,000 DA; \$1,500,000 ESF
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2005

Summary: This program strengthens local management of Indonesia's forests, protected areas, coastal zones, and mineral resources. While Indonesia ranks first in the world in plant and marine biodiversity and second in the area of tropical forests, these natural resources are under relentless pressure. Decentralization has devolved authority over natural resource management to local governments that are often ill-prepared to assume these new responsibilities. With control of vast areas of wealth at stake, natural resource management can be a contributing factor to conflict in strategic areas of Indonesia. Improving local capacity to manage natural resources in a transparent and equitable manner is an essential step to realizing more sustainable resource use, the maintenance of ecosystem functions, and the conservation of biological diversity. USAID's program provides technical assistance and training at the national and local level to: improve protected forest management and agro-forestry practices; establish effective community-based coastal management; promote orangutan habitat protection; and improve mining regulation and coal seam fire suppression.

Inputs, Outputs, Activities:

FY 2003 Program:

Forest and Coastal Resource Management (\$7,750,000 DA). USAID's programs will build local capacity to manage significant forest, coastal, and mineral resources in East Kalimantan, North Sulawesi, Papua, Sumatra, and West Java. USAID technical advisors will help the central government set policies that facilitate the decentralized natural resource management process, and encourage the formation of pluralistic local and regional natural resource management advisory boards and site-management plans for protected areas, vital watersheds, and coastal areas, while linking these management models to the creation and implementation of national policies that encourage replication of these models throughout Indonesia. (International Resource Group (prime), University of Rhode Island (prime), Conservation International (sub), Winrock International (sub), and Academy of Educational Development (prime)).

Agro-forestry (\$1,000,000 DA). USAID will promote good local stewardship and better management of key habitats and natural resources through the expansion of activities promoting alternative rural income generation in areas adjacent to lands with high conservation value. Activities will include training "slash and burn" subsistence farmers in alternative techniques, improving market linkages, and developing more diversified income generation opportunities. USAID will provide technical assistance and training in conflict prevention and crisis resolution techniques to local governments and NGOs to address ethnic violence originating from conflicts over natural resource use rights. (International Centre for Research in Agro-forestry (prime), Indonesian NGO Consortium on Environment - Kemala Foundation (prime)).

Orangutan Habitat Conservation (\$1,500,000 ESF). USAID will expand its program in North Sumatra to include an anti-poaching and orangutan trafficking public awareness campaign. In Borneo, USAID will expand its program at Tanjung Puting National Park to address underlying local rural income generation issues leading to threats to the survival of orangutans in the wild. (Conservation International (prime), The Nature Conservancy (prime), World Education (prime), World Wildlife Fund (prime), and Orangutan Foundation International (sub)).

Mining regulation and coal seam fire suppression (\$550,000 DA). USAID will provide technical assistance to help coal mines increase profitability through pollution prevention, and provide training for regional government mine inspectors, for local governments in coal-seam fire suppression (a leading cause of forest fires in Indonesia), and for Ministry of Environment staff on developing mining discharge regulations and permits. USAID will provide technical assistance to the Ministry of Forestry to develop its capacity to conduct assessments and regulate mines in forested areas under their jurisdiction. (U.S. Department of Interior, Office of Surface Mining).

FY 2004 Program:

Forest and Coastal Resource Management (\$4,000,000 DA). USAID may expand this program to include a campaign against non-sustainable coastal and fishery practices.

Agro-forestry (\$1,641,000 DA). USAID intends to fund this program at a higher level, following its expansion in 2003.

Orangutan Habitat Conservation (\$1,500,000 ESF). Additional ESF resources will allow USAID to expand orangutan habitat protection activities on Indonesian Borneo and in North Sumatra.

Mining regulation and coal seam fire suppression (\$500,000 DA). USAID anticipates continuing this program.

Performance and Results: USAID-supported site management plans are being replicated rapidly as other regions learn of the benefits of participatory and transparent management of natural resources. About 950,000 hectares of forest and coastline were better managed and protected in 2002, and the Government made 180 policy decisions in a participatory and transparent manner with local communities.

The Bunaken National Marine Park now generates sufficient revenue, through visitor fees, to fully fund the daily operational costs of patrolling and managing the park. As a result, there has been a virtual cessation of blast and cyanide fishing. Coral reefs inside the marine park increased by an average of 10 percent in 2002. Bunaken is being used by the national government as its model for drafting policy guidance authorizing local co-management of all national parks. The number of North Sulawesi villages participating in USAID-sponsored community-based coastal zone management plans rose in 2002 from 5 to 30, contributing to improved fish diversity, fish abundance, and coral reef growth. More than 60 percent of monitored sites experienced a 10 to 20 percent increase in hard coral from 1997 to 2002.

In East Kalimantan, the USAID-sponsored West Kutai Regional Forestry Planning Group received \$100,000 from the local government and has mobilized nearly \$550,000 from the private sector and other donors. Six other districts in East Kalimantan are now replicating this management model. In the Berau Peninsula, USAID's orangutan program documented the existence of a viable population of nearly 2,000 orangutans. As a result of USAID's support timber companies operating in the area voluntarily set aside key habitat areas for conservation and designated other areas for selective, low-impact cutting to reduce pressure on the population of orangutans. Office of Surface Mines (OSM) efforts to reduce coal dust pollution discharges to the Mahakam River Basin helped the five coal companies in the area recover 15 percent to 27 percent of their product lost due to poor processing.

USAID established three public-private alliances in 2002 to improve natural resource management. An alliance with British Petroleum (BP) in Papua will build local government and civil society capacity to effectively manage the significant revenues to be generated through BP's development of natural gas resources. An alliance with The Nature Conservancy, World Wildlife Fund, and corporations such as Home Depot is combating illegal logging by encouraging demand for certified and legal wood products in major importing countries. An alliance with ACDI/VOCA and corporations such as Masterfoods is promoting sustainable cocoa growth by improving the quantity and quality of smallholder-grown cocoa.

US Financing in Thousands of Dollars

Indonesia

497-012 Natural Resource Management	DA	ESF
Through September 30, 2001		
Obligations	66,970	1,800
Expenditures	58,148	16
Unliquidated	8,822	1,784
Fiscal Year 2002		
Obligations	10,087	0
Expenditures	6,832	917
Through September 30, 2002		
Obligations	77,057	1,800
Expenditures	64,980	933
Unliquidated	12,077	867
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	9,300	1,500
Total Planned Fiscal Year 2003		
Obligations	9,300	1,500
Proposed Fiscal Year 2004 NOA		
Obligations	6,141	1,500
Future Obligations	0	0
Est. Total Cost	92,498	4,800

Data Sheet

USAID Mission:	Indonesia
Program Title:	Energy Sector Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-013
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,000,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: The energy sector is a major component of the Indonesian economy, generating nearly 30 percent of total Government of Indonesia (GOI) revenues and significant foreign exchange. However, the sector is plagued by corruption, weak policies, monopolistic and inefficient production and distribution, and wasteful consumption. Energy subsidies are being phased out, but continue to burden the state budget. USAID's program to improve the efficiency and transparency of the energy sector includes technical assistance and training to: accelerate 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 rationalize energy prices; and increase investment in environmentally friendly energy production and use.

Inputs, Outputs, Activities:

FY 2003 Program:

Accelerate implementation of key energy sector policy and legal reforms (\$1,500,000 DA). USAID will fund technical assistance and training to assist the GOI in developing regulations and guidelines to implement the new Oil and Gas Law and the Electricity Law (both laws were drafted with USAID assistance), and assist in the establishment and initial operation of the independent Regulatory Board for downstream oil and gas operation. USAID advisors will work with government and non-governmental institutions to help Indonesia achieve its planned 50 percent reduction of energy subsidies in 2003, including efforts to help the public understand why prices will rise. Technical assistance will support efforts to develop alternative fuels for kerosene and assist in the drafting and passage of a new law governing Indonesia's geothermal energy resources. (Advanced Engineering Associates International (prime), and Institute for International Education (prime)).

Increase investment in environmentally friendly energy production and use (\$500,000 DA). USAID will expand the renewable energy development program to increase the efficiency and performance of existing electricity generating facilities and reduce greenhouse gases. (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. (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 2004 Program:

Accelerate implementation of key energy sector policy and legal reforms (\$1,000,000 DA). USAID plans to initiate new technical assistance and training activities to help establish an independent Electricity Market Supervisory Board and implement open downstream oil and gas operations.

Broaden and increase knowledgeable public participation in energy reforms (\$500,000 DA). USAID may expand technical assistance and training to improve the capacity of regional universities and local governments in three energy-rich provinces to help them better understand their role in managing the energy sector under regional autonomy. Specific efforts may include developing regional energy policies, strengthening energy economics and policy analysis, and fostering grass-roots support for energy reform.

Increase investment in environmentally friendly energy production and use (\$500,000 DA). 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 2002 towards the reduction of energy subsidies. A 57 percent cut in petroleum subsidies saved the state budget approximately \$2.5 billion. USAID technical assistance led directly to the enactment of a new electricity law in September 2002. The new law mandates the restructuring of the industry, introduces competition (initially in generation and eventually in the retail market for electricity), abolishes the uniform tariff system, and calls for the establishment of a new independent Electricity Market Supervisory Board. USAID provided training on electricity regulations, consumer advocacy, utility management, and integrated resource management for 150 people from local governments, NGOs, the State Electricity Company (PLN), and the Ministry of Energy and Mineral Resources who will play key roles in implementing the new law. Local governments are improving their capacity to manage energy resources under Indonesia's comprehensive decentralization program. In collaboration with the State Electricity Company and regional universities, USAID helped set up regional energy forums in the resource-rich provinces of Riau and East Kalimantan, and trained more than 100 local government officials and regional university lecturers on the electricity business and tariff setting.

US Financing in Thousands of Dollars

Indonesia

497-013 Energy Sector Reform	DA
Through September 30, 2001	
Obligations	5,823
Expenditures	382
Unliquidated	5,441
Fiscal Year 2002	
Obligations	1,500
Expenditures	1,095
Through September 30, 2002	
Obligations	7,323
Expenditures	1,477
Unliquidated	5,846
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,000
Total Planned Fiscal Year 2003	
Obligations	2,000
Proposed Fiscal Year 2004 NOA	
Obligations	2,000
Future Obligations	0
Est. Total Cost	11,323

Data Sheet

497-XXX: No Summary and/or Pillar information entered for this SO.

Data Sheet

497-YYY: No Summary and/or Pillar information entered for this SO.

Laos

The Development Challenge: The Lao People's Democratic Republic (LPDR) is among the poorest, least developed countries in Asia. With an estimated Gross Domestic Product (GDP) of \$330 per capita in 2001, agriculture remains the main economic activity. Agriculture contributes 53 percent of GDP and employs over 85 percent of the labor force. GDP growth slowed slightly to 5.5 percent in 2001, compared to 5.9 percent in 2000. This performance is strong, considering the regional slowdown and the low level of growth in Thailand, which is Laos' principal trade partner.

The Asian Development Bank assesses the economic outlook for 2003 as positive, with a growth rate of about 6 percent driven by investments in hydropower and mining, if there is a global economic recovery. Sound fiscal management has curbed hyperinflation, which averaged over 100 percent in 1998/99 to 7.8 percent in 2001. The budget gap of 8 percent has been covered with grants and concessionary loans. Capital investment accounts for 65 percent of the total budget, with constrained spending in the social sectors and for maintenance and operation of existing assets. Officially classified as a highly indebted poor country, the Lao government does not seek debt relief, since half the debt is with the Russian Federation, which is not serviced and is carried on the books at an excessive exchange rate.

Social indicators are among the worst in the world for Laos' 5.6 million people: infant mortality is 93 per 1000 births, and life expectancy is about 54 years. The country's economy is hampered by inadequate infrastructure and deficient health and education services. The disparity in socioeconomic development between the lowland communities and upland areas is growing. Limited data show low HIV prevalence, with only 846 people tested positive as of 2001. However, as a land-locked country, Laos shares borders with countries that have high levels of HIV infections, such as China, Thailand, Burma, and Vietnam. The government acknowledges its susceptibility and has taken steps in coordination with non-government organizations to increase systematic and nationwide surveillance and interventions to prevent an HIV/AIDS epidemic.

The Government of the LPDR is among the few remaining official Communist regimes in the world. The National Assembly elections of February 2002 brought in a younger and better educated electorate which is expected to accelerate economic reforms required by a modernizing society and the transition from a centrally planned and controlled economy to a market economy. The government recognizes that it needs technical assistance, training, and donor and private investment to modernize the economy and to address critical health, education, and employment generation issues. With reforms moving relatively quickly in Vietnam, Laos may be encouraged to undertake the necessary reforms, including improving its human rights record, to attract additional support. Exposure to Thai broadcasting may also create greater incentives for the regime to undertake necessary reforms.

The long-term U.S. interest in Laos is to encourage transition to democratic governance with an improved human rights record and an open, 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 income generation in rural areas. The aim is to help the impoverished people of Laos without helping or lending credence to the one-party Communist regime of 28 years. The crop substitution programs, particularly those involving sericulture (silkworms), serve the dual purpose of poverty reduction and opium poppy eradication. U.S. national interests in Laos include three residual "heritage issues": reducing opium cultivation through law enforcement, crop substitution, and infrastructure development; finding the remains of American soldiers missing-in-action; and assisting in the removal of unexploded ordinance.

The USAID Program: USAID's program in Laos focuses on two objectives: (1) develop a viable economic alternative to opium production, and (2) maintain the low levels of HIV prevalence through monitoring and prevention programs.

The first objective supports the production and marketing of raw and processed silk as a viable economic alternative to opium production. This objective is being met through the Laos Economic Acceleration

Program for the Silk Sector (LEAPSS). LEAPSS operates in Xieng Khouang and Huaphan provinces, and provides technical assistance and training to improve the quality, quantity, and yield of cocoons and silk yarn production in the two targeted 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 management or coordination of production groups.

Other Program Elements: USAID's second objective in Laos is to maintain the presently low levels of HIV/AIDS prevalence. USAID has supported limited HIV/AIDS activities in Laos since 1998 to strengthen local capacity to monitor the epidemic and the behaviors contributing to its spread. This objective is being met through the regional Stabilize Population Growth and Protect Human Health program (498-022). 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 expanded surveillance and interventions with high-risk populations.

USAID supports four other activities in Laos through regional and global programs. With FY 2002 Regional Other Vulnerable Children Carry-over funds, USAID will design a program to address critical needs of poor, vulnerable children in FY 2003. The Leahy War Victims Fund supports the Laos War Victims Assistance program, which was initiated in 1990. This program has provided more than \$7.0 million since 1990 to support emergency care facilities, train emergency care staff, and to educate Laotian students about unexploded ordinances. The East Asia and Pacific Environmental Initiative supports a small community-based wildlife management program in Laos, which is implemented through Conservation International. USAID's worldwide human capacity development program trains physicians in the primary specialties of pediatrics and internal medicine to improve the institutional capacity in Laos. USAID's partner is Case Western University.

Other Donors: The World Bank and the Asian Development Bank focus 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. The main bilateral donors include Japan, Germany, Sweden, France, Australia, and Norway. Bilateral donor efforts focus primarily on education, health, rural development and environment. USAID coordinates assistance activities with other donors as appropriate.

**Laos
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	1,000	1,000	1,350
Development Assistance	0	1,000	1,000	0
PL 480 Title II	0	513	0	0
Total Program Funds	0	2,513	2,000	1,350

STRATEGIC OBJECTIVE SUMMARY

439-004 Economic Development				
DA	0	1,000	1,000	0
439-005 HIV/AIDS				
CSH	0	1,000	0	0
1/ 439-XXX ANE Regional HIV/AIDS Program				
CSH	0	0	1,000	1,350

1/ USAID plans to obligate \$1,000,000 in FY 2003 and \$1,350,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health program (498-022) for HIV/AIDS activities in Laos.

Data Sheet

439-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

439-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Laos
Program Title:	Economic Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	439-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

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 2003 Program:

Development of silk production and marketing (\$1,000,000 DA). In FY 2003, the LEAPSS 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 strengthen coordination among silk production groups. The implementing partner is World Education, Inc./World Learning Consortium.

FY 2004 Program:

Current LEAPSS activities are expected to continue in FY 2004 using existing resources. The program will increase the productivity and profitability of the silk sector in Laos.

Additional assistance to Laos in FY 2004 is expected to focus on regionally-funded HIV/AIDS activities.

Performance and Results: USAID has trained government program coordinators at the local and national levels to strengthen technical and managerial capacity to support private silk sector activities. Training includes local and regional study tours of the silk sector to address marketing and policy issues which affect the development of the Lao silk industry and identify initiatives towards resolution. 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. Centers provide space for village training programs and meetings, and allow the display of a variety of development materials. Training and program activities have been provided to enhance the role of women in all components of the silk sector.

The mid-term evaluation in March 2002 concluded that the program is meeting targets and has provided important benefits to participating households.

US Financing in Thousands of Dollars

Laos

439-004 Economic Development	DA
Through September 30, 2001	
Obligations	1,500
Expenditures	850
Unliquidated	650
Fiscal Year 2002	
Obligations	991
Expenditures	506
Through September 30, 2002	
Obligations	2,491
Expenditures	1,356
Unliquidated	1,135
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,000
Total Planned Fiscal Year 2003	
Obligations	1,000
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	3,491

Data Sheet

439-005: No Summary and/or Pillar information entered for this SO.

Data Sheet

439-XXX: No Summary and/or Pillar information entered for this SO.

Mongolia

The Development Challenge: Mongolia, a remote and sparsely populated country, provides an important and increasingly rare example in Central Asia of how to manage a difficult economic transition within a democratic political framework. It shares long land borders with a rapidly emerging China to the south and the resource-rich Siberian region of Russia to the north. Mongolia's success, though fragile, offers an important beacon of hope for other countries attempting to make the difficult but all-important transition from dictatorship to democracy.

Politically, Mongolia's transition to democracy is a remarkable achievement with ramifications that go well beyond its frontiers. No less than nine elections have been held over the last 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 in response to subsequent elections. This record stands in stark contrasts to its five Central Asian neighbors, each of which is still governed by the same ruler who assumed power when those countries gained independence following the break-up of the Soviet Union more than ten years ago.

Economically, Mongolia's harsh climate, small market and lack of infrastructure present formidable challenges. However, here too the direction and pace of change has been encouraging. Well over 70 percent of the Mongolian economy is now in private hands, up from virtually nothing ten years ago. Total GDP is estimated at \$1 billion, or around \$450 for each of the 2.4 million people who live in the country. Mining, tourism, construction and light industry offer significant potential. The debt burden is a growing concern and will soon reach \$1 billion, equivalent to the country's annual GDP. Official economic growth rates have hovered at around one percent in recent years, partly on account of successive periods of drought and hard winter that have decimated Mongolia's important livestock sector. Some argue that the official figures do not adequately reflect Mongolia's thriving "underground" economy or the contributions made by a growing number of Mongolian workers in Korea, Taiwan and elsewhere who send funds to relatives back home.

U.S. interests in Mongolia stem largely from its strategic location; its important role in contributing to stability in a potentially volatile part of the world; and the strongly positive example it sets in promoting economic reform and democracy. A successful Mongolia has important and highly positive implications for a huge swath of neighboring Central Asian countries stretching from Kazakhstan 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, further adds to its significance. Finally, the unusually positive relations that Mongolia maintains with both North and South Korea position Mongolia to make a positive and constructive contribution as a "role model" for North Korea when it eventually emerges from the isolation maintained over many decades.

The USAID Program: USAID-funded programs are tightly focused on two key objectives, namely building a market economy and consolidating a true democracy. Specific activities focused on civil society have important implications for economic growth. Similarly, programs that address economic concerns have a direct impact on Mongolian as a newly emerging democracy. Government as well as non-government institutions are heavily involved. Unlike some donors, USAID also works closely with Mongolia's private sector.

Judicial reform is the single largest program within USAID/Mongolia's democracy portfolio. Most importantly, the country's new civil and criminal codes need to be effectively implemented. Beyond that, USAID supports greater transparency and accountability in the judiciary, a prospect aided by a new initiative to automate courtrooms across the country. Other programs work to make parliament more transparent and political parties more effective in the lead-up to national elections in summer 2004.

Activities aimed at promoting sustained economic growth operate at both a policy and grassroots level. Interventions in the banking sector have been especially successful. As a result of USAID assistance, Mongolia's largest bank (Trade and Development Bank) was privatized. In addition, the bank with the

most extensive branch network (Agricultural Bank) now stands at the brink of privatization. Significant work is underway aimed at commercializing Mongolia's all-important energy sector. USAID also works directly with private Mongolian companies involved in tourism and cashmere production. Remaining activities focus on business development in rural Mongolia and in the growing number of "peri urban" districts growing up near Mongolia's urban centers as a result of migration from the countryside. Underlying all these programs is a strong interest in promoting transparency and ensuring that the Mongolian public has access to information about issues that are vital to the country's future.

Other Program Elements: On occasion, bilateral resources are supplemented by additional funding from USAID/Washington. For example, USAID/Mongolia routinely processes Washington-funded trainees to attend short-term courses at the U.S. Telecommunications Training Institute (USTTI). Similarly, a rural lending initiative that was launched with mission support and then merged with a UNDP-supported program to found the XacBank received more than a \$1 million under an competitive grants program managed out of Washington. Also, a new linkage involving Mongolia's Energy Regulatory Authority (ERA) and the Minnesota public utilities commission is funded out of global resources.

The USAID mission works closely with the Embassy country team to integrate foreign assistance programs with broader USG objectives.

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. Efforts to strengthen coordination have improved in recent years, though regrettably duplication and overlap sometimes occur.

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. The European Bank for Reconstruction and Development (EBRD) is launching its first technical assistance program, one that focuses heavily on commercialization and the private sector. There are indications that the EBRD will eventually launch a lending program as well.

Japan is Mongolia's major bilateral source of loan as well as grant assistance. Programs cover a wide range of areas, including infrastructure and education. The U.S. ranks a distant second in terms of its development assistance, followed by a German aid effort that focuses on conservation and renewable energy. Many other donors also offer more limited support to Mongolia, including the Netherlands (environment and rural development), Australia (scholarships), Canada (urban and rural development), India (information technology), Russia (humanitarian aid), China (housing) and Korea (health).

Finally, non-governmental organizations (NGOs) such as the Soros Foundation and World Vision make useful contributions to Mongolia, each managing annual development programs valued at approximately \$3 million. Numerous other NGOs from the U.S., Japan, Europe and elsewhere also provide important support, especially in the social sectors.

Mongolia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	11,974	12,000	12,000	10,000
Total Program Funds	11,974	12,000	12,000	10,000

STRATEGIC OBJECTIVE SUMMARY				
438-001 Economic Growth				
ESF	8,974	8,000	8,500	7,300
438-002 Democratic Transition				
ESF	3,000	4,000	3,500	2,700

Data Sheet

USAID Mission:	Mongolia
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	438-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$8,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$7,300,000 ESF
Year of Initial Obligation:	FY 1994
Estimated Completion Date:	FY 2009

Summary: USAID's assistance promotes sustainable private sector economic growth by providing help to new entrepreneurs and businesses in both rural and urban Mongolia. Programs stress the adoption of competitiveness strategies and seek to improve micro and macro level economic management to improve economic management; make private Mongolian companies and sectors more competitive; inform Mongolians about a market economy; and expand economic opportunities for all Mongolians.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID Mongolia is drafting a new Country Strategy for 2004 through 2008. The current strategy ends in FY 2003. The new strategy will include continued focus on private sector growth; strengthened emphasis on policy implementation; and greater attention to the public education aspects of the economic restructuring process. Strong emphasis will be placed on building competitiveness and on ensuring greater economic opportunities for all Mongolians.

Improved Enabling Environment for Private Sector Growth (\$3,500,000 ESF). USAID will consolidate its privatization, competitiveness, and economic restructuring programs into a new initiative organized around competitiveness issues and focused on improving the enabling environment for private sector growth. The program will include the placement of an economic advisor in the Prime Minister's office to work with line ministries and with parliament, as well as technical assistance and training activities, aimed at implementing policy reform and improving economic management. Energy and financial services will likely receive special attention. The new program will include a public education component to promote public-private sector dialogue and engage the public in broader discussions on the country's economic future. The contractor and potential sub-contractors responsible for implementing this program will be selected under a competitive bidding process launched in late February 2003 and completed by August 2003.

More Competitive Industries and Sectors (\$1,000,000 ESF). Effective policy formulation and implementation is vital to an emerging new Mongolian and the various players involved in key industries and sectors need to work together to strengthen Mongolia's international competitiveness, in tourism and cashmere. A new initiative launched in summer 2003 will provide technical assistance, training and other assistance with a view toward increasing Mongolian competitiveness. The program will include a strong emphasis on public-private partnerships, with a view toward ensuring that both the government and the private sector pursue a common vision.

Expanded Economic Opportunities for Rural and Urban Mongolians (\$4,000,000 ESF). USAID will expand its programs in the Gobi region and in "peri urban" areas by launching training programs targeting hundreds of new entrepreneurs and individuals who have been marginalized by Mongolia's economic restructuring process. The goal of these programs will be the expansion of small businesses in the Gobi region and business development in the peri urban districts that have emerged as rural Mongolians migrate to the urban centers of Ulaanbaatar, Darkhan and Erdenet. The Gobi Initiative will address

rangeland management concerns--a key resource for sustainable development in Mongolia. Small-scale lending operations will receive support. Finally, innovative information dissemination activities through publications such as the Rural Business News and radio programs such as MarketWatch, WeatherWatch and Herder from the Future will be placed on a more sustainable footing. Mercy Corps will maintain its lead role in the Gobi Initiative in partnership with Land O'Lakes and PACT. CHF International will take the lead in expanding economic opportunities in peri-urban areas.

FY 2004 Program:

Improved Enabling Environment for Private Sector Growth (\$2,600,000 ESF). USAID will maintain its strong focus on competitiveness and improved economic management, based on "lessons learned" during the first year of its new economic policy initiative launched in late summer 2003. A deepen involvement in the public information aspect of policy dialogue will be stressed in FY 2004.

More Competitive Industries and Sectors (\$1,200,000 ESF). Based on the results of the first year of implementation, USAID will deepen its involvement in key natural resource based sectors, including cashmere and tourism. USAID may broaden its involvement to include other areas in which value is added and Mongolia has some prospect of being internationally competitive over the short to medium term.

Expanded Economic Opportunities for Rural and Urban Mongolians (\$3,500,000 ESF). USAID will continue to promote sustainable business development activities in rural and urban Mongolia. Successful programs will be expanded to other geographic areas. Efforts will be made to promote synergies and build linkages between USAID activities in rural Mongolia and those focused on the growing number of Mongolian migrants who are moving into urban Mongolia from the countryside.

Performance and Results: USAID programs have had substantial impact over the past year. USAID played a key role in privatizing the Trade and Development Bank, Mongolia's largest commercial bank. The winning bid of \$12.2 million was by a US-led consortium that promised to invest another \$24 million in Mongolia over the next two years. The Agricultural Bank--boasting the largest branch network in Mongolia--is poised for privatization in early 2003. The USAID-funded management contract that restored the Agricultural Bank to solvency remains highly profitable and has recorded more than 370,000 loans to herders, pensioners, consumers and small businesses over the last two years.

The XacBank--a new private bank formed in January 2002 as the result of two separate micro finance programs, one supported by USAID and the other by UNDP--has emerged as a growing source of micro credit for Mongolians in all regions of the country. By the close of 2002, XacBank has 10,000 active clients and an outstanding loan portfolio exceeding \$4 million. Both the government and other donors have lauded USAID's important role in shaping major improvements in Mongolia's financial sector over the past two years. USAID contributions to the turn-around of the AgBank have been widely recognized, including in recent feature stories in the Far Eastern Economic Review and the Asian Wall Street Journal.

Other achievements include the establishment of a fiber promotion board as the custodian of a planned new collective mark for Mongolian cashmere and the continued growth in membership of the Mongolian Tourism Association from less than ten two years ago to almost eighty today. A new corporate income tax model has improves the government's ability to undertake economic analysis. The Prime Minister's new web page (www.open-government.mn) continues to facilitate dialogue on economic issues among the wider Mongolian public and is providing a forum, particularly for younger Mongolians, for their ideas on the important economic issues facing the country.

US Financing in Thousands of Dollars

Mongolia

438-001 Economic Growth	DA	ESF	FSA
Through September 30, 2001			
Obligations	5,569	18,848	14,289
Expenditures	5,569	11,461	12,307
Unliquidated	0	7,387	1,982
Fiscal Year 2002			
Obligations	0	8,015	0
Expenditures	0	5,926	1,475
Through September 30, 2002			
Obligations	5,569	26,863	14,289
Expenditures	5,569	17,387	13,782
Unliquidated	0	9,476	507
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	8,500	0
Total Planned Fiscal Year 2003			
Obligations	0	8,500	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	7,300	0
Future Obligations	0	0	0
Est. Total Cost	5,569	42,663	14,289

Data Sheet

USAID Mission:	Mongolia
Program Title:	Democratic Transition
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	438-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,700,000 ESF
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2009

Summary: USAID's efforts to consolidate Mongolia's transition to democracy largely entail technical assistance and training aimed at reforming the judicial sector and making parliament and various competing political parties more effective. In addition, computer and other equipment, together with appropriate training, are being provided to Mongolian courtrooms to introduce transparency and accountability and improve efficiency.

Inputs, Outputs, Activities:

FY 2003 Program:

The current USAID strategy covers the period FY 1998 through FY 2003. A new document is now being drafted, one that will provide strategic direction for FY 2004-FY 2008. The main directions of that new strategy as it relates to democracy and good governance are already clear. First, USAID plans to deepen and possibly broaden USAID activity related to judicial reform. Second, efforts to improve political processes related to both parliament and the various political parties will continue, at least through the summer 2004 elections. Across the portfolio, USAID will also look for opportunities to strengthen accountability, transparency and broader public involvement on issues that are vital for maintaining and sustaining democracy in Mongolia.

Comprehensive Legal Reforms Implemented (\$2,800,000 ESF). USAID will assist Mongolian institutions to create and implement a continuing legal education program that helps shape a more competent, independent, ethical, transparent and effective judiciary. It will expand the number of courts benefiting from its ongoing computer automation program to encompass those handling at least 80 percent of the national case load. It will offer technical assistance across a full spectrum of judicial issues that affect Mongolia, with a view toward ensuring greater transparency and independence for the Mongolian judicial system. It will advise, provide equipment and help train the staff of a new anti-corruption unit in the prosecutor's office responsible for investigation and prosecution of crime within the judicial sector. Finally, it will carry out a continuing public information program designed to inform Mongolians about changes in the legal and judicial framework and the role that they can play to ensure effective implementation of these changes. The USAID-funded judicial reform program is implemented by the National Center for State Courts (NCSC) in partnership with PACT.

Political Processes Made More Effective and Transparent (\$700,000 ESF). USAID will provide technical assistance and training to a wide spectrum of political parties in the lead-up to the next national elections, scheduled for summer 2004. Basic information on formulating positions, raising funds, promoting grassroots support and running effective election campaigns will be provided. USAID will also provide additional assistance to parliament with a view toward expanding public hearings and ensuring greater public involvement in and knowledge about the workings of parliament. Programs related to parliament and political party development are implemented by the International Republican Institute (IRI).

FY 2004 Program:

Comprehensive Legal Reforms Implemented (\$2,200,000 ESF). Virtually every courtroom will be computerized to the extent justified by its case load, location, willingness to implement reforms and access to the internet. This in turn will make a major contribution toward the more transparent and efficient administration of justice in Mongolia. USAID will support the full range of continuing legal education administered by Mongolian institution(s) in cooperation with the World Bank-financed building of a Judicial Research and Training Center. USAID will consider expanding the focus to include broader anti-corruption programs. It may expand training programs into other others with a view toward promoting judicial independence in Mongolia.

Political Processes Made More Effective and Transparent (\$500,000 ESF). Ongoing programs focused on parliament and political party development will be assessed following elections scheduled for summer 2004. Depending on that assessment, new programs will be shaped to respond to the needs and requirements of a new parliament. Efforts to promote transparency and greater sector involvement will almost certainly continue.

Performance and Results: Judicial reform is slow and requires a long-term commitment to achieve lasting results. The launch of a new automated case management system in 2002 was an especially notable development. Five pilot courts participated, representing both urban and rural jurisdictions. A key feature was the introduction of public access terminals, resulting in an unprecedented increase in transparency and accountability.

In addition, USAID cooperated with Germany to design and implement a series of training sessions aimed at introducing judges and other members of the judiciary to new civil and criminal codes that became effective in September 2002. Almost all of Mongolia's more than 300 judges participated. Also in connection with the new civil and criminal codes, USAID helped launch a national media campaign to help educate the broader public about Mongolia's changing judicial environment.

Finally, the presence of three long-term legal advisors provides important opportunities to comment and shape pending laws and legislation as they relate to the judiciary. During 2002, such advice strengthened transparency under a new ethics code, reduced opportunities for corruption under a new law on courts, promoted greater certainty in commercial transactions under a new civil code and protected the rights of citizens accused under a new criminal code. This kind of advice provided by on-site advisors who have become increasingly familiar with Mongolia's legal landscape does more than any number of workshops or study tours to help shape the country's legal system during a critical period in its development.

The smaller parliamentary and political party development program was revitalized in May 2002 with the signing of a new three-year agreement with the International Republican Institute (IRI). In September, IRI established a working group involving Mongolian parliamentarians. This, in turn, led to parliament's first ever committee hearings, in this case involving the proposed judicial budget.

US Financing in Thousands of Dollars

Mongolia

438-002 Democratic Transition	DA	ESF	FSA
Through September 30, 2001			
Obligations	1,442	5,287	1,728
Expenditures	1,442	3,095	1,073
Unliquidated	0	2,192	655
Fiscal Year 2002			
Obligations	0	3,994	0
Expenditures	0	2,391	655
Through September 30, 2002			
Obligations	1,442	9,281	1,728
Expenditures	1,442	5,486	1,728
Unliquidated	0	3,795	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	3,500	0
Total Planned Fiscal Year 2003			
Obligations	0	3,500	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	2,700	0
Future Obligations	0	0	0
Est. Total Cost	1,442	15,481	1,728

Philippines

The Development Challenge: Corruption and conflict continue to impede the Philippines' economic and social development. Forty-six percent of the country's population lives on \$2/day or less, and per capita income growth between 1975 and 2001 was 86 percent -- a fraction of its neighbors: Indonesia registered 423 percent, Thailand 261 percent, Malaysia 169 percent, and China 235 percent. The Philippines continues to suffer some of the worst effects of underdevelopment: a 2.36 percent rate of population growth; destructive exploitation of natural resources, including the Philippines' unique marine and terrestrial biodiversity; and vulnerability to political instability, including nationwide armed conflict by the communist NPA (declared a terrorist organization by the U.S. in 2002) and separatist violence in Muslim Mindanao. Nevertheless, the Philippines has maintained its 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 2002 and President Gloria Macapagal-Arroyo provided strong and consistent support for President Bush's efforts on the global war on terrorism.

The USAID Program: USAID/Philippines' assistance is organized around four strategic areas: Muslim separatist conflict in Mindanao; corruption and poor economic governance; damaging mismanagement of the Philippines' unique natural resources; 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 approaches for all areas. Assistance in all four areas has particularly been increased in Mindanao since the resurgence of fighting there in early 2000 and the events of 9/11.

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. The Governor of the Autonomous Region in Muslim Mindanao (the ARMM) has said "While everyone makes promises, USAID is the one who delivers." USAID's assistance, which started after the Peace Agreement of 1996, will, by its conclusion, have reached virtually every one of the 25,000 ex-combatants of the Moro National Liberation Front (MNLF) who needed assistance to reintegrate themselves into the peacetime economy. USAID works with MNLF officials to identify appropriate beneficiaries and to put directly into their hands the tools, training, and inputs they need to raise enough seaweed, corn, and rice to support their families. As a result, the MNLF Vice-Chairman explained that the MNLF's ex-combatants stayed aloof from the hostilities in 2000 because "Now we have something to lose." The State Department is distributing a video presentation of this program worldwide as a model for U.S. relations with the Islamic community.

As the MNLF Vice-Chairman's remarks indicate, economic conditions are a fundamental factor in conflict in the Philippines. In addition to assistance to re-integrate ex-combatants, USAID addresses economic growth and job creation in Mindanao in other ways. Microfinance field programs are achieving dramatic successes using local resources and a new model of management-based micro-lending, winning awards in the U.S. and attracting international attention. Commodity development programs and working through private producers' association have increased farmer incomes by successfully moving them into new value-added crops. Programs to strengthen economic governance are helping communities increase forest and coastal zone productivity.

The relationship between the U.S. and the Muslim community in Mindanao was strengthened by the social sensitivity, as well as the military effectiveness, of U.S. troops during the joint training exercises in 2002. USAID plans to continue and expand community infrastructure construction to complement the facilities put in place by the U.S. armed forces in 2002 and will begin a program to strengthen the seriously deteriorated schooling system in the ARMM for children whose only alternative is often foreign-subsidized Islamic schools. USAID is also stepping up health, environmental, and energy programs in the conflict-affected areas.

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 2000-01. USAID's anti-corruption assistance focuses on revenue administration, government procurement, and judicial strengthening. USAID has been the principal source of technical assistance to reformist Commissioners of Internal Revenue appointed under President Arroyo, helping them to address a preoccupying downturn in revenues in 2002, through an unprecedented series of enforcement actions, as well as a major institutional restructuring proposal now being debated in the Philippine Congress. In addition, a major reform of Philippine government procurement rules was kicked off in January 2002, when President Arroyo signed into law a new Procurement Code developed with USAID's assistance. Estimates that government spending is inflated by as much as 20 percent, or roughly \$2 billion a year, due to procurement irregularities, show the very substantial scope for potential savings.

Governance is especially weak in regulation of public utilities, including telecommunications, ports, and airlines, where USAID supports both governmental and non-governmental stakeholders in reform efforts. 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 assists reforms that are vital to the transition to less-polluting and renewable sources of energy and improved air quality, including the promotion of natural gas vehicles for the transportation sector. USAID increasingly approaches environmental management, in Mindanao and nationally, as a governance issue. Assistance emphasizes strengthening transparency and accountability in local governance and natural resource use rights (often vested in communities) to create incentive-compatible management systems for vulnerable natural resources.

USAID's assistance for health recognizes the Government's devolution of its health services to local government levels for family planning, immunization programs, TB and malaria management, and micronutrient supplementation. USAID also focuses on stimulating the private 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 public sector of the burden. This program seeks ways of financing health care through internal mechanisms in the country, thus reducing the country's long-term donor dependency.

Other Program Elements: USDA's \$40 million Title-I loan program for the Philippines was supplemented by an \$8.3 million grant under Section 416(b) in FY 2002. Local-currency proceeds of market sales provide budget support to the GRP, part of which has been directed to agricultural development. USAID/Washington assistance to agricultural research at the International Rice Research Institute has been substantially reduced, but co-financing with the mission of microfinance assistance continues. A new agreement under the Tropical Forestry Conservation Act will provide budgetary support to civil society groups to conserve highly threatened tropical forests. The ongoing regional U.S. Asia Environmental Partnership (USAEP) funds technical assistance, training, and exchanges to support the improved management of toxic and hazardous wastes, and the integrated management of solid wastes. The Department of State, Treasury, Justice, and Energy 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, and the World Bank. These institutions finance infrastructure development and sector policy programs. USAID collaborates closely with ADB and World Bank staff on sectoral policy in energy, basic grains, bank and non-bank financial regulation, and expenditure management. The IMF has a small but influential technical-assistance program that includes tax administration, one through which USAID and the Embassy maintain an active dialogue. The UNDP has been active in Mindanao in coordinating assistance of other donors who complement USAID's programs, and the Japanese are now coordinating their Mindanao planning with USAID. Bilateral assistance from Australia and Canada includes an emphasis on corruption and governance that complements USAID's. Other bilateral donors with substantial programs, including Germany and other EU members, emphasize direct assistance to small enterprises and small farmers.

Philippines PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	9,450	25,599	24,550	22,000
Development Assistance	30,334	24,456	26,609	23,068
Economic Support Fund	7,202	21,000	20,000	20,000
Supplemental--ESF	0	12,000	0	0
Total Program Funds	46,986	83,055	71,159	65,068

STRATEGIC OBJECTIVE SUMMARY

492-001 Mindanao				
DA	200	0	0	0
492-002 Economic Governance				
DA	6,402	5,592	9,192	8,708
ESF	3,991	10,000	5,000	5,000
492-003 Family Planning and Health				
CSH	4,500	13,685	24,550	22,000
DA	17,865	0	0	0
ESF	0	4,000	0	0
492-004 Environment and Energy				
DA	4,367	13,664	13,167	10,360
492-007 Reduce HIV/AIDS and Selected Infectious Diseases				
CSH	4,950	0	0	0
492-010 Conflict Resolution in Mindanao				
DA	1,500	5,200	3,750	3,000
ESF	3,211	19,000	15,000	15,000
1/ 492-XXX ANE Regional US-AEP				
DA	0	0	500	1,000
TRANSFER				
CSH	0	11,914	0	0

492-010 includes \$10M of the FY 2002 Supplemental - ESF.

492-003 includes \$2M of the FY 2002 Supplemental - ESF.

1/ USAID plans to obligate \$500,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Philippines.

Data Sheet

492-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Philippines
Program Title:	Economic Governance
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$9,192,000 DA; \$5,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$8,708,000 DA; \$5,000,000 ESF
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2007

Summary: USAID's Economic Governance program addresses the issues most fundamental to ending the Philippines' pattern of stunted economic growth: conflict and corruption. Special attention is being given in FY 2003-04 to tax administration, due to the overwhelming importance of fiscal revenue for economic stability and social infrastructure, as well as the widespread perception of tax administration as a sore point in Philippine corruption. Improved economic governance also contributes to the investment and job growth needed to reduce poverty and to create an economic environment conducive to conflict reduction in Mindanao. 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 2003 Program:

Make Institutions, Policies, and Practices More Transparent and Accountable (\$7,192,000 DA; \$4,000,000 ESF). This program implements a well-integrated Economic Growth and Democratic Governance program of technical assistance, training, civil-society support, legislative support, and institutional development. Initiated in 1998, this program provides support to achieve each of a number of specific "policy results". Projects are designed in a flexible manner, jointly with the Philippine counterparts who lead the effort to achieve each result. Outputs include information collection, analysis, and dissemination; 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 results targeted relate to money laundering and the Philippines' "non-cooperative" status with the Financial Action Task Force, tax administration, government procurement reform, and banking and securities regulation.

Remove Competitive Barriers to Development of Infrastructure and Trade (\$2,000,000 DA; \$1,000,000 ESF). The integrated Economic Governance program also uses its innovative assistance to support privatization; open and equal access to markets and inputs; transparency and public participation in regulated; decentralized, competitive service delivery by local governments and the private sector; and competitive procurement for infrastructure such as roads, ports, shipping, aviation, power, telecommunications, and information technology. Initiatives continue to improve protection of intellectual property rights under a program to address the factors that put the Philippines on the U.S. Priority Watch List. Assistance also continues in the multi-year program to strengthen customs administration. USAID's program is crucial to helping the GRP respond constructively to the agreements reached in the U.S.-Philippines Trade and Investment Council (TIC).

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 and several Philippine non-governmental organizations. ESF concentrates 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 primarily addresses competitiveness and openness of the economy.

FY 2004 Program:

Multi-year Reform Efforts to Make Institutions, Policies, and Practices Transparent and Accountable Continued (\$6,250,000 DA; \$4,000,000 ESF). This program will increase emphasis on corruption mitigation. New counterparts may include the Ombudsman's office, which is in charge of prevention and prosecution of corruption in public administration. Expanded technical assistance and training is expected for improving in-court and out-of-court judicial systems, including mediation, and in implementing institutional reforms in tax administration and government procurement. Expanded assistance to rationalize and control public expenditure management is expected. New technical assistance and training for government accounting reforms is possible.

Remove Competitive Barriers to Development of Infrastructure and Trade (\$2,458,000 DA; \$1,000,000 ESF). Expanded assistance is expected for institutional reform in the Bureau of Customs. Implementation will continue with 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.

For FY 2004, the program will maintain the integrated implementation and funding framework described above for FY 2003.

Performance and Results: Prominent among the results achieved in 2002 was the approval of the implementing rules and regulations of the Anti-Money Laundering Law addressing deficiencies in the law identified by the Financial Action Task Force. This helped strengthen the GRP's role in the global war on terrorism. Improved capabilities to fight corruption in revenue administration led to increased identification of value added tax (VAT) under declarations and therefore increased VAT collection. A blueprint for re-engineering the Bureau of Internal Revenue was developed and legislation for institutional reform, based on that blueprint, was introduced in the Congress. Implementing rules and regulations for the Customs Valuation Law have been approved and published. Government agencies and NGOs were trained in new procedures issued by Executive Order to make the GRP procurement system more efficient and transparent, and a new Procurement Bill was passed by the Philippine legislature by the end of FY 2002. International air service benefited from reforms that allowed more air carriers to serve key routes to and from the Philippines. To improve service in inter-island shipping, the Philippine Ports Authority issued revised bid rules for cargo-handling contracts. Approval of specific guidelines for interconnection between telephone carriers has improved telephone service in smaller towns served by independent telephone companies, and regulations have also been approved to promote deployment of public calling centers in underserved areas in the countryside, improving opportunities for small and micro enterprises in secondary centers. Scientific guidelines were put in place to permit commercialization of food crops grown from transgenic seed -- a first in Asia. A plant-variety protection law was also enacted to promote generation of intellectual property through applied agricultural research. Implementing regulations for border control to enforce the Intellectual Property Code were approved. Policies for supervising banks and cooperatives were revised to support sound programs for microfinance, which will particularly support development of micro enterprise in Mindanao. The enforcement of commercial laws has been strengthened with the establishment of a mechanism for court-based mediation in the Court of Appeals.

US Financing in Thousands of Dollars

Philippines

492-002 Economic Governance	DA	ESF	MAI
Through September 30, 2001			
Obligations	26,098	3,991	60,244
Expenditures	15,772	0	60,244
Unliquidated	10,326	3,991	0
Fiscal Year 2002			
Obligations	5,592	10,000	0
Expenditures	7,857	3,543	0
Through September 30, 2002			
Obligations	31,690	13,991	60,244
Expenditures	23,629	3,543	60,244
Unliquidated	8,061	10,448	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	9,192	5,000	0
Total Planned Fiscal Year 2003			
Obligations	9,192	5,000	0
Proposed Fiscal Year 2004 NOA			
Obligations	8,708	5,000	0
Future Obligations	18,000	10,000	0
Est. Total Cost	67,590	33,991	60,244

Data Sheet

USAID Mission:	Philippines
Program Title:	Family Planning and Health
Pillar:	Global Health
Strategic Objective:	492-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$24,550,000 CSH
Prior Year Unobligated:	\$2,000,000 ESF
Proposed FY 2004 Obligation:	\$22,000,000 CSH
Year of Initial Obligation:	FY 1994
Estimated Completion Date:	FY 2007

Summary: USAID's activities focus on two major factors contributing to poverty in the Philippines - continued high population growth and the tuberculosis (TB) burden. Local governments, which are now responsible for providing key primary health services, are the primary locus of efforts to further improve family planning services, expand TB diagnosis and treatment, and improve other vital health services focused particularly on the poor. Specialized activities are underway to improve dramatically poor health indicators in the conflict-affected areas of Mindanao and other marginalized areas of the country. However, with limited resources the public sector must take on a more focused role of 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 contraceptive supply 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 requirements on the overstretched government systems and make these services more sustainable.

Inputs, Outputs, Activities:

FY 2003 Program:

Family Planning and Health Services by Local Government Units (\$9,300,000 CSH; \$2,000,000 FY 2002 ESF Supplemental). With an emphasis on conflict-affected areas of Mindanao this effort aims to improve family planning and health services by local government units. USAID will provide technical assistance and training to local government health practitioners and service providers to expand and improve services in as many as 400 cities and municipalities to increase the availability of TB diagnosis and treatment and improve counseling for family planning. USAID will provide technical assistance to city health officers to implement client segmentation in public clinics to focus scarce government resources on those who cannot afford to pay. In addition to providing training and equipment to public hospitals to provide voluntary sterilization services to patients who opt for this method, funds will support the creation of several regional sterilization training centers and establish additional provider sites. USAID will implement vitamin A supplementation activities and immunization campaigns in the conflict-affected areas of Mindanao. USAID will also enhance HIV/AIDS behavior change efforts focused on the high risk groups, and continue to provide technical assistance to maintain the world class surveillance system established under the program.

Family Planning and Health Services by the Private Sector (\$7,700,000 CSH). USAID is working towards contraceptive self-reliance and sustainability by expanding the role played by the private sector in providing FP and TB services. Through its marketing efforts, USAID anticipates that the private sector will contribute significantly to increased access to and improved choice of affordable health services. USAID will provide technical assistance to private physicians to help them treat TB correctly. In collaboration with the Global Alliance for Improved Nutrition (GAIN) initiative, USAID will provide technical assistance to increase the types of vitamin fortified foods and their consumption. USAID will establish a coalition of nationally recognized businesses and private sector organizations to advocate for improved

policies for private sector provision of family planning as well as to develop a voluntary certification system to improve the quality of health services.

Social Acceptance of Family Planning (\$3,550,000 CSH). Knowledge and appreciation of family planning are high, yet Filipinos have yet to accept the use of family planning as part of a normal, healthy lifestyle. USAID will address this situation by expanding communication and advocacy activities in the public and private sectors. These activities, in turn, will help to increase social acceptance of modern family planning methods, by identifying and promoting key 'cultural champions' who will openly discuss their use of family planning; portray family planning as a normal way of life; provide technical assistance to local medical societies for the development and implementation of family planning related standards for their members; and increase advocacy to support national laws intended to improve women's access to family planning.

National Policy Environment for Family Planning and Health Services (\$4,000,000 CSH). The National Health Insurance Program (NHIP) covers over 50 percent of the population, and USAID will provide technical assistance to support inclusion of FP and TB in the national benefit package; revision of national policies and guidelines to allow greater access to family planning, particularly for the poor; and communication to insurance plan holders of new and underutilized benefits related to family planning. USAID will also support efforts of local groups to advocate for changes in government policies to promote self reliance in contraceptives.

USAID will work with the Department of Health, Commission on Population, DKT Philippines, Academy for Educational Development, Management Sciences for Health, John Snow, Inc., EngenderHealth, Program for Appropriation Technology in Health, The Futures Group, Reachout Foundation, World Health Organization, FriendlyCare, Inc., and local NGOs. All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

FY 2004 Program:

Family Planning and Health Services by Local Government Units (\$9,700,000 CSH). Program activities will be expanded to include an additional 120 local governments nationwide.

Family Planning and Health Services by the Private Sector (\$6,700,000 CSH). USAID will increase marketing efforts to help the private sector sell an additional seven million contraceptives; expand TB activities to 25 cities; and support the nationwide expansion of a quality accreditation service for private health care providers that will build consumer confidence to use these services and keep them competitive with each other.

Social Acceptance of Family Planning (\$3,000,000 CSH). USAID will continue communications and advocacy activities, including those focused on HIV/AIDS. Additional popular champions will be identified and promoted. National and local communications campaigns will be conducted.

National Policy Environment for Family Planning and Health Services (\$2,600,000 CSH). Technical assistance will be provided to implement the NHIP's new and improved benefits package developed in FY 2003.

Performance and Results: Recent program efforts have paid off as preliminary data suggest a national increase in contraceptive prevalence rates for modern methods from 33.1 percent in 2000 to 35.1 percent in 2001, or a two percent increase. This represents approximately 240,000 new users of modern family planning methods in the challenging environment of the Philippines. Additional successes were seen in all major national indicators: 2002 data show tetanus toxoid protection at 62.2 percent of pregnancies, or a 6.6 percent increase from 2001; complete childhood immunization levels increased to 63 percent nationally, or an increase of 1.7 percent from 2001; and Vitamin A supplementation increased to 86.1 percent, exceeding the national goal for the first time. HIV/AIDS prevalence remains below three percent among high risk groups. In addition 120 new local governments are expected to be participating in USAID's program, bringing the total to 400 and exceeding targets by over 300 percent.

US Financing in Thousands of Dollars

Philippines

492-003 Family Planning and Health	CSH	DA	ESF	MAI
Through September 30, 2001				
Obligations	14,594	59,875	0	1,800
Expenditures	7,568	43,182	0	1,146
Unliquidated	7,026	16,693	0	654
Fiscal Year 2002				
Obligations	21,060	0	1,400	0
Expenditures	3,504	8,427	4	435
Through September 30, 2002				
Obligations	35,654	59,875	1,400	1,800
Expenditures	11,072	51,609	4	1,581
Unliquidated	24,582	8,266	1,396	219
Prior Year Unobligated Funds*				
Obligations	0	0	2,000	0
Planned Fiscal Year 2003 NOA				
Obligations	24,550	0	0	0
Total Planned Fiscal Year 2003				
Obligations	24,550	0	2,000	0
Proposed Fiscal Year 2004 NOA				
Obligations	22,000	0	0	0
Future Obligations	48,000	0	0	0
Est. Total Cost	130,204	59,875	3,400	1,800

* Prior Year Unobligated Funds includes \$2M of the FY 2002 Supplemental - ESF.

Data Sheet

USAID Mission:	Philippines
Program Title:	Environment and Energy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$13,167,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,360,000 DA
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2007

Summary: USAID's program to protect natural resources includes strengthening the ability of national and local governments to address critical threats to marine and forest resources and to implement integrated solid waste management systems. Activities promote transparency and accountability in managing natural resources and enforcing environmental laws, thus reducing threats to the country's globally-significant biodiversity. USAID's work in energy and air quality aims to: 1) establish an open, competitive market for generating and distributing electricity in an effort to lower electricity rates and improve global competitiveness; 2) electrify communities of former rebel soldiers using renewable energy to promote peace by improving their standards of living; and 3) reduce vehicle emissions to improve public health. The conflict-affected areas of Mindanao are a major emphasis of these efforts.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved Environmental Governance (\$6,717,000 DA). USAID will promote improved environmental governance, including greater transparency and accountability, by assisting self-selected local government units (LGUs) to plan and implement forest land use plans to reduce illegal logging and deforestation. USAID will provide legal assistance to at least 30 communities to mitigate conflicts and promote effective community management of forests, particularly in the Autonomous Region of Muslim Mindanao. Mechanisms will be developed to generate downstream user fees to finance upstream sustainable environmental services. USAID will sponsor media and multi-stakeholder forums to increase awareness of overfishing problems and solutions. USAID will also provide technical assistance to improve national policies that link harvesting of fish stocks with issuance of licenses in order to support the sustainable use of coastal resources to support food security. USAID will provide technical assistance to selected LGUs to introduce greater transparency and accountability in contracting for solid waste management services. Training and cross visits will encourage LGUs to adopt integrated solid waste management systems that include economic incentives to promote segregation, recycling and composting. The above activities are being implemented by Development Alternatives, Inc., Tetra Tech EM, Center for International Environmental Law, ACDI/VOCA, PADCO, Inc., and the U.S. Peace Corps. The U.S.-Asia Environmental Partnership (USAEP) program will fund technical assistance, training and exchanges to support the improved management of toxic and hazardous wastes, and the integrated management of solid wastes.

Performance in Energy and Air Quality Sectors (\$6,450,000 DA). USAID will electrify 5,000 households in remote rural communities of former rebel combatants with sustainable renewable energy systems (such as solar and/or micro-hydro). About 2,000 homes and public facilities in 60 communities will be electrified in FY 2003. USAID will partner with Mirant Philippines, a US corporation and the Philippines' largest independent power producer, which will procure and install the equipment while USAID supports training and organization of communities to successfully manage and finance the operation and maintenance of these systems. To lower electricity costs and improve air quality, USAID will support the restructuring of the energy sector to increase competition and efficiency in the generation and retail supply of electricity. In addition, advisors will assist the new, independent Energy Regulatory

Commission in handling 140 cases covering generation, transmission and distribution issues and assist in developing implementing rules and policies to encourage the development of the natural gas and renewable energy sectors, including private sector investment. USAID will increase public awareness of the health impacts of excessive vehicle emissions, assist in establishing private sector emission testing centers, and promote vehicles with cleaner-burning fuels such as compressed natural gas (CNG). USAID will also explore options to partner with the private sector to import CNG-powered buses from the U.S. Activities are being implemented by the Academy for Educational Development, Winrock, and the U.S. Department of Energy. USAEP will provide training, study tours and technical expertise to reduce vehicle emissions, including activities to promote the use of cleaner-burning alternative fuels such as compressed natural gas.

FY 2004 Program:

Improved Environmental Governance (\$4,800,000 DA). Activities will include establishing downstream user fees for upland environmental services (e.g., water catchment and supply), providing legal assistance to at least 50 upland communities in managing and reducing conflicts over forest resources, and devolving authority for managing forests to local governments. Assistance in expanding community-based management of forests will directly support GRP efforts to promote peace in conflict-affected areas. USAID will help key stakeholders address overfishing through participatory consultations and policy reform. USAID will expand assistance to selected LGUs to build their capacity to implement more efficient procurement systems for solid waste management services. Activities will support more transparent, accountable, and participatory governance of forests and coastal resources, including sustainable management of wild fish stocks; and delivery of solid waste management services, leading to less corruption and greater efficiency in the provision of public services. The regional U.S.-Asia Environmental Partnership (USAEP) program will fund technical assistance, training, and exchanges to support the improved management of toxic and hazardous wastes, and the integrated management of solid wastes.

Performance in Energy and Air Quality Sectors (\$5,560,000 DA). USAID will electrify an additional 2,250 households and public facilities in 75 communities of former rebel soldiers in conflict-affected areas of Mindanao with renewable energy systems. USAID will strengthen the Energy Regulatory Commission'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. Activities will be implemented by the organizations identified for the FY 2003 program. US-AEP will provide training, study tours, and technical expertise to reduce vehicle emissions, including activities to promote the use of cleaner-burning alternative fuels such as compressed natural gas.

Performance and Results: USAID efforts to improve environmental governance resulted in the commitment of \$160,000 by 15 Mindanao LGUs to reduce illegal logging and destructive fishing and improve solid waste management. Five municipalities placed an additional 1,310 hectares of coastlines under improved management in 2002, for a total area of 31,870 hectares placed under improved management by 101 municipalities. One hundred communities improved their ability to monitor and protect 1,600 hectares of marine sanctuaries, thereby enabling increased coral cover and a chance for severely depleted fish stocks to recover. In the energy sector, USAID efforts resulted in the electrification by renewable energy of 300 households and public facilities in 10 communities of former rebel soldiers in conflict-affected areas of Mindanao. Monthly energy costs for 1,800 beneficiaries were lowered by 70 percent and they now have brighter lights for activities such as childcare, school work, and income generation. The newly created Energy Regulatory Commission issued five decisions to separate generation and transmission rates of the most critical electric utilities, and advisors helped put in place procedures to accelerate future reviews, which will ensure transparent competition. A USAID-sponsored working group of Undersecretaries from six agencies was formed and mobilized to establish 15 private vehicle emissions testing centers, enabling vehicle owners to comply with Clean Air Act requirements. Following a USAID-led public-private sector delegation to an international conference on natural gas vehicles, President Macapagal-Arroyo launched a program to begin putting CNG-powered buses on Manila's streets by October 2003.

US Financing in Thousands of Dollars

Philippines

	DA	MAI
492-004 Environment and Energy		
Through September 30, 2001		
Obligations	37,560	117,756
Expenditures	27,388	117,756
Unliquidated	10,172	0
Fiscal Year 2002		
Obligations	13,644	0
Expenditures	6,721	0
Through September 30, 2002		
Obligations	51,204	117,756
Expenditures	34,109	117,756
Unliquidated	17,095	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	13,167	0
Total Planned Fiscal Year 2003		
Obligations	13,167	0
Proposed Fiscal Year 2004 NOA		
Obligations	10,360	0
Future Obligations	24,000	0
Est. Total Cost	98,731	117,756

Data Sheet

492-005: No Summary and/or Pillar information entered for this SO.

Data Sheet

492-006: No Summary and/or Pillar information entered for this SO.

Data Sheet

492-007: No Summary and/or Pillar information entered for this SO.

Data Sheet

492-008: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Philippines
Program Title:	Conflict Resolution in Mindanao
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-010
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,750,000 DA; \$15,000,000 ESF
Prior Year Unobligated:	\$10,000,000 ESF
Proposed FY 2004 Obligation:	\$3,000,000 DA; \$15,000,000 ESF
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2007

Summary: This program is the principal means through which USAID is assisting the Government of the Republic of the Philippines (GRP) to consolidate the still fragile peace 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 for individuals and communities in conflict-affected areas, and by helping to bring about a general and equitable expansion of economic opportunity for the people of Mindanao. USAID activities under this program are grouped into the following components: 1) integration of former combatants and their communities; 2) improving economic infrastructure in conflict-affected areas; 3) accelerating economic and business development of Mindanao; 4) increasing access to micro enterprise services; and 5) improving governance and expanding availability of social services in the conflict-affected areas of Mindanao.

Inputs, Outputs, Activities:

FY 2003 Program:

Livelihood Assistance to Former Combatants and Their Communities (\$2,000,000 FY 2002 ESF Supplemental, \$5,000,000 FY 2003 ESF NOA). USAID will assist approximately 4,000 former Muslim combatants to help them develop the capability of making a living for themselves and their families. USAID will provide the former combatants all inputs needed to initiate commercial-level production of corn, rice, or seaweed, 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 their communities.

Improving Economic Infrastructure in Conflict-affected Areas (\$5,000,000 FY 2002 ESF Supplemental, \$10,000,000 FY 2003 ESF NOA). USAID will assist 500 communities in the conflict affected areas to build small infrastructure facilities (such as water systems, jetty improvements, bridges, culverts and farm-to-market roads) costing between \$5,000 to \$25,000. Approximately six to ten mid-size projects will be undertaken with the objective of having an immediate and substantial impact on getting the economy in the area moving, including improvements to existing facilities or repairs to infrastructure that were damaged during the conflict.

Accelerating Economic and Business Development of Mindanao (\$1,150,000 DA). USAID will provide technical assistance to expand the production and marketing of high-value crops and products, and assist in the formation and/or strengthening of business support organizations such as the Muslim Business Forum, the Mindanao Business Council, and the Mindanao Vegetable Growers' Association. This provides small farmers with better access to new technology, expands their markets, and helps reduce rural poverty.

Increasing Access to Microfinance Services (\$2,600,000 DA, \$1,000,000 FY 2002 ESF Supplemental). USAID will provide technical assistance to 110 rural banks and 29 credit unions in Mindanao to enable them to profitably provide loan and deposit services to micro enterprises on a continuing basis. Particular attention will be paid to rural banks that are 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 120,000 cooperative members will benefit from this assistance.

Improving Governance and Delivery of Social Services in the ARMM (\$2,000,000 FY 2002 ESF Supplemental). USAID has just completed an assessment of the education sector in the Autonomous Region in Muslim Mindanao (ARMM) to identify targeted opportunities and priorities for assistance. It is anticipated that such assistance will focus on improving school administration; reducing corrupt practices in procurement, teacher hiring and promotion; improving linkages between schools, the business community, and parent groups; strengthening English language training; and decreasing the high drop-out rate.

FY 2004 Program:

Livelihood Assistance to Former Moro Islamic Liberation Front (MILF) Fighters (\$4,000,000 ESF). USAID will provide livelihood assistance to 3,000 MILF combatants, should the MILF sign a peace agreement with the government. If the agreement is not signed, resources would instead assist additional former Moro National Liberation Front (MNLF) combatants and their communities.

Improving Economic Infrastructure in Conflict-affected Areas (\$10,000,000 ESF). USAID will continue funding the construction of 10 high visibility infrastructure projects in the conflict-affected areas of Mindanao.

Accelerating Economic and Business Development of Mindanao (\$2,000,000 DA). 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 self sustainability by the end of the program. Exports of fish, fruit and vegetables to growing Asian markets from Mindanao are expected to grow by as much as 15 percent per year.

Increasing Access to Microfinance Services (\$1,000,000 DA). USAID will continue to assist rural banks and credit cooperatives to ensure profitability in their microfinance lending operations. Approximately 130 rural banks and 40 credit unions, benefiting some 55,000 new microfinance borrowers and 160,000 cooperative members, will receive USAID assistance in FY 2004.

Increasing Governance and Delivery of Social Services in the ARMM (\$1,000,000 ESF). USAID expects to continue and expand education sector activities begun in FY 2003 and initiate further activities to focus on improving curriculum, strengthening English capability, and decreasing the drop-out rate in the ARMM. For example, it is anticipated that some 10,000 students in the ARMM would benefit from a scholarship program established with USAID assistance.

Performance and Results: USAID provided assistance to 8,000 former combatants in FY 2002 to help them establish themselves as small-scale commercial farmers, thus developing their ability to make a living for themselves and their families on a continuing basis. This brings the total to 21,000 former combatants assisted out of 25,000 identified as needing assistance. USAID also developed the capability of an additional 23 rural banks to provide services profitably to micro enterprises, bringing the total number of rural banks assisted to 97. Out of 131,000 micro-depositors now regularly saving at the participating banks, some 53,000 opened their accounts during FY 2002. USAID support to the development of business support organizations resulted in an agreement by the GRP to allow unhampered transport of timber grown on private lands in the region of Mindanao, which is home to the largest number of small-farmer tree farms, and GRP approval of scientific guidelines for marketing of seed varieties bred with transgenic techniques (GMOs). The ARMM Business Council, an umbrella organization for all business organizations in the ARMM, and the first ever Basilan Chamber of Commerce and Industry, were also established with USAID support. (Note that Basilan was the site of the US-Philippines Joint Task Force military support in 2002 to address the Abu Sayyaf terrorist threat.)

US Financing in Thousands of Dollars

Philippines

	DA	ESF
492-010 Conflict Resolution in Mindanao		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	5,200	12,211
Expenditures	0	0
Through September 30, 2002		
Obligations	5,200	12,211
Expenditures	0	0
Unliquidated	5,200	12,211
Prior Year Unobligated Funds*		
Obligations	0	10,000
Planned Fiscal Year 2003 NOA		
Obligations	3,750	15,000
Total Planned Fiscal Year 2003		
Obligations	3,750	25,000
Proposed Fiscal Year 2004 NOA		
Obligations	3,000	15,000
Future Obligations	8,000	30,000
Est. Total Cost	19,950	82,211

* Prior Year Unobligated Funds includes \$10M of the FY 2002 Supplemental - ESF.

Data Sheet

492-011: No Summary and/or Pillar information entered for this SO.

Data Sheet

492-XXX: No Summary and/or Pillar information entered for this SO.

Thailand

The Development Challenge: The United States and Thailand have a long history of cooperation on economic and social development issues. The United States has important political, economic, strategic, and security interests in Thailand. As a stable democracy in a tumultuous region, Thailand serves as both a model for development and democratization and a useful base of operations for USAID programs and activities in Southeast Asia. In addition, Thailand plays a valuable role as a responsible regional actor.

USAID formally ended its bilateral assistance program in September 1995 and closed its Regional Support Mission in Bangkok in September 1996. Since then USAID has managed discrete activities through regional programs in democracy and governance, environment, and HIV/AIDS. These activities were managed by USAID/Washington with support from USAID/Cambodia. Given the continued expansion of programs in the greater Mekong subregion, USAID has decided to re-establish a Regional Development Office (RDO) in Bangkok that will support and oversee this growing portfolio.

The 1997-1998 Asian financial crisis exposed the weaknesses of Thailand's economic systems, and resulted in the near collapse of the country's financial and capital markets, forcing thousands of companies to close, throwing millions out of work, and causing a significant drop in government revenues. Devaluation of country's currency stimulated exports in 1999 and 2000, enabling Thailand to contain inflation and restore some jobs, but also to delay needed fundamental economic governance reforms. Reliance on exports for growth also made Thailand more vulnerable to the worldwide economic slowdowns now being experienced in the U.S., Europe, and Japan.

Thailand's growing economy has contributed to rapid urban growth and industrialization, challenging national and local government's ability to respond to economic and health impacts associated with worsening air and water quality in most urban centers. Poor air quality and contaminated water supplies, and the impact of poor or non-existent solid waste management threaten the health and economic well-being of the Thai people and Thailand's long-term economic growth.

After being the epicenter of the HIV/AIDS epidemic in Asia for many years, Thailand's aggressive campaign to address the disease has resulted in a stabilizing of epidemic in recent years. However, the national adult prevalence rate of 2 percent remains among the highest in Asia, and about 750,000 Thai people are currently infected with HIV. In addition, the 1997-1998 Asian financial crisis resulted in decreased spending on public health in Thailand and also contributed to migration and population displacement in the region. As a result, poor and mobile populations experienced decreased access to healthcare services and information while behaviors favoring HIV transmission (e.g., sex work) increased. These events not only affected the HIV/AIDS epidemic in Thailand, but also the economic and political migrants/refugees that come to Thailand from Burma, Cambodia, China, Laos, and Vietnam. Since HIV/AIDS predominately affects the core part of the labor force (i.e. 15-45 age group), this disease has a direct impact on Thailand's and the region's economic and social development.

USAID regional programs provide Thailand with the technical support to continue economic governance reforms, improve environmental management practiced by Thai municipalities and industries, and limit the impact of HIV/AIDS and other infectious diseases on Thailand's people and economy and on the mobile migrant populations that fill many of the low-skill jobs. With migrant laborers playing a significant role in the economic development of Southeast Asia, their health and well-being is critical to development across the region.

The USAID Program: USAID does not have a bilateral program in Thailand. All current and planned activities are funded and notified under regional programs.

Other Program Elements: USAID has three regional programs that support activities in Thailand - the US-Asian Environmental Partnership Program (498-009), Stabilize Population Growth and Protect Human

Health (498-022), and Encourage Economic Growth (498-023). Plans and anticipated results are reported separately under each program.

Other Donors: World Bank, The Asian Development Bank, Japan International Cooperation Agency, the European Union, Australia, Sweden, Germany, World Health Organization/UNAIDS/other UN Agencies, and U.S. Department of Health and Human Services.

Thailand PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	1,000	1,000	3,000
Development Assistance	0	750	2,250	750
Total Program Funds	0	1,750	3,250	3,750

STRATEGIC OBJECTIVE SUMMARY

1/	493-WWW ANE Regional Encourage Economic Growth				
	DA	0	0	1,500	0
2/	493-XXX ANE Regional US-AEP				
	DA	0	750	750	750
3/	493-YYY ANE Regional HIV/AIDS Program				
	CSH	0	1,000	1,000	3,000

- 1/ USAID plans to obligate \$1,500,000 in FY 2004 under the regional Encourage Economic Growth program (498-023) for activities in Thailand.
- 2/ USAID plans to obligate \$750,000 in FY 2003 and \$750,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Thailand.
- 3/ USAID plans to obligate \$1,000,000 in FY 2003 and \$3,000,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health program (498-022) for HIV/AIDS activities in Thailand.

Data Sheet

493-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

493-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

493-006: No Summary and/or Pillar information entered for this SO.

Data Sheet

493-WWW: No Summary and/or Pillar information entered for this SO.

Data Sheet

493-XXX: No Summary and/or Pillar information entered for this SO.

Data Sheet

493-YYY: No Summary and/or Pillar information entered for this SO.

Vietnam

The Development Challenge: Vietnam is a low-income country in transition from a centrally-planned to a market-oriented economy. After a decade of reform, Vietnam has achieved remarkable progress in both social and economic spheres. Unfortunately, although the "internal drivers" of development have been strengthened, the global context has worsened, threatening Vietnam's economic goals of faster growth and poverty reduction, as well as other development targets. Despite some fairly notable improvements to the Foreign Direct Investment (FDI) legal regime, FDI flows to the country have slowed significantly in recent years. The road to integration into the global economy, including the accession to the World Trade Organization (WTO), also poses numerous challenges for Vietnam. The emerging private sector has seen robust growth for the last two years, however, the business environment for its operation is not conducive to healthy competition and equity. Slow progress in restructuring of state-owned enterprises (SOEs) has impeded the liberalization process and threatens the growth of the private sector. The legal framework and administrative structure inherited from the central planning economy are not well adapted to the market-oriented economy. Weak competitiveness of the economy, a high population growth rate, poverty and underemployment are significant barriers to sustainable growth and development. Even though reforms have led to sharp reductions (33 percent) in poverty over the last ten years, sustainability of such gains is not assured. The number of very poor households in Vietnam in early 2001 still accounted for over 17 percent (or 2.8 million) of the population. Most of the poor live in rural areas, where natural disasters such as floods and droughts occur frequently and cause severe damage. The gap between rural and urban areas is likely to increase, as is the gap between those who benefit from economic growth and globalization and those who are left behind. HIV/AIDS has appeared in all 61 provinces and cities of Vietnam. Over the last ten years, the number of reported HIV/AIDS cases rose at 7 percent per annum. More than 50,000 people had been detected to be infected with HIV in the country as of mid-2002. The World Health Organization (WHO) estimates that the prevalence of HIV/AIDS is around 0.29 percent among adults.

U.S. national interests in Vietnam are to: maintain Vietnamese cooperation on POW/MIA accounting and freedom of emigration; encourage compliance with international standards of human rights and the rule of law; support economic reform and opportunities for U.S. companies; and promote regional stability. Economic and social development will help create a more prosperous and confident Vietnam that is prepared to play an increasing role in the regional and international community.

The USAID Program: USAID will obligate \$12,456,000 (DA and CSH) in FY 2003 and \$11,200,000 (DA and CSH) for FY 2004. USAID provides assistance to Vietnam to enhance the environment for trade, investment, and private sector growth; to increase access to services for vulnerable groups; and to improve urban and industrial environmental management. In helping the Government of Vietnam liberalize its economy and deepen its trade and investment reforms, USAID helps assure Vietnam's execution of its commitments under the Bilateral Trade Agreement (BTA), strengthens the Vietnamese private sector, and assists Vietnam in meeting some of the requirements for accession into the WTO. New health efforts are expected to begin in FY 2003 for ethnic minority children in the Central Highlands. This effort is in addition to the other humanitarian, health, and disaster assistance provided through USAID's regional and global programs.

Other Program Elements: USAID's Bureau for Democracy, Conflict Prevention, and Humanitarian Assistance provides assistance to improve access to services for selected vulnerable groups through the Leahy War Victims Fund and the Displaced Children and Orphans Fund. The Regional HIV/AIDS and Infectious Disease program helps Vietnam to strengthen its capacity to address diseases such as HIV/AIDS, tuberculosis, and malaria through surveillance, behavioral change, training, research, and community-based care and support. Finally, USAID provides rehabilitation services to women and children rescued from trafficking with State/EAP Women's Fund support.

Other Donors: Cumulative donor pledges during 1993-2001 amounted to nearly \$20 billion. Japan remained the largest donor in 2001 despite a significant decline in disbursements, followed by the World Bank, Asian Development Bank, and the IMF. Japan continued to boost financial assistance for large

scale transport and power projects, private sector promotion, state-owned enterprises reform, training, health and economic management. World Bank allocated most of its resources to infrastructure and rural development programs, modernizing the banking system, and reform of state-owned enterprises. The Asian Development Bank focuses its assistance to infrastructure projects including transport, industrial reform, energy, and financial sector programs to encourage stronger private sector development, greater enterprise efficiency and rural development. The United Nations Children's Fund (UNICEF), United Nations Development Program (UNDP), United Nations Fund for Population Activities (UNFPA), and the World Health Organization (WHO) support health activities, disaster preparedness, institutional development, education, and rural development. Other major bilateral donors include France, Denmark, South Korea, Sweden, the United Kingdom, the Netherlands, Australia, Germany, which direct their assistance mainly to human resource and social development, health, and natural resource management. Major donors involved in the health sector include UNAIDS, the World Bank, Asian Development Bank, the Netherlands, Sweden, and Australia.

Vietnam PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	2,494	4,106	4,006	7,200
Development Assistance	2,999	6,950	8,450	4,000
Total Program Funds	5,493	11,056	12,456	11,200

STRATEGIC OBJECTIVE SUMMARY

440-006 Trade and Investment				
DA	2,999	5,450	5,950	3,000
440-007 Assistance to Vulnerable Groups				
CSH	2,494	4,106	506	1,200
DA	0	1,500	1,500	0
1/ 440-XXX 498-009 U.S. - Asia Environmental Partnership (US-AEP)				
DA	0	0	1,000	1,000
2/ 440-YYY 498-022 ANE Regional Stabilize Population Growth and Protect Human Health				
CSH	0	0	3,500	6,000

1/ USAID plans to obligate \$1,000,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Vietnam.

2/ USAID plans to obligate \$3,500,000 in FY 2003 and \$6,000,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health program (498-022) for HIV/AIDS activities in Vietnam.

Data Sheet

USAID Mission:	Vietnam
Program Title:	Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	440-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,950,000 DA
Prior Year Unobligated:	\$96,000 DA
Proposed FY 2004 Obligation:	\$3,000,000 DA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

Summary: Through the provision of technical assistance, USAID assists the Government of Vietnam (GVN) to formulate and implement trade and investment reforms consistent with the GVN's commitments under the U.S.-Vietnam Bilateral Trade Agreement (BTA). These reforms are expected to increase Vietnam's capacity for trade and foreign direct investment, as well as strengthen its emerging private sector. USAID also provides technical assistance through its US-Asia Environmental Partnership (US-AEP) to improve Vietnam's regulatory framework for urban and industrial environmental management, promote "clean" technologies and international best practices, and strengthen civil society partnership programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Support for Trade Acceleration (STAR Program) (\$2,000,000 DA). USAID will continue to provide technical assistance to the GVN to deepen reforms in trade policy, laws, and procedures and strengthen the capacities of various GVN agencies to meet BTA commitments, with particular emphasis on those being phased-in over the first 24 months of the Agreement. STAR provides general assistance and training programs that include legal analysis of BTA requirements, economic analysis of the impacts of the BTA, enhancement of public understanding of the BTA, and legal education on general BTA topics. Technical assistance and training also target specific issues of the BTA such as trading in goods and services, intellectual property, transparency, investment relations, and business facilitation. USAID will provide technical and financial support for an estimated 40 policy seminars and training workshops that will serve approximately 4,000 participants from GVN agencies and private businesses. Also, USAID will fund selected study missions to the U.S for GVN officials who are involved in specific technical issues related to the BTA implementation.

Private Sector Strengthening (\$3,950,000 DA). Through the provision of technical assistance and training, USAID plans to address the policy, financial, and informational constraints to the development and expansion of Vietnam's private sector. USAID will explore use of its Development Credit Authority (DCA) to overcome problems of access to financing by small and medium enterprises, and work with business associations to increase the number and quality of services they offer to their business clients.

As part of its regional US-Asia Environmental Partnership, USAID will continue to help the GVN improve its regulatory framework for sustainable environmental management. This will be achieved by promoting international best practices and testing innovative policy initiatives. Other activities will include assistance to the GVN to privatize the collection and disposal of solid waste, strengthen the delivery of clean water to urban areas, and improve urban air quality through the Clean Air Initiative for Asian Cities, and help in development of environmental management plans for industrial zones. The Civil Society Partnership, jointly administered by the Asia Foundation and US-AEP/Vietnam, focuses on the disclosure of environmental information, the application of clean technologies and the enhancement of civil society.

FY 2004 Program:

Support for Trade Acceleration (STAR) (\$2,000,000 DA). USAID, through its technical assistance partners, plans to continue and strengthen on-going activities and expand the program to include new ones in response to emerging needs identified by various GVN technical ministries. BTA commitments that are due over the first 36 months of the Agreement are expected to be the focus of some technical assistance.

Private Sector Strengthening. (\$1,000,000 DA). Training and technical assistance will continue to support private sector development and expansion, build the regional competitiveness of industries, and incubate businesses.

Through the regional U.S.-Asia Environmental Partnership program, USAID expects to strengthen on-going activities and develop new ones that focus on improvement of the regulatory framework, industrial and urban environmental management, and civil society partnerships for environmental management.

Performance and Results: The STAR program has had a substantial impact over the past year. STAR completed a comprehensive analysis of the Vietnamese laws and regulations that needed to be amended to comply with the provisions of the US-Vietnam Bilateral Trade Agreement (BTA). This assessment has helped the Government of Vietnam prioritize hundreds of actions it will need to take to comply with the BTA. STAR provided advice to the National Assembly and the Ministry of Justice on comprehensive draft amendments to the Vietnamese Law on Laws and the Ordinance on Commercial Arbitration to bring their provisions into compliance with the BTA. As a direct result of USAID assistance, the Government of Vietnam decided to publish all laws and regulations in the country's Official Gazette, the equivalent of the U.S. Federal Register. The STAR program has provided focused training to Official Gazette and other government staff on publishing and disseminating both national and provincial laws and regulations.

The STAR program, in collaboration with the Ministry of Justice, trained 400 local judges and 150 Supreme Court judges on key elements of the BTA and its impact on court procedures in Vietnam. Compliance with the BTA will introduce the key principles of transparency of legal systems, equal protection under the law, and due process to the Vietnamese legal system -- principles which will underlie not only commercial law, but also human rights and rule of law in Vietnam.

STAR also provided training in six provincial capitals to introduce 600 business leaders and provincial government officials to opportunities and responsibilities opened up by the BTA.

Principal Contractors, Grantees, or Agencies: Partners include IBM (formally PriceWaterhouseCoopers) and the US-Vietnam Trade Council.

US Financing in Thousands of Dollars

Vietnam

440-006 Trade and Investment	DA
Through September 30, 2001	
Obligations	6,098
Expenditures	455
Unliquidated	5,643
Fiscal Year 2002	
Obligations	4,426
Expenditures	1,617
Through September 30, 2002	
Obligations	10,524
Expenditures	2,072
Unliquidated	8,452
Prior Year Unobligated Funds	
Obligations	96
Planned Fiscal Year 2003 NOA	
Obligations	5,950
Total Planned Fiscal Year 2003	
Obligations	6,046
Proposed Fiscal Year 2004 NOA	
Obligations	3,000
Future Obligations	0
Est. Total Cost	19,570

Data Sheet

USAID Mission:	Vietnam
Program Title:	Assistance to Vulnerable Groups
Pillar:	Global Health
Strategic Objective:	440-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$506,000 CSH; \$1,500,000 DA
Prior Year Unobligated:	\$1,003,000 CSH; \$457,000 DA
Proposed FY 2004 Obligation:	\$1,200,000 CSH
Year of Initial Obligation:	FY 1991
Estimated Completion Date:	FY 2008

Summary: The overall goals of the health and humanitarian assistance program in Vietnam are to prevent the spread of HIV/AIDS and mitigate its effects on those infected and affected by HIV; to assist in the development of opportunities for displaced children and orphans and people with disabilities; to reduce infant, under 5 and maternal mortality; and to mitigate the effects of disasters.

Inputs, Outputs, Activities:

FY 2003 Program:

Vulnerable Children (\$506,000 CSH). USAID will support the implementation of a child survival program for Vietnamese ethnic minority populations in 2 districts in the North Central Highlands Region. Key health practices will be demonstrated and applied in the health centers such as safe motherhood, proper nutrition, and immunization. Efforts will also be focused on increasing service accessibility, service quality, and improving children's overall health status.

Displaced Children and Orphans (\$750,000 DA) and Leahy War Victims Fund (\$750,000 DA). These bilateral programs, which supplement those of the same name funded by USAID's Democracy, Conflict, and Humanitarian Assistance Bureau, continue to provide the majority of USAID's assistance to vulnerable groups in Vietnam. By providing technical assistance and direct support through NGOs, these programs raise awareness at the national, provincial, community, and family levels about the needs and capabilities of children and People with Disabilities (PWDs). Programs also focus on vocational training and job creation for adolescents with disabilities, accessible education for children with disabilities, and the provision of mobility aids and other equipment for the disabled.

HIV/AIDS. With resources from the regional HIV/AIDS fund, USAID will continue to help address the spread of HIV/AIDS in Vietnam. Funds will be used to provide technical assistance and training to develop the capacity of Vietnamese institutions at central, provincial and district levels and across sectors in addressing HIV/AIDS issues; to improve behavioral surveillance; to expand prevention programs to a wider range of at-risk populations by strengthening training, education, policy, advocacy and condom social marketing for the prevention of HIV/AIDS and related sexually-transmitted diseases. Research and interventions will be conducted on stigma and discrimination directed at people living with HIV/AIDS, as well as assessments of care and treatment within the Vietnamese context. Behavioral surveillance will monitor trends among populations at risk of HIV/AIDS, especially among high-risk groups and mobile and migrant populations. To assess the risk of HIV/AIDS expansion to the general population, studies will investigate links between persons who engage in high-risk behavior and those who do not.

FY 2004 Program:

Vulnerable Children (\$1,200,000 CSH). USAID plans to continue to support programs in the Central Highlands that introduce and implement improved health practices and services among ethnic minority villagers.

Due to lack of expected funding at this time, Displaced Children and Orphans Fund (DCOF) and Leahy War Victims Fund (LWVF) programs will continue with funds from USAID's Democracy, Conflict and Humanitarian Assistance Bureau only (\$2,400,000 DA total for both funds). Funding will support inclusive education programs, vocational training for adolescents with disabilities, and prevention of disabilities among children. LWVF will continue to support policy implementation, capacity building for Vietnamese institutions, provision of prosthetics and orthotics devices and technical training, and expansion of self-help groups.

HIV/AIDS. With increased regional HIV/AIDS resources, USAID anticipates expanding activities in prevention, care and support and mitigation of its impacts, including stigma reduction, policy development, condom social marketing, behavioral surveillance, and replication of successful behavior change interventions.

Performance and Results: The HIV/AIDS program has effectively reached over 3,000 injecting drug users (IDUs), about 1,000 prostitutes, and more than 148,000 men with messages about safe behaviors and harm reduction for HIV/AIDS prevention through innovative one-to-one peer education outreach activities using peer educators in the workplace (e.g., training IDUs, prostitutes, barbers, shoeshine boys, and motorbike taxi drivers as volunteer HIV/AIDS educators). Millions of Vietnamese were reached with HIV/AIDS prevention, care and support messages through USAID-supported TV, radio and newspaper mass media BCC campaigns in four focus provinces. USAID's support of DKT International's condom promotion work for HIV/AIDS prevention has resulted in the opening of over 1,000 non-traditional outlets for condom distribution in six target provinces and a record number of condoms being sold and distributed throughout Vietnam (43 million). USAID's partner Family Health International has also trained over 1300 pharmacists and private physicians in Sexually Transmitted Infections (STI) skills, including counseling, diagnosis, STI management and prescription skills, prevention efforts, referrals and follow-up, and partner notification.

The rights and needs of People with Disabilities (PWDs) have been increasingly recognized and respected in Vietnam as a result of USAID-funded programs. The Barrier-Free Access Code and Standards was recently institutionalised, under which all new construction and major renovations must be accessible for PWDs. Training of prosthetics and orthotics technicians and technical assistance for the two national prosthetics and rehabilitation workshops in Hanoi helped to increase Vietnam's capacity to provide quality services to PWDs. A pilot project in inclusive education, in addition to showing social and academic gains, clearly illustrated that mainstreaming children with disabilities provided the Vietnamese government with a cost savings of nearly 86 percent: \$58 per annum versus \$400 in institutional-based settings. As result of this pilot, as well as DCOF-supported development of local infrastructures for inclusive education and improved quality of teaching for all students, the Vietnamese Ministry of Education has adopted inclusive education as part of its national education strategy. Over 814,000 children have been screened for hearing impairments. Over 1,140 teachers and officials have been trained to assist hearing-impaired and deaf children and their families. Ninety percent of adolescents with disabilities who have completed an informal vocational rehabilitation program remain gainfully employed.

US Financing in Thousands of Dollars

Vietnam

	CSH	DA
440-007 Assistance to Vulnerable Groups		
Through September 30, 2001		
Obligations	6,603	7,064
Expenditures	3,932	4,925
Unliquidated	2,671	2,139
Fiscal Year 2002		
Obligations	5,344	1,129
Expenditures	1,891	1,757
Through September 30, 2002		
Obligations	11,947	8,193
Expenditures	5,823	6,682
Unliquidated	6,124	1,511
Prior Year Unobligated Funds		
Obligations	1,003	457
Planned Fiscal Year 2003 NOA		
Obligations	506	1,500
Total Planned Fiscal Year 2003		
Obligations	1,509	1,957
Proposed Fiscal Year 2004 NOA		
Obligations	1,200	0
Future Obligations	0	0
Est. Total Cost	14,656	10,150

Data Sheet

440-XXX: No Summary and/or Pillar information entered for this SO.

Data Sheet

440-YYY: No Summary and/or Pillar information entered for this SO.

South Asia PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Afghanistan				
Child Survival and Health Programs Fund	0	4,000	TBD	21,000
Development Assistance	0	10,701	TBD	150,000
Economic Support Fund	0	17,250	TBD	150,000
Supplemental--ESF	0	88,000	TBD	0
PL 480 Title II	29,294	159,472	TBD	0
Total Afghanistan	29,294	279,423	TBD	321,000
Bangladesh				
Child Survival and Health Programs Fund	15,500	39,950	33,700	32,000
Development Assistance	42,050	21,670	24,720	18,850
Economic Support Fund	0	3,000	7,000	6,000
PL 480 Title II	67,658	23,974	45,083	45,445
Total Bangladesh	125,208	88,594	110,503	102,295
India				
Child Survival and Health Programs Fund	24,593	41,678	40,785	40,800
Development Assistance	28,805	29,200	34,400	27,100
Economic Support Fund	4,989	7,000	25,000	20,000
PL 480 Title II	78,289	93,679	91,288	45,000
Total India	136,676	171,557	191,473	132,900
Nepal				
Child Survival and Health Programs Fund	9,250	20,000	20,449	18,500
Development Assistance	12,158	7,597	11,247	14,311
Economic Support Fund	0	3,000	6,000	6,000
PL 480 Title II	0	2,352	0	0
Total Nepal	21,408	32,949	37,696	38,811
Pakistan				
Child Survival and Health Programs Fund	0	5,000	12,500	25,000
Development Assistance	0	10,000	37,500	50,000
Economic Support Fund	0	9,500	200,000	200,000
Supplemental--ESF	0	15,000	0	0
Emergency Response Fund	0	600,000	0	0
PL 480 Title II	1,855	5,134	0	0
Total Pakistan	1,855	644,634	250,000	275,000
Sri Lanka				
Child Survival and Health Programs Fund	300	300	300	500
Development Assistance	3,399	5,150	5,750	5,000
Economic Support Fund	0	3,000	4,000	14,000
PL 480 Title II	0	1,325	0	0
Total Sri Lanka	3,699	9,775	10,050	19,500
Total Program Funds	318,140	1,226,932	599,722	889,506

South Asia PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Afghanistan				
Child Survival and Health Programs Fund	0	4,000	0	21,000
Development Assistance	0	10,701	0	150,000
Economic Support Fund	0	105,250	0	150,000
PL 480 Title II	29,294	159,472	0	0
Total Afghanistan	29,294	279,423	0	321,000
Bangladesh				
Child Survival and Health Programs Fund	15,500	39,950	33,700	32,000
Development Assistance	42,050	21,670	24,720	18,850
Economic Support Fund	0	3,000	7,000	6,000
PL 480 Title II	67,658	23,974	45,083	45,445
Total Bangladesh	125,208	88,594	110,503	102,295
India				
Child Survival and Health Programs Fund	24,593	41,678	40,785	40,800
Development Assistance	28,805	29,200	34,400	27,100
Economic Support Fund	4,989	7,000	25,000	20,000
PL 480 Title II	78,289	93,679	91,288	45,000
Total India	136,676	171,557	191,473	132,900
Nepal				
Child Survival and Health Programs Fund	9,250	20,000	20,449	18,500
Development Assistance	12,158	7,597	11,247	14,311
Economic Support Fund	0	3,000	6,000	6,000
PL 480 Title II	0	2,352	0	0
Total Nepal	21,408	32,949	37,696	38,811
Pakistan				
Child Survival and Health Programs Fund	0	5,000	12,500	25,000
Development Assistance	0	10,000	37,500	50,000
Economic Support Fund	0	624,500	200,000	200,000
PL 480 Title II	1,855	5,134	0	0
Total Pakistan	1,855	644,634	250,000	275,000
Sri Lanka				
Child Survival and Health Programs Fund	300	300	300	500
Development Assistance	3,399	5,150	5,750	5,000
Economic Support Fund	0	3,000	4,000	14,000
PL 480 Title II	0	1,325	0	0
Total Sri Lanka	3,699	9,775	10,050	19,500
Total Program Funds	318,140	1,226,932	599,722	889,506

**South Asia
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	49,643	110,928	107,734	137,800
Development Assistance	86,412	84,318	113,617	265,261
Economic Support Fund	4,989	745,750	242,000	396,000
PL 480 Title II	177,096	285,936	136,371	90,445
Total Program Funds	318,140	1,226,932	599,722	889,506

Afghanistan

The Development Challenge: Afghanistan is beginning the slow process of rebuilding from twenty years of conflict and disinvestment. The combination of the Soviet invasion, years of internecine fighting, and the rule of the Taliban has devastated the country. Approximately half of Afghanistan's 26.8 million people live in absolute poverty. The key institutions of state, such as the central bank, treasury, tax collection, the customs services, civil service, and the judiciary are weak or missing. Fifty percent of the people are unemployed, 70 percent are illiterate, and much of the country's infrastructure has been destroyed. Although no current or reliable statistics are available, it is generally agreed that the health and nutritional status of the 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 dies before their first birthday. The average maternal mortality ratio is 1,600 maternal deaths per 100,000 live births, one of the highest in the world. The poor health situation has an important negative impact on the economic productivity of the population, and the capacity for long-term growth and development. This particularly affects women, as many are unable to work outside the home due to high fertility rates, poor health, depleted nutritional status, and cultural barriers. With the help of the international community the leadership of Afghanistan is trying to regain its national footing and establish political as well as economic stability.

The USAID Program: Because of the urgency of needs and the fragile nature of the Afghan government, the proposed program focuses on the delivery of resources to the Afghan people for an immediate and tangible impact on their lives. The program is flexibly designed to facilitate maximum responsiveness to the emerging executive, legislative, and judicial governance structures in Afghanistan. In doing so, USAID Afghanistan's program directly supports the USG objective of promoting a rapid reconstruction and recovery effort that improves the living conditions of the population.

The program will be carried out through a number of implementation mechanisms, which will be specified as activities move into final design stage. USAID expects that NGOs, U.S. land grant universities, and international organizations will implement a substantial part of the program, along with private sector contractors.

USAID intends to concentrate resources in an evolving manner on those geographic areas where there is the greatest receptivity to change, where needs are greatest, and where the commitment of authorities to working with national structures can be tested, keeping in mind the need for ethnic balance.

Gender considerations are taken into account throughout the proposed portfolio. Rather than supporting a number of gender-specific projects, all activities will be reviewed to ensure gender sensitivity and appropriateness and, thereby, mainstream gender issues. Every effort will be made not to marginalize women by relegating them to "women's programming". However, USAID will support certain areas of critical need such as maternal health, accelerated education to meet gaps in women and girl's education, women's centers, and inclusion of women in cash for work activities. Moreover, media campaigns will address women's participation in democracy and governance and knowledge of their human and gender rights.

The proposed program is based on several critical assumptions; if these conditions do not prevail, USAID may not achieve the ambitious goals outlined. Among the key assumptions are:

- that continued progress will be made in restoring security and the rule of law;
- that agricultural conditions do not deteriorate further;
- that the Transitional Administration will continue to look towards private sector and market-oriented solutions to the country's problems; and
- that USAID officials will be able to travel in a timely and secure manner throughout program areas.

Other Program Elements: With USAID's Mission to Afghanistan now a year old, in FY 2003 only a small portion of the USAID Afghanistan program remains funded or managed by either the ANE Bureau or one of the pillar bureaus. The Office of Foreign Disaster Assistance has programmed \$15 million in

International Disaster Assistance (IDA) funds to continue 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. Furthermore, \$10.5 million has been programmed to continue the implementation of quick impact projects by the Office of Transition Initiatives. The Support of Democracy Initiative (SDI) is implemented through two components, one an Indefinite Quantity Contract (IQC) task order and the second a buy-in to the Consortium for Elections and Political Process Strengthening (CEPPS), both managed by the Economic Growth, Agriculture and Trade (EGAT) bureau. In addition, \$40 million in P.L. 480 will be contributed to the World Food Program.

Other Donors: Efforts at donor coordination in Afghanistan are ubiquitous, but the real test is what gets delivered on the ground. The Government maintains an inventory of donor-funded activities through the Afghan Assistance Coordination Agency, which lists projects rather than outlining unmet needs. While the Government has published its National Development Framework, a strategic document guiding the country's rehabilitation, it does not reach down to address implementation at project level.

For the proposed strategy to succeed, USAID will need to improve coordination with other donors. As many of them open resident offices in Afghanistan, long delays in making commitments or following through on implementation may decrease. Nevertheless, USAID staff will have to invest considerable management time to mobilize other donors to provide investments that will complement USAID's proposed program.

Afghanistan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	4,000	TBD	21,000
Development Assistance	0	10,701	TBD	150,000
Economic Support Fund	0	17,250	TBD	150,000
Supplemental--ESF	0	88,000	TBD	0
PL 480 Title II	29,294	159,472	TBD	0
Total Program Funds	29,294	279,423	TBD	321,000

STRATEGIC OBJECTIVE SUMMARY

306-001 Agriculture				
DA	0	9,985	TBD	42,359
306-002 Basic Education and Health				
CSH	0	4,000	TBD	21,000
DA	0	0	TBD	19,293
306-003 Infrastructure, Economic Governance & Democracy				
DA	0	716	TBD	88,348
ESF	0	105,250	TBD	150,000

306-003 includes \$88 M of the FY 2002 Supplemental - ESF.

Data Sheet

USAID Mission:	Afghanistan
Program Title:	Agriculture
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	306-001
Status:	Continuing
Proposed FY 2003 Obligation:	TBD
Prior Year Unobligated:	\$3,065,000 DA
Proposed FY 2004 Obligation:	\$42,359,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2006

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

Inputs, Outputs, Activities:

FY 2003 Program:

PL 480 Assistance. USAID's approach to the rural economy is first to ensure that the Afghans have adequate food but in a manner that does not distort the development of the local economy. Consequently, USAID proposes continuing, on a highly targeted basis, its large Food for Peace contribution to the World Food Program (WFP), which is largely implemented by NGOs. An increasing portion of these resources will be implemented through food-for-work activities that help restore local infrastructure and facilities.

Rebuilding Afghanistan's Agriculture Markets Program (RAMP):

-- Food-for-Work and Cash-for-Work. Injecting cash into the rural economy is critical to reactivating productivity as well as helping restore a sense of dignity to those who have lost material assets. Accordingly, these projects will be implemented by communities. In addition to getting cash into the hands of Afghans, they will result in the construction or repair of facilities that have deteriorated or been war-damaged, and consequently lead to more rapid economic reactivation. USAID anticipates making resources available to community projects through NGOs that will implement them through local construction firms. Projects to be supported under all of these approaches include the rehabilitation of small-scale irrigation systems, market facilities, and secondary and tertiary roads.

-- Technology Transfer. The program will include an intensive effort to identify, demonstrate and disseminate new and improved agricultural and livestock production technologies in rural areas. The demonstrations will focus on new seed varieties, fertilizer applications, and the use of crop protection technologies, water management techniques, equipment and machinery uses, and livestock inputs. To ensure adequate supplies of new seed varieties, the program will support an extensive network of village-based seed production enterprises. Information on new technologies and markets will be communicated through mass media networks.

-- Agricultural Enterprise Assistance. The program will develop the business skills of input dealers, market intermediaries, and agro-processors in order to expand the volumes and value of traded inputs, equipment, machinery, and processed products. Specialized assistance will be provided to enterprises for specific product processing and marketing constraints, with a view towards meeting the cost and quality requirements of local, regional, and international markets.

-- Micro and Small Enterprise Credit. USAID proposes to initiate a micro, small and medium scale enterprise (SME) credit program, focused on production, input trade, processing, and marketing enterprises. This could involve some village banking activities, which traditionally have significant participation by women. SME finance also would be directed towards private sector farm supply input dealers, and the reactivation of neglected food and fiber processors.

-- Alternative Crops. Developing viable alternatives to opium poppy production depends not only on different agricultural opportunities, but also on law enforcement and eradication of poppy crops. USAID proposes to strengthen the relationship between its alternative development activities and other critical elements carried out by State/INL in reducing poppy production. At the same time, USAID will expand the area of coverage and the number of poppy reduction activities.

FY 2004 Program:

Rebuilding Afghanistan's Agriculture Markets Program (RAMP) (\$42,359,000 DA). In FY 2004, USAID's flagship program for the agricultural sector and rural economic development will be established in several regions across the country, and will be implementing a range of interventions. The program will mount up to 300 demonstrations and expose over 30,000 farmers to new and improved seed varieties, fertilizer, crop protection chemicals, herbicides, water management techniques, irrigation equipment, machinery, and crop management techniques. The program also will build the capacity of private sector input dealers to meet the demand, both through exposure to these demonstrations and with business and marketing skill development. The program will actively strengthen enterprise capacity to produce and process farm output, and effectively market value-added processed products to consumers in regional and international markets. The program will focus intensively on three to five agricultural sub-sectors, with the objective of helping those sub-sectors to achieve greater productivity, quality, and comparative advantages. Production and processing activities will be supported by credit programs.

The Rural Economic Development portion of the program will actively identify projects in conjunction with community representatives, collaborating NGOs, and other partners, including the Ministry of Rural Development. USAID and its partners will consider carefully how infrastructure will be operated and maintained. USAID anticipates supporting the rehabilitation of 500 kilometers of rural roads and 300 irrigation systems, thus providing short term employment benefits to local communities and enhancing economic growth prospects.

USAID believes there will continue to be a need for P.L. 480 assistance in FY 2004. A level has not been set, but a planning figure of \$40 million is realistic. Humanitarian activities represent 34 percent of the total and recovery 66 percent (of the total). Included in the "recovery" category are food-for-work activities, support of vocational skill-training, and other educational activities.

Performance and Results: USAID contributions in seeds and fertilizer last spring contributed to an 82 percent increase in crop production from the year before. This increase in production is expected to reduce the number of Afghans dependent on food aid from approximately ten million last winter to six million. Seed and fertilizer have been 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 45,000 short-term cash-for-work opportunities, drawing labor away from poppy production; rehabilitated over 6,000 wells, irrigation canals, karezes, dams, reservoirs, and water systems; and 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 in 2001 to 20,000 MT in 2002, and a crushing facility in Helmand was opened to produce and market peanut and other oils from the high value crops produced with USAID assistance. Income generation programs that benefit women, such as food processing (100 women, mostly widows, processing raisins in Kandahar); poultry (200 women receiving breeding chickens); and widows' bakeries in Kabul, Mazar-I-Sharif, Kandahar, and Herat (employing approximately 1,100 widows) were launched.

US Financing in Thousands of Dollars

Afghanistan

306-001 Agriculture	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	6,920
Expenditures	1,317
Through September 30, 2002	
Obligations	6,920
Expenditures	1,317
Unliquidated	5,603
Prior Year Unobligated Funds	
Obligations	3,065
Planned Fiscal Year 2003 NOA	
Obligations	TBD
Total Planned Fiscal Year 2003	
Obligations	3,065
Proposed Fiscal Year 2004 NOA	
Obligations	42,359
Future Obligations	0
Est. Total Cost	52,344

Data Sheet

USAID Mission:	Afghanistan
Program Title:	Basic Education and Health
Pillar:	Global Health
Strategic Objective:	306-002
Status:	Continuing
Proposed FY 2003 Obligation:	TBD
Prior Year Unobligated:	\$2,000,000 CSH
Proposed FY 2004 Obligation:	\$21,000,000 CSH; \$19,293,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2006

Summary: Although no current or reliable statistics are available, it is generally agreed that the health and nutritional status of Afghanistan's population of 26.8 million 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 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 that have used education as a political and religious tool. An estimated 80 percent 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 percent are in the first grade. Of those (students in the first grade), approximately one third (or about 440,000 students) are 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.

Inputs, Outputs, Activities:

FY 2003 Program:

Rural Expansion of Afghanistan's Community-based Healthcare (REACH). The lack of rural health facilities is a constraint to providing health services in rural areas. USAID proposes to address this shortage by both renovating and reconstructing up to 325 basic health care facilities in FY 2003. Using performance based grants, NGOs and other institutions will provide health services at both the Basic Health Clinics (BHC) and in the community through community health workers (CHWs) to expand health services to those communities that are more than four hour walk from a BHC. USAID proposes to increase women's access to skilled birth attendants in rural areas by providing targeted support to the Safe Motherhood Initiative (SMI) and training of auxiliary midwives in standardized clinical care practices. The REACH program will also provide training to health workers in infection prevention and control of hemorrhage. To provide basic public health services to underserved areas, the Ministry of Public Health (MOPH) requires assistance in managing resources in an efficient and cost-effective manner. USAID will provide technical assistance to the MOPH to address the maldistribution of health care professionals; engage the Ministry of Finance to develop a working budget for the health sector; and develop a health management information system that provides the MOPH the critical information on which to base decisions of how best to deliver the Basic Primary Care Health Services (BPHS). All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Afghanistan Primary Education Program (APEP). The APEP will focus fundamentally on rural primary education (grades 1-6), but also secondary schools where these incorporate primary facilities to help ensure that every child in the country has reasonable access to a primary school education. This means making schooling accessible to every school age child, i.e., within a reasonable traveling distant from their homes. Given the high demand for educational services country-wide, USAID, coordinating with other

donors, will work throughout the country to renovate or construct up to 550 primary schools in FY 2003. USAID also proposes to print an updated version of the textbooks printed earlier in 2002 for the public schools in Afghanistan. UNICEF will continue to cover the costs of textbook distribution. The additional texts printed by USAID will be appropriate for at least the next two years until the Ministry of Education (MOE) has completed curriculum revisions. USAID is planning to support the printing of a sufficient number of textbooks for the start of the March 2003 school year. To reduce the number of primary school drop outs and take the pressure off the first grade teachers and facilities, USAID proposes to help develop testing instruments and certification procedures to establish primary school equivalency scores for grades 1-6. USAID technical assistance will also support the selection, certification, and oversight of accelerated learning programs that aim at accelerating the education levels of the over-aged students (with a focus on young girls and women) and then moving them into age-appropriate education levels.

FY 2004 Program:

REACH program (\$21,000,000 CSH). The program is expected to have its greatest impact in rural health, focusing activities in primary health care and on the most vulnerable populations, namely women and children. Work will be done at the central and provincial level in partnership with the MOPH to develop a sustainable foundation for a nationwide health care system that will introduce concepts of cost recovery and privatization. The goal of this program is to increase the sustainability of the system by expanding the delivery of the BPHS through the training of rural health workers and extending access to quality reproductive health services. The continuation of this effort will include the use of job aids and standardized maternity kits, and completing the design and ongoing implementation of in-service and pre-service training of auxiliary midwives and midwives. The REACH program will continue to partner with UNICEF on the National Safe Motherhood Initiative by building on and expanding the technical assistance USAID has provided to rapidly scale up the auxiliary midwife program, revise the midwife curriculum, and assist with establishment of evidence based training by providing technical expertise to the establishment of the centers of excellence. In FY 2004 the REACH Program will also develop a public health education program, utilizing the capacity of radio broadcasting, to provide health training and health promotion.

Afghanistan Primary Education Program (APEP) (\$19,293,000 DA). The goal of the program is to help provide every child in the country with access to primary education (grades 1-6) by the end of CY 2004. To enable the schools assisted 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 (targeting a significant amount of resources for school reconstruction in areas with low girl's enrollment), textbook production, classroom-based teacher training, and primary school equivalency/accelerated learning.

Both USAID's Primary Education and its Community -based Healthcare programs involve community ownership which requires a community to make a cash or in-kind contribution such as providing lodging for teachers, laying a water to a health clinic, or supplying firewood for heating.

Performance and Results: To address the major problems of child and maternal mortality and morbidity, in FY 2002 USAID provided funding to UNICEF for the immunization of 4.26 million children against measles (out of 8 million children immunized) - preventing an estimated 20,000 deaths; provided basic health services, through performance based grants, to over two million people, 90 percent of whom were women and children; provided one-quarter of Kabul's water supply, focusing on the poorest districts with the Ministry of Public Works; and rehabilitated the water systems of Kandahar and Kunduz, which provide water to 700,000 people.

In FY 2002, USAID distributed over 11 million textbooks to children nationwide, provided teacher training kits to 30,000 teachers, and trained over 1,300 teachers, over 900 of who were women. USAID reconstructed 85 schools and provided food as a teacher's salary supplement, valued at 26 percent of monthly income, to 50,000 teachers. USAID also provided food rations as incentive for families to send their daughters to school.

US Financing in Thousands of Dollars

Afghanistan

	CSH	DA
306-002 Basic Education and Health		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	2,000	0
Expenditures	450	0
Through September 30, 2002		
Obligations	2,000	0
Expenditures	450	0
Unliquidated	1,550	0
Prior Year Unobligated Funds		
Obligations	2,000	0
Planned Fiscal Year 2003 NOA		
Obligations	TBD	TBD
Total Planned Fiscal Year 2003		
Obligations	2,000	TBD
Proposed Fiscal Year 2004 NOA		
Obligations	21,000	19,293
Future Obligations	0	0
Est. Total Cost	25,000	19,293

Data Sheet

USAID Mission:	Afghanistan
Program Title:	Infrastructure, Economic Governance & Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	306-003
Status:	Continuing
Proposed FY 2003 Obligation:	TBD
Prior Year Unobligated:	\$716,000 DA; \$88,995,000 ESF
Proposed FY 2004 Obligation:	\$88,348,000 DA; \$150,000,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: Significant amounts of Afghanistan's infrastructure have been damaged in the fighting over the past 22 years, or have deteriorated due to the lack of maintenance. Their rehabilitation is urgently needed, both for economic reasons as well as to demonstrate the benefits of cooperating with the international community. In order to mobilize domestic and foreign investment to finance Afghanistan's growth, it is critical to have in place a system of economic governance that provides for transparency, stability, and predictability. Currently the country's economic institutions are opaque, encourage administrative discretion, facilitate corruption, and discourage investment. The new government, however, wishes to put in place a system that relies on market forces and places maximum reliance on the private sector as the engine of growth. Afghanistan has never had the institutions of a modern civil society, including independent non-ethnic political parties, professional nonpartisan media, strong civil society, and an independent, professional judiciary. Furthermore, it has a history of authoritarian rule within a fractured and ethnically oriented society. Building democratic institutions will be a long-term effort.

Inputs, Outputs, Activities:

FY 2003 Program:

The Rehabilitation of Economic Facilities and Service Program (REFS) aims to promote economic recovery and political stability in Afghanistan by repairing selected infrastructure needed to lower transportation costs, increase the availability of water and sanitation services, increase access to education, health and local governmental facilities, and repair/reconstruct irrigation systems, dams/diversions, and canals critical to the re-activation of the agricultural sector, the dominant means of livelihood in the country. Because of the high rate of local unemployment, projects will be designed to maximize the use of manual labor and the contractor will be expected to use Afghan professional staff, mentor them, and give them progressively greater management and implementation responsibility over the life of the project. REFS serves as the general contractor for USAID's infrastructure and rehabilitation work in Afghanistan. While the principal focus of REFS is the Presidential Initiative to repair the Kabul-Kandahar-Herat road, the repair/rehabilitation of health clinics, of schools, of secondary road and irrigation projects, and of urban sanitation that are outlined in other USAID programs in Afghanistan are all subsets of REF's engineering, design and construction oversight responsibilities.

The Sustainable Economic Policy and Institutional Reform Support (SEPIRS) program is designed to assist the Ministry of Finance and the Central Bank in implementing priority policy and institutional reforms for the economic governance of Afghanistan. USAID will provide the Ministry of Finance and the Central Bank with long-term technical support designed to promote the effective development and implementation of major reforms. Much of this support will focus on human capacity development and effective dissemination of improved economic policy and public administration practices across a range of core macroeconomic and structural reform areas. The support in key policy and institutional reform areas is intended to promote full ownership of the economic governance process by the Ministry and the Afghan Government.

The Support for Democratic Initiatives (SDI) Program focuses on the development of a sound legal and political foundation for the building of a modern republic. All elements of the program are focused on the most pressing democracy and governance objective: forging consensus on national identity, the rules of the game, and the nature of the Afghan state. The Bonn process is designed to build this consensus. The proposed SDI Program is designed to support successful follow-through on the Bonn Accord. While intermediate program objectives and outputs are specified, overarching political goals are of paramount importance. If the fundamental processes (i.e. a new Constitution and a successful election) fail, then achievement of secondary results will be meaningless.

Approximately \$88,000,000 FY 2002 ESF Supplemental will be used to support the programs described above.

FY 2004 Program:

Rehabilitation of Economic Facilities and Services (REFS) (\$699,000 DA; \$150,000,000 ESF), FY 2004 program will continue to repair existing facilities that have a significant impact on reactivating economic activity. It will also include an institutional development component, which will help train cooperating ministries in cost recovery and maintenance, as well as outsourcing techniques, so that ministries will focus in the future on setting standards while facilitating the private sector's provision of services. USAID intends to continue to use REFS as the general contractor in FY 2004 to design and monitor the repair/rehabilitation of up to 1000 kilometers of primary/secondary roads and associated bridges, renovate or construct up to 600 additional schools and 300 health clinics, and repair up to four waste water systems.

Sustainable Economic Policy and Institutional Reform Support (\$35,366,000 DA). As the legal framework for private sector growth is put in place it will be important to establish a credit mechanism to facilitate the growth and expansion of small and medium enterprises. USAID proposes to establish a local banking structure that will provide both credits on commercial terms to private sector firms as well as business advisory services to develop new markets, facilitate more efficient production practices, and adapt modern accounting practices.

Support to Democratic Initiatives Program (\$52,283,000 DA). SDI is implemented through two components. The first is technical assistance and training to support constitutional, judicial, human rights, and policy reform work in support of the Constitutional, Judicial, and Human Rights Commissions, as well as the Secretariat of Administrative Affairs in the Office of the President and other targeted Afghan institutions. The second component will establish the foundations for a fair and competitive electoral system leading to successful 2004 elections by providing technical assistance to the national electoral body, including the area of voter education. The program also aims to promote a politically active citizenry by providing assistance to political parties and civic leaders, training those groups in domestic election monitoring, and conducting a civic education campaign.

Performance and Results: USAID effectively developed and managed the critical logistical support for the Emergency Loya Jirga on behalf of the UN and the Loya Jirga Commission. This assistance included logisticians that developed the plan for implementation; air operations support; educational films on the Loya Jirga process for communities; international observers to ensure transparency in the selection of delegates; and nationwide expansion of Radio Kabul broadcasts with messages about the Loya Jirga process. USAID initiated on behalf of the Central Bank the currency conversion process through the provision of personnel to staff the 52 exchange points, counters, and shredders; and transportation for moving the currency. USAID built and furnished the Kabul Women's Resource Center, on behalf of the Ministry of Women's Affairs. 142 schools, daycare centers, and vocational schools were constructed, and 72 health clinics, birth centers, and hospitals were rehabilitated. Over 6,100 water projects were completed. These included the rehabilitation of irrigation canals, springs, wells, dams, reservoirs, and urban water systems.

US Financing in Thousands of Dollars

Afghanistan

306-003 Infrastructure, Economic Governance & Democracy	DA	ESF
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	23,205
Expenditures	0	2,243
Through September 30, 2002		
Obligations	0	23,205
Expenditures	0	2,243
Unliquidated	0	20,962
Prior Year Unobligated Funds		
Obligations	716	88,995
Planned Fiscal Year 2003 NOA		
Obligations	0	TBD
Total Planned Fiscal Year 2003		
Obligations	716	88,995
Proposed Fiscal Year 2004 NOA		
Obligations	88,348	150,000
Future Obligations	0	0
Est. Total Cost	89,064	262,200

Bangladesh

The Development Challenge: Bangladesh is recognized for its considerable progress over the last 20 years in poverty reduction, family planning, agriculture, food security, increased gender equality in education, rural electrification and disaster response. Rates of economic growth have also been respectable, averaging 5-6 percent since the early 1990s. Nonetheless, Bangladesh remains one of the poorest, most crowded and disaster-prone countries in the world. Poverty remains widespread: approximately 67 million out of 133 million Bangladeshis live in poverty and more than 32 million live in extreme poverty. Problems related to governance, particularly with reference to the effectiveness and accountability of key public institutions, reduce the prospects for continued economic growth. Malnutrition levels are high, large numbers of people lack basic services, lawlessness and corruption are widespread, and human rights protections, especially for the poor, remain weak.

The World Bank estimates that per capita GDP in 2001 was approximately \$380 with GDP growth per capita averaging approximately 3-4 percent annually since 1990. Domestic public debt rose to 15 percent of GDP in 2001, up from 13 percent the previous year. The burden of domestic interest payments increased to 14 percent of budget revenue. (The new Bangladesh Nationalist Party-led coalition Government is, however, showing increased fiscal discipline and improvements are expected.) A relatively small proportion of the Government's debt, approximately \$30 million, is owed to the U.S. Government. Additional concessional loans from the IMF and World Bank may be forthcoming. Drawing on a broad consultative process, the Government has drafted an interim Poverty Reduction Strategy (iPRSP) called "A National Strategy for Economic Growth and Poverty Reduction." After being reviewed by the international donor community, it was forwarded to the IMF and World Bank for approval. If approved, the iPRSP could trigger additional concessional lending to Bangladesh in the near future.

One of the U.S. Government's top priorities in Bangladesh is building broad support for the international war on terrorism. Bangladesh is one of a handful of moderate, democratic Islamic nations in the world today, and is an ally in efforts to combat terrorism. Promotion of democracy is the most important U.S. objective in Bangladesh, since achieving all other goals depends upon the existence of a strong democratic system of government. Promotion of economic growth, including education, is another core objective, because democracy can only flourish if Bangladesh's economy develops and living standards are raised. In addition, the need to combat HIV/AIDS has recently been added as a high level U.S. interest because the country appears to be on the brink of a serious HIV/AIDS outbreak. While HIV/AIDS prevalence is low today, Bangladesh shares most of the characteristics of high prevalence countries and action is needed now to avoid the politically, socially and economically destabilizing affects of a widespread epidemic.

The USAID Program: USAID's program pursues objectives in population and health, economic growth, environment, energy, food security and disaster mitigation, as well as democracy and governance. In addition, the Mission is launching a new education objective during fiscal year 2003. Collectively, these efforts seek to reduce poverty in Bangladesh through sustained economic growth and good governance.

USAID's health objective seeks to reduce population growth and fertility while continuing to improve children's health and stopping the spread of infectious diseases, including HIV/AIDS. The small enterprise/agribusiness objective promotes economic growth and combats poverty by expanding opportunities for agribusiness and small business in domestic and higher value export markets. Important natural resource management and biodiversity conservation problems are addressed under the environmental objective, which seeks to improve the management of open water resources and conserve remaining tropical forests. USAID's energy objective supports privatization and efficient development of Bangladesh's energy sector. Under its food security and disaster preparedness objective, USAID helps to ensure that those living in extreme poverty benefit from economic growth. (Activities under this objective also include financing for a new, three-year program to study the feasibility of tapping deep aquifers underlying most of Bangladesh for arsenic free water, as well as work on the epidemiology of arsenicosis.) USAID's democracy and governance objective seeks to build demand for good governance by focusing on local government and parliamentary development as well as human rights, anti-trafficking

efforts and protecting the rights of women and children. Activities under USAID's new education objective will focus on promoting school readiness and seek to introduce innovative learning opportunities in school, after school and at home that will improve basic education.

USAID's program in Bangladesh is distinguished by its efforts to reach out to all levels of Bangladeshi society. The Mission has developed an outreach program that attempts to show Bangladeshis how USAID's activities have a direct impact on the lives and well being of everyone, especially the poor. In telling USAID's story, generally in Bangla, staff and partners exchange ideas with the audience on family, community and broader society. While the encouraging results of these outreach activities are still preliminary, the Mission firmly believes that a fuller understanding of U.S. assistance among Bangladeshis serves not only USAID's development objectives but also broader American interests. USAID's program is also distinguished by the fact that, in contrast to other donors, its assistance is channeled principally through non-governmental organizations. Nonetheless, USAID works closely with Government of Bangladesh and other donors to plan and coordinate the delivery of development assistance.

Other Program Elements: USAID/Bangladesh relies on field support from USAID pillar bureaus to implement many of its programs. Field support from: (1) the Bureau for Global Health provides essential support in contraceptive procurement; (2) the Bureau of Economic Growth, Agricultural and Trade supports the work of the Global Trade and Technology Network in Bangladesh, home gardening and biosafety activities, and three partnerships under the University Linkages Project; and (3) the Bureau of Democracy, Conflict and Humanitarian Assistance (DCHA) supports child labor prevention and labor union development activities. In addition, the Office of Private and Voluntary Cooperation within DCHA manages approximately ten activities concerned with child survival, cooperative development, Farmer to Farmer outreach, and private voluntary organization support in Bangladesh. USAID also supports the work of an advisor from the U.S. Department of the Treasury to improve banking oversight, as well as work by the U.S. Geological Survey addressing the problem of arsenic in ground water and deep-water aquifers. The Mission has recently given its concurrence for an initiative supported by the Leahy War Victims Fund to help strengthen a center for torture survivors in Bangladesh and participates in the Energy and Equity components of the South Asian Regional Initiative. P.L. 480 Title II funds in Bangladesh are fully integrated into the Mission's food security and disaster assistance objective and support a variety of programs aimed at improving food security and preventing and mitigating disasters.

Other Donors: USAID participates actively in local donor coordination meetings, chairing a number of sector-specific subcommittees. In terms of program resources, the largest donors to Bangladesh are, in order, the World Bank, Japan, the Asian Development Bank (ADB), the United Kingdom, the United States, the European Union (EU), and the United Nations. The World Bank program emphasizes health and education, rural development, and private sector development. Japan has large programs in rural development, health and education, infrastructure and disaster prevention. The ADB is devoting substantial resources to the education, energy, finance/industry and governance. The United Kingdom, through its Department for International Development (DFID), has focused its program on population and health, education, governance, public administration, rural development and roads.

USAID works closely with other donors in the fields of population and health (UNFPA, UNICEF, and the World Bank), economic growth (DFID, Switzerland, the ADB and the EU), energy (Japan, the Kuwait Fund, and the ADB), food security (World Food Program, the EU and the Canadian International Development Organization, CIDA) and democracy and governance (DFID, World Bank, International Organization for Migration and CIDA).

Bangladesh PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	15,500	39,950	33,700	32,000
Development Assistance	42,050	21,670	24,720	18,850
Economic Support Fund	0	3,000	7,000	6,000
PL 480 Title II	67,658	23,974	45,083	45,445
Total Program Funds	125,208	88,594	110,503	102,295

STRATEGIC OBJECTIVE SUMMARY

388-001 Integrated Family Planning and Health				
CSH	14,000	39,950	33,700	32,000
DA	26,000	0	0	0
388-005 Private Enterprise Development				
DA	5,700	4,800	5,600	4,500
ESF	0	0	1,500	1,000
388-006 Environment				
DA	1,800	2,900	2,700	2,500
ESF	0	0	500	500
388-007 Bilateral Energy				
DA	2,500	4,770	5,470	3,500
ESF	0	1,500	1,500	1,500
388-008 Food Security and Disaster Management				
DA	3,050	3,700	2,600	2,100
ESF	0	500	1,500	1,500
PL 480	0	23,974	10,000	45,000
388-009 Democracy and Governance				
CSH	1,500	0	0	0
DA	3,000	5,500	6,000	3,250
388-010 Education				
DA	0	0	2,350	3,000
ESF	0	0	2,000	1,500
TRANSFER				
ESF	0	1,000	0	0

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Integrated Family Planning and Health
Pillar:	Global Health
Strategic Objective:	388-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$33,700,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$32,000,000 CSH
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2006

Summary: USAID's National Integrated Population and Health Program includes: (1) technical assistance to expand, improve and sustain a package of basic health and family planning services available from non-governmental organizations (NGOs), especially to the poor; (2) technical assistance and commodity support to increase national contraceptive prevalence and contraceptive security; (3) technical assistance and programs for HIV control; (4) technical assistance for polio eradication; and (5) research, monitoring and evaluation activities to guide and measure program progress.

The principal beneficiaries of this assistance are women and children served by USAID's NGO Service Delivery Program (NSDP) and the millions of customers who purchase family planning commodities and oral re-hydration salts supplied by the Social Marketing Company (SMC). This company currently provides 70 percent of the condoms and 30 percent of the oral contraceptives used in Bangladesh. Additional beneficiaries include a growing number of men and women seeking voluntary surgical contraception, adolescents receiving reproductive health information, and members of high-risk groups who receive information and services to lower their risk of HIV infection.

Inputs, Outputs, Activities:

FY 2003 Program:

NGO Services (\$15,250,000 CSH). USAID will build upon the NGO service-delivery program begun in 1997. USAID-supported service delivery by 41 local NGOs will provide integrated maternal and child health and family planning services in areas covering approximately 22 million (17 percent of Bangladesh's population). USAID assistance will expand the range and quality of clinical services and increase their use, especially by the poor; strengthen the institutional capabilities of the recipient NGOs; and influence government policy to expand the role of the private sector in health service provision. The principal grantee is Pathfinder International.

Family Planning (\$10,550,000 CSH). In addition to expanding family planning services at the NGO clinics noted above, USAID will fund: (1) contraceptives for SMC, (2) technical assistance to improve family planning and health logistics, (3) contraceptive security, (4) technical assistance to help the Government of Bangladesh (GOB) plan and implement expanded clinical contraceptive services including voluntary surgical contraception, and (5) behavior change communication activities addressing the reproductive health needs of adolescents. Principal prime grantees include: Social Marketing Company, SMC, John Snow, Inc., EngenderHealth, and Johns Hopkins University. All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

HIV/AIDS (\$3,700,000 CSH). Although HIV prevalence is currently low, high-risk behavior is widespread in Bangladesh. This situation, combined with high levels of infection in neighboring countries, makes HIV a "disaster in waiting". Unpublished data show that prevalence among injecting drug users has more than doubled, from 1.7 percent in 2001 to 4.0 percent in 2002 - a development that may presage a substantial increase of infection among other high-risk groups and a subsequent "breakout" of the infection into the general population. Current USAID-funded activities focused on high-risk groups need to be substantially

scaled up to forestall a crossover into the general population as recently occurred in India. USAID has proposed a new HIV/AIDS strategy with eight objectives: (1) expand behavior change interventions among high-risk groups; (2) improve sexually transmitted infection (STI) services for high-risk groups; (3) enhance NGO technical capabilities in HIV prevention; (4) promote condom use through social marketing and NGO's working with high-risk groups; (5) initiate voluntary counseling, testing and care for people infected with HIV; (6) strengthen sero and behavioral surveillance; (7) conduct research on new approaches and strategies; and (8) address policy issues to create an enabling environment to expand prevention activities. Principal grantees include Family Health International (prime) and others to be selected.

Polio Eradication (\$500,000 CSH). Support for polio eradication, by providing technical assistance to the GOB for polio surveillance, will be continued. The contractor is Management Sciences for Health.

Research, Monitoring and Evaluation (\$3,700,000 CSH). USAID will continue an operations-research program to improve the content and implementation of the GOB's Essential Service Package, which is the basis of NSDP. In addition, national Demographic and Health Surveys (DHS) will be continued every three years, with the next one conducted in 2003-2004, and NGO Impact Surveys every two years, to assist USAID and the GOB to monitor the health and family planning status of Bangladeshis, including the population served by NSDP. Principal prime grantees are ICDDR,B (International Centre for Diarrheal Disease Research, Bangladesh), Macro, Inc., and the Carolina Population Center.

FY 2004 Program:

NGO Services (\$15,011,000 CSH). USAID will continue support to local NGOs to provide quality essential services to millions of Bangladeshis. The USAID program will serve as a model for an expanded private sector role in the provision of quality healthcare in the country.

Family Planning (\$9,789,000 CSH). USAID will continue support for the social marketing of contraceptives at a diminished level, and provide technical support to expand voluntary long-term clinical contraception.

HIV/AIDS (\$3,000,000 CSH). USAID will expand its assistance for HIV/AIDS prevention. The strategy will continue to address behavior change and harm reduction among high-risk groups through peer education, STI treatment, and condom promotion, along with surveillance and research.

Polio Eradication (\$500,000 CSH). USAID will continue limited support for polio eradication in urban areas by providing technical assistance to the GOB through the World Health Organization.

Research, Monitoring and Evaluation (\$3,700,000 CSH). USAID will continue its operations-research program and work on the DHS.

Performance and Results: SMC increased its sales of oral contraceptives and condoms by 18.8 percent and 9.8 percent, respectively. USAID-supported NGOs continued to increase the quality and range of services provided and the numbers of clients reached. Couple years of contraceptive protection provided by these NGOs (for all family-planning methods combined) increased by 29 percent. USAID plays a key role in strengthening the GOB's clinical and voluntary surgical contraception program by providing technical assistance, training and other services, as needed. The first two project districts saw a 13 fold increase in use in voluntary surgical contraceptive procedures from FY 2001 to FY 2002 (815 vs. 10,640), and impressive increases have occurred in project districts added later. Technical assistance helped the GOB procure 446 million condoms for the public sector and for SMC. A strategy for contraceptive security was launched to help the GOB prepare to manage its future contraceptive needs. USAID worked with high-risk groups promoting behavior change and risk reduction to keep HIV/AIDS from exploding. So far, prevalence remains low. However, rates are rising rapidly among injecting drug users and this trend poses a substantial risk to the broader population.

US Financing in Thousands of Dollars

Bangladesh

388-001 Integrated Family Planning and Health	CSH	DA
Through September 30, 2001		
Obligations	62,960	76,915
Expenditures	48,563	58,958
Unliquidated	14,397	17,957
Fiscal Year 2002		
Obligations	31,250	1,222
Expenditures	9,174	13,071
Through September 30, 2002		
Obligations	94,210	78,137
Expenditures	57,737	72,029
Unliquidated	36,473	6,108
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	33,700	0
Total Planned Fiscal Year 2003		
Obligations	33,700	0
Proposed Fiscal Year 2004 NOA		
Obligations	32,000	0
Future Obligations	48,764	0
Est. Total Cost	208,674	78,137

Data Sheet

388-003: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Private Enterprise Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,600,000 DA; \$1,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,500,000 DA; \$1,000,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

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 key providers of private sector support services.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved Performance and Growth of Agribusiness (\$2,200,000 DA, \$500,000 ESF). USAID will continue to support its agribusiness development project, which promotes private agribusiness growth within an open and competitive market environment. The project will maintain its focus on expanding opportunities for clients in the five targeted subsectors (fisheries, horticulture, poultry, grains and dairy and livestock) by improving their productivity, market access, and the quality and value-added of their products. The project will continue to address key policy and institutional issues that can alleviate constraints to growth, including a potentially high-impact, industry-managed Seal of Quality program for the shrimp industry. This ground-breaking initiative seeks to improve the competitiveness of Bangladeshi shrimp (the country's second largest export) in world markets by assuring buyers that products marked with the seal meet the highest sanitary, environmental and labor standards. It could serve as a model for other export-oriented subsectors of the Bangladeshi food industry. Other capacity-building activities include an independent flourmill industry quality control system, and an agribusiness management human resource development program. USAID will also work to strengthen agribusiness management capacity in Bangladesh in order to help alleviate a serious shortage of adequately trained professional managers in private agribusiness. Principal contractors include the Louis Berger Group (prime), Cargill Technical Services (sub), and Land O'Lakes (sub).

Expanded Opportunities for Growth of Small Business and Microenterprise in Targeted Sectors (\$3,400,000 DA, \$1,000,000 ESF). USAID will continue to support its ongoing pond aquaculture project, which provides technical assistance and training to help small farmers adopt low-cost technologies that improve household fish production, income and nutrition. Through the Global Trade and Technology Network, USAID will support a local business service providing information to help link local firms with potential trade and investment partners in the United States and other countries. If ESF funding is made available, USAID will also maintain its support for a recently placed U.S. Treasury Department advisor providing training and technical assistance to Central Bank staff to enhance the Bank's effectiveness in regulating and supervising financial institutions in the country. This year USAID will launch new projects in small business development and information and communications technology (ICT). The new small business project will provide an array of technical assistance and training services, as well as associated policy and institutional support, to help small businesses within targeted sectors expand their sales and employment. The primary focus will be on small and medium enterprises, but the project is also expected to promote commercial market linkages between formal businesses and microenterprise groups. This approach has been successfully piloted by USAID's current small business project as a means of

providing new sources of growth for microenterprises and improving the production capacity of larger firms. The new ICT project will provide technical assistance, training and material support to: help establish a legal and policy environment to enable Bangladeshi ICT firms to expand business within and outside Bangladesh; develop pilot projects in e-governance within the GOB to improve transparency and promote efficiency; and develop activities that enhance the productive capacity of Bangladesh's human resource base to deliver ICT applications that support business competitiveness. Principal prime contractors and grantees include the University of Maryland's Institute for Reform and the Informal Sector Center, the WorldFish Center, and Helen Keller, International.

FY 2004 Program:

Improved Performance and Growth of Agribusiness (\$1,500,000 DA, \$500,000 ESF). USAID will support its ongoing agribusiness project in identifying market opportunities, alleviating constraints, and helping businesses expand within the project's five targeted subsectors. USAID also intends to build on its initial efforts to strengthen agribusiness management capacity.

Expanded Opportunities for Growth of Small Business and Microenterprise in Targeted Sectors (\$3,000,000 DA, \$500,000 ESF). USAID will maintain support to extend proven technologies to small farmers under the ongoing pond aquaculture project. USAID will also provide funding to further develop promising market linkage activities and policy initiatives launched during the first year of the small business development project and will develop new activities aimed at stimulating business growth and employment within the targeted sectors. Based on an assessment of progress made during the first year of operation of the new ICT project, together with an evaluation of current priority needs, funding will be increased for ICT-related human capacity development, e-governance and policy reform. Pending satisfactory prospects for success after initial trial periods, support will continue for the U.S. Treasury Department's bank supervision program and the global trade leads initiative launched in late 2002.

Performance and Results: Performance expectations were met or exceeded in 2002. 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 of USAID-assisted enterprises that are attributable to partners' interventions reached an estimated \$54.15 million in 2002, exceeding the target value of \$45 million. Domestic sales accounted for \$44.45 million of this year's total, with exports at \$9.7 million. USAID is recognized as the leading donor in the agribusiness sector, and notable successes in domestic sales were achieved in the poultry and grains subsectors. While the overall volume of shrimp exports increased, the export value fell as a result of lower world market prices. USAID's small business development project extended its successful market linkage approaches both within currently targeted sectors (leather goods, footwear and home-textiles) and promising new sectors such as handmade paper products, personal protective equipment, electrical products, and information technology. The rural-based home gardening and pond aquaculture projects continued to demonstrate and extend the economic and nutritional benefits of their activities to tens of thousands of farm households. Good progress was made in several policy initiatives, including an Information Technology Law that will provide a legal framework for IT sector growth, a Secured Transactions Law that will improve credit access for small businesses, and the new Seal of Quality certification program for the shrimp industry, which has strong potential to improve the competitiveness of Bangladesh's second-leading export. USAID has in other ways maintained a leading role in advising the GOB and other stakeholders on policies and practices related to information technology and e-commerce through conferences, consultations, training, a major study on IT-enabled services, and a pilot e-government activity with the Law Commission.

By program completion, USAID assistance will have significantly increased opportunities for agribusiness and small businesses to expand their enterprises within both domestic and international markets, as well as for microenterprises to grow through closer ties to Bangladesh's formal market economy.

US Financing in Thousands of Dollars

Bangladesh

	CSH	DA	ESF
388-005 Private Enterprise Development			
Through September 30, 2001			
Obligations	525	33,689	0
Expenditures	525	25,553	0
Unliquidated	0	8,136	0
Fiscal Year 2002			
Obligations	0	4,800	0
Expenditures	0	6,019	0
Through September 30, 2002			
Obligations	525	38,489	0
Expenditures	525	31,572	0
Unliquidated	0	6,917	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	5,600	1,500
Total Planned Fiscal Year 2003			
Obligations	0	5,600	1,500
Proposed Fiscal Year 2004 NOA			
Obligations	0	4,500	1,000
Future Obligations	0	7,629	2,000
Est. Total Cost	525	56,218	4,500

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,700,000 DA; \$500,000 ESF
Prior Year Unobligated:	\$1,426,000 DA
Proposed FY 2004 Obligation:	\$2,500,000 DA; \$500,000 ESF
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2007

Summary: USAID's program to improve the management of open water and tropical forest resources includes technical assistance and training to: (1) establish community-based resource management systems; (2) restore selected aquatic and tropical forest habitats and ecosystems; (3) heighten awareness among stakeholders, local governments and national level policy-makers regarding the need to sustainably manage natural resources, and (4) improve public sector and NGO natural resource management capacity. Direct beneficiaries include target communities of poor fisherfolk and forest resource users whose lives depend upon open water and forest resources. Indirect beneficiaries include surrounding communities where up to 80 percent of the families are partially dependent on these resources.

Inputs, Outputs, Activities:

FY 2003 Program:

Management of Aquatic Ecosystems through Community Husbandry (MACH) (\$1,500,000 DA). USAID will continue its efforts to strengthen 37 local Resources Management Organizations (RMO) to sustainably manage 9,366 hectares of wetland. It will also work to stimulate support for community-based co-management of natural resources with the goal of incorporating the approach into local planning processes. In addition, USAID will continue to work with the 216 credit groups it established to help provide alternative sources of income to local residents, and undertake further efforts to safeguard the 64 community fish sanctuaries that have been established.

MACH was conceived as a pilot effort to test whether a co-management approach, involving the entire community of resource stakeholders, could effectively challenge the long tradition of "command and control" in natural resources management. Separate reviews undertaken by USAID and the National Steering Committee concluded that the model is working, that performance has been good, and that attention should be focused on ensuring that the model is complete, sustainable and replicable. Accordingly, USAID will act to ensure that the program achieves these three goals. Contractors and grantees include Winrock International (prime), Bangladesh Center for Advanced Studies (sub), Center for Natural Resources Studies (sub), and Caritas (sub).

Improved Management of Tropical Forest Resources (\$1,200,000 DA, \$500,000 ESF). USAID will launch a new, multi-year, bilateral forest co-management activity to protect natural remaining tropical forest areas. The activity will help establish essential links between the terrestrial and aquatic ecosystems while building local capacity in tropical forest resources management. In conjunction with the MACH activity and the Arannyak Foundation (see below), it will consolidate lessons learned in community-based resource management and will stimulate the development of a protected area management system in Bangladesh.

USAID will also provide limited support to the Arannyak Foundation (The Bangladesh Tropical Forest Conservation Foundation), authorized in September 2000, pursuant to the Tropical Forest Conservation Act, to permit it to provide subgrants to implement tropical forest conservation activities.

The Prior Year Unobligated Carryover (\$1,426,000 DA) will be used primarily to support the Tropical Forestry Conservation Program. Limited amounts also may be used in MACH program.

FY 2004 Program:

Management of Aquatic Ecosystems through Community Husbandry (MACH) (\$1,300,000 DA). USAID will continue its efforts to: fully develop community-based RMO's and related institutions and beneficiary groups and ensure their sustainability; intensify the wetlands rehabilitation activities so that their impact can be fully assessed; further develop the constituency for co-management of natural resources through an expanded outreach/public education effort; and expand the use of the MACH co-management approach by the GOB and by others involved in environmental protection activities.

Improved Management of Tropical Forest Resources (\$1,200,000 DA, \$500,000 ESF). USAID will build upon its efforts to develop and institutionalize a co-management planning and implementation model for selected natural forest tracts; improve forest ecosystem management; encourage a positive policy environment for co-management; and lay the foundation for a conservation constituency in Bangladesh. USAID will also continue to provide support to the Arannyak Foundation to implement tropical forest conservation activities.

Performance and Results: As a result of MACH's accomplishments a population of more than 500,000 is benefiting from ecosystem and biodiversity preservation, as well as increased fish production and improved nutrition and incomes. An area of 9,366 hectares (nearly 94 square kilometers) of floodplain is now being sustainably managed. Sixty-four community-managed fish sanctuaries have been established, exceeding planned targets. In addition, 185,000 native trees have been planted at two project sites, which will help to restore wetland and riparian ecosystems. Efforts to make up for lost income due to fishing restrictions have led to the creation of 216 community credit groups (one-third of them women-led) with 4,493 members. Through these organizations, some 3,443 individuals have received credit and technical assistance for supplemental income generation. To stimulate policy support for increased conservation, USAID has supported a multi-donor assisted fisheries sector review 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.

USAID's tropical forestry activities will begin in FY 2003 and therefore there are no results to report yet.

By the time the environment program is completed, USAID/Bangladesh anticipates that: (1) wetland and tropical forestry co-management systems will be incorporated into local planning processes throughout Bangladesh; (2) a large constituency for wetlands and tropical forest conservation will be established; and (3) 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	ESF
Through September 30, 2001			
Obligations	2,275	3,213	0
Expenditures	1,893	1,151	0
Unliquidated	382	2,062	0
Fiscal Year 2002			
Obligations	0	1,560	0
Expenditures	381	1,336	0
Through September 30, 2002			
Obligations	2,275	4,773	0
Expenditures	2,274	2,487	0
Unliquidated	1	2,286	0
Prior Year Unobligated Funds			
Obligations	0	1,426	0
Planned Fiscal Year 2003 NOA			
Obligations	0	2,700	500
Total Planned Fiscal Year 2003			
Obligations	0	4,126	500
Proposed Fiscal Year 2004 NOA			
Obligations	0	2,500	500
Future Obligations	0	3,500	1,000
Est. Total Cost	2,275	14,899	2,000

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Bilateral Energy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,470,000 DA; \$1,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,500,000 DA; \$1,500,000 ESF
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2006

Summary: USAID's program to improve the performance of key institutions in the energy sector includes technical assistance, training and other assistance to: (1) increase institutional capacity through reforms in the gas and power sector; (2) create an improved enabling environment to help attract foreign investment; and (3) improve rural power sector performance to help alleviate poverty in rural areas.

Inputs, Outputs, Activities:

FY 2003 Program:

Total Energy Program (\$5,470,000 DA, and \$1,500,000 ESF). USAID's activities in the energy sector address both power and gas, and emphasize policy change within the sector. Because of close inter-connections, the three represent a single functional area. Assuming the GOB agrees to permit gas exports and to take additional substantive steps in energy sector privatization, ESF funds will be used to assist these activities. If the GOB decides not to permit gas exports or take additional steps in the privatization process, ESF funds will be reprogrammed for use in an alternative sector. Principal contractors and grantees include the National Rural Electric Cooperative Association, PA Government Services Inc., and the Institute of International Education. Other partners include the U.S. Energy Association and the U.S. Energy Department.

-- Policy Activities (\$2,720,000 DA). USAID will continue to provide technical assistance and training to restructure and reform the state-dominated Bangladesh power and natural gas sector. Initially, assistance will focus on fine tuning the draft Bangladesh Energy Regulatory Commission Act. Later in the fiscal year, efforts are expected to shift to capacity building and development of implementing regulations for the Energy Regulatory Authority, which will be created under the Energy Act. USAID assistance will: (1) encourage continued "unbundling" and separation of policy, regulatory and commercial functions; (2) promote improved performance of distribution companies; and (3) assist the Government in anticipating and addressing the social impacts of market reforms. Support and assistance to build financial, management and operational capabilities also will be extended to further other energy sector reforms instituted by the Government, for example, power sector distribution and power and gas transmission. In addition, support for a partnership between the Power Grid Company of Bangladesh (PGCB) and the Bonneville Power Administration to improve the institutional capacity of PGCB will continue. A new partnership will also be established between the Bangladesh University of Engineering and Technology and a U.S. university through USAID's University Linkages program to strengthen local capabilities in energy economics and related policy issues.

-- Rural Power Sector Activities (\$2,750,000 DA). Technical assistance, provided through the new Rural Power for Poverty Reduction Project (RPPR-II), will consolidate the successes of the earlier RPPR-I Program that brought electricity to remote areas through rural power distribution cooperatives and strengthened the management and technical capabilities of the Rural Electrification Board (REB) and its constituent rural electric cooperatives. The new focus will be on ensuring the sustainability of USAID's long-standing effort in this sector. Prospects are good for enlisting other donors to work with the same

USAID technical assistance contractor (National Rural Electric Cooperative Association), thereby permitting a more coordinated overall technical assistance effort.

-- Gas Sector Activities (\$1,500,000 ESF). USAID will help introduce a regulatory development model, design a database for better management of production sharing contracts, develop a tariff methodology to reflect the cost of supply, and provide other focused assistance to the gas sector. In addition, should a favorable decision be made on allowing gas exports, technical assistance will be provided to Bangladesh to address the many financial, technical and policy issues that are likely to accompany the large-scale export of gas by pipeline.

FY 2004 Program:

Total Energy Program (\$3,500,000 DA, and \$1,500,000 ESF). Activities in the energy sector will continue to focus on gas and power, and policy change within the sector. Once again, assuming the GOB agrees to permit gas exports and to take additional substantive steps in its energy sector privatization efforts, ESF funds will be used to further this work. The program includes:

-- Policy Activities (\$1,750,000 DA). USAID plans to use FY 2004 funds to provide additional assistance to further the implementation of gas and power sector reform, strengthen the regulatory regime and other capacity building efforts. Partnerships under the University Linkages project and between PGCB and the Bonneville Power Administration are expected to continue.

-- Rural Power Sector Activities (\$1,750,000 DA). The RPPR-II project will continue to focus on strengthening institutional management and efficient systems operation to ensure the sustainability of this long-standing effort. In addition, the existing partnership program will be continued and new partnerships, focusing on distribution issues, will be formed as the reform and restructuring process moves forward.

-- Gas Sector Activities (\$1,500,000 ESF). Assuming Bangladesh decides to permit gas exports, efforts will be directed towards creating new human and institutional capacity within the GOB to support this effort and towards ensuring that the benefits from exports accrue to the people of Bangladesh. USAID also expects to offer support for efforts to encourage use of environmentally friendly, compressed natural gas in the transportation sector. A partnership to exchange U.S. expertise with the Bangladesh gas transmission company will be established.

Performance and Results: As of FY 2002 the energy program has met or exceeded targets for most indicators. In FY 2002, power sector unbundling exceeded expectations, with 1,884 kilometers of transmission lines transferred to the newly established Power Grid Company of Bangladesh against a target of 600 kilometers. There also have been other limited but positive unbundling and structural reform in the power and gas transmission sector. Continued assistance in rural electrification has further strengthened the capacity of the Rural Electrification Board and the rural power co-operatives. The number of electrical connections in rural areas has increased significantly, and the total number of legal power connections grew from 5.34 million in FY 2001 to 6.31 million in FY 2002.

Other reforms have lagged, however. Passage of draft legislation to bring about much needed regulatory reform in the gas and power sectors is once again on hold. Earlier versions of this legislation were scheduled for introduction in the Parliament by the previous Government. The new Government has proposed significant changes which include combining power, gas and petroleum product regulation under one act. USAID and other donors have reviewed the drafts several times and suggested specific changes to ensure independence and authority of the proposed Regulatory Commission. The draft is now awaiting cabinet approval before it is introduced in the Parliament. It is expected that this legislation will be passed in FY 2003. Passage will set the stage for further necessary policy and institutional reforms.

By the time the energy program is completed, USAID/Bangladesh 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, transmission and distribution, and the rural electrification program will be effective and fully self-sustaining.

US Financing in Thousands of Dollars

Bangladesh

	DA	ESF
388-007 Bilateral Energy		
Through September 30, 2001		
Obligations	29,335	99
Expenditures	22,864	99
Unliquidated	6,471	0
Fiscal Year 2002		
Obligations	4,815	1,500
Expenditures	4,577	0
Through September 30, 2002		
Obligations	34,150	1,599
Expenditures	27,441	99
Unliquidated	6,709	1,500
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	5,470	1,500
Total Planned Fiscal Year 2003		
Obligations	5,470	1,500
Proposed Fiscal Year 2004 NOA		
Obligations	3,250	1,500
Future Obligations	5,508	2,500
Est. Total Cost	48,378	7,099

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Food Security and Disaster Management
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	388-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,600,000 DA; \$1,500,000 ESF; \$10,000,000 PL 480
Prior Year Unobligated:	\$300,000 DA
Proposed FY 2004 Obligation:	\$2,100,000 DA; \$1,500,000 ESF; \$45,000,000 PL 480
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

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: (1) technical assistance and capacity-building to improve food security policy; (2) technical assistance, training and construction of environmentally-sound infrastructure, primarily in rural areas; (3) training and technical assistance to improve disaster preparedness at the community level; and (4) technical assistance and outreach to diversify in agriculture production. Beneficiaries include the rural and urban poor, with emphasis on the rural poor, especially vulnerable children and women.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved Environmentally-Sound Community Infrastructure (\$450,000 DA). DA resources, 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 (homestead raising, building multi-purpose community flood shelters, social/community places development, and marketplace development); local government building construction; and urban slum rehabilitation (improvement of drainage, footpaths, community latrines and bathing facilities). Grantees are CARE and World Vision.

Improved Disaster Management (\$150,000 DA). DA resources, complemented by Title II resources, will support disaster management activities to strengthen community-level disaster preparedness and response/mitigation mechanisms. Grantees are CARE and World Vision, complemented by USAID/OFDA-supported climate forecasting and urban disaster mitigation efforts.

Enhanced Diversity in Agriculture Production (\$650,000 DA). Agricultural diversification will help reduce vulnerability to major crop failure and contribute to more sustainable use of land and water resources. DA-funded agricultural diversification efforts will emphasize outreach efforts in wheat and maize production and papaya research emphasizing biotechnological approaches to disease problems. Activities will include training of farm families in improved technologies, and promotion of appropriate mechanization. Grantees are the International Maize and Wheat Improvement Center (prime), and Cornell University (sub).

USAID's agricultural diversification strategy is also supported by P.L. 480 Title II resources. 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.

Strengthened Food Security Capacity (\$1,350,000 DA; \$1,500,000 ESF; \$300,000 DA Prior Year Unobligated). USAID will provide technical assistance to support the GOB's new 'Comprehensive Food Security Policy' in those areas that complement USAID's food security strategy. The effort will also help

the GOB 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 nutrition status of the poor and vulnerable, combined with limited institutional capacity building. The technical assistance will, among other things, encourage the GOB to adopt measures to assist the most needy. In addition, DA resources will be used for food security program performance monitoring and management. The contractors/grantees for these activities remain to be determined. The Prior Year Unobligated funds will be used for food security program performance monitoring and management activities.

DA resources will support impact studies of arsenic contamination, including plant health and agricultural sustainability, food chain uptake and food safety issues. Contractors include the International Maize and Wheat Improvement Center (prime) and Texas A&M University (sub). The ESF resources will support work by the U.S. Geological Survey on the feasibility of tapping deep aquifers underlying most of Bangladesh for arsenic free water, plus work by ICDDR,B in the epidemiology of arsenic.

FY 2004 Program:

Improved Environmentally Sound Community Infrastructure (\$250,000 DA). In FY 2004, DA resources, complemented by Title II resources, will support community infrastructure improvements including earthen village roads, water and sanitation, school rehabilitation, homestead raising, building multi-purpose community flood shelters, social/community places development, marketplace development, local government building construction and urban slum rehabilitation.

Improved Disaster Management (\$400,000 DA). Complemented by Title II resources, the activity will continue in the same fashion as FY 2003. Emphasis will be placed upon the sustainability of the disaster contingency plans.

Enhanced Diversity in Agriculture Production (\$1,350,000 DA). USAID plans to continue agricultural diversification activities.

Strengthened Food Security Capacity (\$100,000 DA, \$1,500,000 ESF). Technical assistance for this activity to improve access-to-food and nutrition-focused food security policies and programs is expected to continue at the same level. DA resources will continue to be used for food security program performance monitoring and management.

Performance and Results: In 2002, the CARE program has constructed 358 kilometers of low-cost hard surface farm-to-market roads, and the World Vision program has rehabilitated 182 kilometers of earthen village roads. In addition, both programs have created 4.1 million person-days of seasonal employment. The upgrading of farm-to-market roads resulted in a 62% reduction in staple food transport costs since the program began in 2000. Better roads also created jobs and improved access to markets and services. In 2002, the CARE and World Vision programs provided 125,805 people with access to hygienic sanitation facilities and provided 104,000 people access to safe drinking water. Under the community-based disaster management component, contingency plans now ensure that 25 million vulnerable people in 271 high disaster prone areas have access to emergency relief supplies within 72 hours of a disaster. Although Bangladesh suffered under moderate flood conditions throughout the FY 2002 monsoon, no external assistance was sought due to the increased flood-management capacity of the GOB. USAID can claim credit, in part, for this increased management capacity. In 2002, 24,019 persons, of whom 30% were women, were trained in community-based disaster management practices. USAID's flood proofing program benefited nearly 152,200 people in 225 villages in 2002 by reducing property damage and increasing access to potable water during floods, thereby reducing the incidence of diarrhea.

USAID's support through FY 2006 will consolidate the improvements made in rural community infrastructure and the promotion of agricultural diversification. USAID's NGO partners will ensure local capacity in disaster mitigation and relief so that suffering and loss are minimized. In addition, local villagers and poor women will continue to benefit from participation in humanitarian and development activities at the community level.

US Financing in Thousands of Dollars

Bangladesh

388-008 Food Security and Disaster Management	CSH	DA	ESF
Through September 30, 2001			
Obligations	1,200	15,331	0
Expenditures	1,200	12,116	0
Unliquidated	0	3,215	0
Fiscal Year 2002			
Obligations	0	4,519	1,500
Expenditures	0	2,842	0
Through September 30, 2002			
Obligations	1,200	19,850	1,500
Expenditures	1,200	14,958	0
Unliquidated	0	4,892	1,500
Prior Year Unobligated Funds			
Obligations	0	300	0
Planned Fiscal Year 2003 NOA			
Obligations	0	2,600	1,500
Total Planned Fiscal Year 2003			
Obligations	0	2,900	1,500
Proposed Fiscal Year 2004 NOA			
Obligations	0	2,100	1,000
Future Obligations	0	3,500	0
Est. Total Cost	1,200	28,350	4,000

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	388-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,000,000 DA
Prior Year Unobligated:	\$1,703,000 DA
Proposed FY 2004 Obligation:	\$3,250,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

Summary: USAID's democracy and governance program promotes awareness and advocacy for transparent local governance, parliamentary responsiveness to citizens, and protection of human rights. It supports local governance and anti-corruption through training and grants to local NGOs for research and advocacy. Anti-trafficking initiatives include technical assistance, training and grants for awareness campaigns, support for the rescue and recovery of victims, and legal assistance to promote the prosecution and conviction of traffickers. Training and grants to local NGOs cover a range of human rights activities, targeted at reducing domestic violence and abuse of power. A labor program promotes workers' rights through training and technical assistance to organize garment workers and support the elimination of child labor.

Inputs, Outputs, Activities:

FY 2003 Program:

Active Constituency for Strong Elected Local Government Created (\$1,800,000 DA). USAID technical assistance and training, as well as subgrants to 15 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. The program will also train elected officials to work in partnership with communities to improve service delivery. A survey of knowledge, attitudes and practices will be conducted to serve as a baseline for future progress, as well as an assessment of political processes, conflict mitigation needs, and the progress of democratization in Bangladesh aimed at generating new strategies to promote democratic reform. Principal prime contractors and grantees include Associates in Rural Development, Rupantar and others to be determined.

Improved Responsiveness of Parliament to Citizens (\$1,200,000 DA). The National Democratic Institute and the International Republican Institute will provide technical assistance to political parties and the Parliament to reduce conflict, improve the committee system and increase the responsiveness of political parties, the Parliament and its members to citizens' input and concerns. The principal grantee is the National Democratic Institute for International Affairs. The International Republican Institute is expected to begin activities soon.

Increased Awareness of and Advocacy for Human Rights (\$3,000,000 DA). Training, technical assistance and 20 subgrants to NGOs will increase human rights awareness, document abuses by law enforcement agencies, increase anti-corruption and anti-trafficking efforts, and promote effective advocacy for change. 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. The principal grantees are the Academy for Educational Development and Transparency International Bangladesh with the American Center for International Labor Solidarity as a sub.

The \$1,703,000 DA Prior Year carryover will be used for political party design and studies related to early childhood education and madrassah schools.

FY 2004 Program:

Active Constituency for Strong Elected Local Government Created (\$1,850,000 DA). USAID plans to provide technical assistance and training to hold national and regional events to develop a legislative agenda and to advocate for amendments to relevant legislation to promote decentralized governance.

Improved Responsiveness of Parliament to Citizens. Efforts to strengthen political parties and parliamentary committees will continue with no new funding.

Increased Awareness of and Advocacy for Human Rights (\$1,400,000 DA). Enhanced rule of law activities may include expanded anti-corruption initiatives, investigative journalism and training to support the separation of the judiciary from the executive branch. In addition, support for anti-trafficking, schools for former child laborers and the children of garment workers, and the Working Women's Education Center, is expected to continue.

Performance and Results: Overall, USAID's democracy and governance programs in Bangladesh were able to meet or exceed targets. In 2002, USAID's democracy activities achieved significant results in three program areas. In anti-trafficking, one USAID-supported NGO effected the return of 58 women and children from internal and external trafficking and helped the police to arrest 78 traffickers, of whom 29, or 37% of the total, received convictions. The USAID-funded anti-trafficking association built a consensus among NGOs, government and donors on using one logo, one message and one set of materials for all anti-trafficking initiatives. This very significant development was a first in South Asia and became the basis of a nationwide communications campaign. In anti-corruption, the Government of Bangladesh committed to establishing an independent anti-corruption commission as promoted by Transparency International Bangladesh (TIB), an organization established with USAID support. Studies of the Bureau of Anti-Corruption, Parliament's Public Accounts Committee and the Auditor General's Office were conducted and disseminated with widespread media coverage. In 2002, TIB emerged as a regional leader in South Asia, coordinating the 2002 household corruption survey for five countries. In labor development, the Working Women's Education Center for garment workers was so successful that the Department of Labor funded three additional centers. Despite a delay in start-up due to 9/11, constituency building in local governance and human rights began to lay a foundation for reform.

By program completion, Bangladeshis will be more aware and active in support of human rights, anti-trafficking, anti-corruption and child labor. Civil society will advocate more effectively for reforms to local and national governance to accommodate democratic decentralization. Parliament 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, 2001			
Obligations	495	4,939	2,580
Expenditures	495	582	1,161
Unliquidated	0	4,357	1,419
Fiscal Year 2002			
Obligations	1,005	4,421	0
Expenditures	623	2,946	1,186
Through September 30, 2002			
Obligations	1,500	9,360	2,580
Expenditures	1,118	3,528	2,347
Unliquidated	382	5,832	233
Prior Year Unobligated Funds			
Obligations	0	1,703	0
Planned Fiscal Year 2003 NOA			
Obligations	0	6,000	0
Total Planned Fiscal Year 2003			
Obligations	0	7,703	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	3,500	500
Future Obligations	0	7,000	1,000
Est. Total Cost	1,500	27,563	4,080

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-010
Status:	
Proposed FY 2003 Obligation:	\$2,350,000 DA; \$2,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,000,000 DA; \$1,500,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: This new objective, approved December 12, 2002, seeks to improve school children's performance by creating more participatory, relevant and accountable learning systems. It will do so by developing and demonstrating innovative approaches, including mass media, to improve school readiness, classroom performance, and community involvement to bring about qualitative improvements in basic education. At the same time, it will put into practice effective strategies to bring innovation into a resistant formal sector. Integrity, transparency and accountability will be integrated into all activities to counter corrupt practices in the education sector. To achieve the objective, the strategy will target three sets of interventions: (1) increased opportunities for effective early learning; (2) innovative learning tools for children and teachers developed and used; and (3) increased capacity of selected institutions to foster education system change.

Activities under this objective complement other donor and Government of Bangladesh efforts, support Education For All objectives and fill critical gaps, in particular, in early childhood education and learning materials development. Interventions will target children and teachers directly, from early childhood through primary school - inside and outside the classroom - and will motivate champions and change agents at the community and national levels to increase public demand for school accountability, quality improvement and effective results in Bangladesh's primary schools.

Inputs, Outputs, Activities:

FY 2003 Program:

In last year's CBJ submission, FY 2003 funds for this objective (\$2,350,000 in DA \$2,000,000 in ESF) were notified under SO9 and SO5, respectively. Activities include:

-- Early Learning Opportunities (\$1,000,000 DA and \$2,000,000 ESF). Three grants awarded in FY 2002 to increase school readiness, improve reading and math skills and improve school access for tribal children in the Chittagong Hill Tracts will continue. Other new activities will increase opportunities for effective early learning and improve school readiness and, ultimately, student performance throughout the country via children's educational television programming. The Mission plans to explore using Global Development Alliance mechanisms to support implementation of the media component. In addition, small-scale and carefully targeted interventions will complement and expand learning opportunities and increase parental awareness and support for early learning, as well as future demand for better quality in the classroom. The three existing grantees include Save the Children/USA, Plan International and CARE Bangladesh. Other contractors/grantees for this activity remain to be determined.

-- Innovative Learning Tools for Children and Teachers (\$1,000,000 DA). Activities will introduce innovative learning tools that will inspire children and teachers to improve skills and performance in the classroom and other settings. Activities will lay the foundation to transform learning in Bangladesh by demonstrating effective ways for teachers, parents and communities to bring effective tools into formal learning systems. The contractor/grantee for this activity remains to be determined.

-- Increased Capacity to Foster Education System Change (\$350,000 DA). Activities will promote leadership capacity at the national and local levels to stimulate demand for improved services and better achievement in primary education. The approach will link democratic development in Bangladesh and the reform of its education system by engaging stakeholders at all levels, including parents, teachers and community leaders, and ensuring that that educational reforms are homegrown. The contractor/grantee for this activity remains to be determined.

FY 2004 Program:

Early Learning Opportunities (\$2,250,000 DA; \$1,500,000 ESF). The three grants to increase school readiness, improve reading and math skills and improve school access will continue. Other activities to increase opportunities for effective early learning and improve school readiness throughout the country via a mass media program led by television will continue.

Innovative Learning Tools for Children and Teachers (\$500,000 DA). Activities to strengthen early learning through innovative tools that will improve children's skills and performance, to demonstrate effective ways for teachers, parents and communities to stimulate learning in all kinds of schools and to help lay the foundation for transformed learning in Bangladesh will continue.

Capacity to Foster Education System Change (\$250,000 DA). Activities to promote leadership capacity at the national and local levels to motivate changes and improved basic education services in primary schools will continue.

Performance and Results: Three basic education grants were awarded in August 2002 prior to the approval of the new objective, under the Mission's democracy and governance objective. These grants were for innovative pre-school and primary school activities to increase school readiness, improve reading and math skills, get parents involved in their children's education and improve access to schools for tribal children in the Chittagong Hill Tracts. Activities under these grants started only recently and therefore there are no results to report yet.

By the time the basic education activities are completed in FY 2008, USAID anticipates that: early childhood development programs that increase school readiness will be available nationwide through mass media and in targeted rural communities; improved learning tools will be utilized in all types of schools to improve student performance; parents and communities be more active advocates of quality improvement, and local leaders will contribute to the education reform agenda.

US Financing in Thousands of Dollars

Bangladesh

388-010 Education	DA	ESF
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,350	2,000
Total Planned Fiscal Year 2003		
Obligations	2,350	2,000
Proposed Fiscal Year 2004 NOA		
Obligations	3,000	1,500
Future Obligations	11,000	4,650
Est. Total Cost	16,350	8,150

India

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

More than 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. If current population growth rates are not reduced, India will reach two billion people by 2070. India has almost four million people infected by HIV/AIDS. 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. Thirty percent of the world's births occur in India and result in 20 percent of the world's maternal deaths and 20 percent of the world's child deaths. Forty-two of every 1,000 girl children, compared to 29 boy children, die before reaching the age of five. More than two million Indian children die every year from preventable or curable diseases.

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 touch women, the poor, religious minorities, and other disadvantaged groups like 'dalits'. 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 infanticide, child abuse and rapes.

Compounding these serious problems in health and education is India's lack of financial viability in the power sector. Significant power shortages plague the economy due to the 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 the 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 approximately \$5 billion per year and are growing rapidly.

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. India has the potential to be a catalyst for economic growth and development in an unstable region, and is a key U.S. ally in the war on terrorism.

The USAID Program: The Program Data Sheets provided below describe a set of investments in five new objectives for which USAID is requesting FY 2003 and FY 2004 funds. These objectives concentrate on: (a) Economic Growth - targeting increased transparency and efficiency in the mobilization and allocation of resources; (b) Health - targeting improved overall health with a greater integration of food assistance, and reduced fertility; (c) Disaster Management Support - targeting reduced vulnerability to disasters for marginalized people; (d) 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 (e) 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 Improved South Asia Regional Stability through Democracy and Human Rights program funds efforts to

combat abusive child labor practices and improve women's microfinance services. The United States-Asia Environmental Partnership promotes the adoption of clean and efficient technologies, policies, and practices to 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's activities in India 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 third largest bilateral donor to India, after Japan and the United Kingdom. Six multilateral and 13 bilateral donors provide economic assistance to India. USAID collaborates with other donors on economic growth, reproductive health, HIV/AIDS and other infectious diseases, air pollution control, urban environmental infrastructure, and women's empowerment.

India PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	24,593	41,678	40,785	40,800
Development Assistance	28,805	29,200	34,400	27,100
Economic Support Fund	4,989	7,000	25,000	20,000
PL 480 Title II	78,289	93,679	91,288	45,000
Total Program Funds	136,676	171,557	191,473	132,900

STRATEGIC OBJECTIVE SUMMARY

386-002 Reproductive Health in North India				
CSH	0	11,900	0	0
DA	15,905	0	0	0
386-003 Improved Child Survival				
CSH	4,300	8,000	0	0
PL 480	78,064	99,042	0	0
386-004 Environmental Protection				
DA	8,288	13,348	0	0
ESF	0	2,994	0	0
386-007 Reduce Infectious Diseases				
CSH	17,593	21,778	0	0
386-009 Women and Girls Service Networks				
CSH	700	0	0	0
DA	0	2,958	0	0
386-011 Governance				
DA	3,616	11,522	0	0
ESF	4,989	2,506	0	0
386-012 Vulnerable Groups				
CSH	2,000	0	0	0
DA	996	1,372	0	0
ESF	0	1,500	0	0
386-013 Economic Growth				
DA	0	0	12,692	9,400
ESF	0	0	3,000	2,700
386-014 Improved Health and Reduced Fertility				
CSH	0	0	40,785	40,800
PL 480	0	0	91,288	45,000
386-015 Disaster Management Support				
DA	0	0	2,800	2,000
ESF	0	0	2,500	2,300
386-016 Environmental Protection				
DA	0	0	10,900	10,000
ESF	0	0	10,000	7,500
386-017 Education/Equity				
DA	0	0	7,508	4,700
ESF	0	0	9,500	7,500
1/ 386-XXX ANE Regional US-AEP				
DA	0	0	500	1,000

1/ USAID plans to obligate \$500,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in India.

Data Sheet

386-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

386-003: No Summary and/or Pillar information entered for this SO.

Data Sheet

386-004: No Summary and/or Pillar information entered for this SO.

Data Sheet

386-007: No Summary and/or Pillar information entered for this SO.

Data Sheet

386-009: No Summary and/or Pillar information entered for this SO.

Data Sheet

386-011: No Summary and/or Pillar information entered for this SO.

Data Sheet

386-012: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	India
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	386-013
Status:	New
Proposed FY 2003 Obligation:	\$12,692,000 DA; \$3,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$9,400,000 DA; \$2,700,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

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 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
- Create a partnership fund.

This new strategic objective builds on USAID/India's old strategic objective 386-011 (Increased Capacity of Financial Markets and Government to Transparently and Efficiently Mobilize Resources).

Inputs, Outputs, Activities:

FY 2003 Program:

Increase capacity of financial markets to mobilize resources (\$2,505,000 DA; \$1,500,000 ESF). USAID will provide technical assistance and training under the Financial Institutions Reform and Expansion-Regulatory (FIRE-R) Project to: (a) build institutional capacity of the securities market and insurance supervisors in formulation and implementation of sound regulations, market surveillance, compliance and enforcement; (b) assist in the development of key market support institutions such as the Actuarial Society of India, the trade associations and self-regulatory organizations; (c) enhance investor protection through improvement in disclosure standards, corporate governance, risk management practices, and implementation of testing and certification regimes for market intermediaries; and (d) support the Government of India's initiative to implement a private pension system for the approximately 90 percent of workers currently not covered. Principal contractors/grantees/agencies include the U.S. Securities and Exchange Commission (prime); IBM Business Consulting Services (prime); the Securities and Exchange Board of India (sub); Sa-Dhan (prime); and the Insurance Regulatory and Development Authority (sub).

Reform state fiscal management (\$4,500,000 DA; \$1,500,000 ESF). To promote fiscal discipline through increased technical competence of selected state governments, USAID will provide technical assistance and training under the State Fiscal Management Reform (REFORM) activity to: (a) establish fiscal analysis units within finance departments (in all target states) and enhance their technical competence for better policy analysis, performance budgeting, and monitoring and adjustment of their fiscal frameworks; (b) strengthen state government treasury operations in selected states and link them via networks to discuss common issues and share best practices; and (c) assist in improving the management information systems of state-level planning and statistics departments and other relevant departments to improve data collection and analysis.

Increase capacity of local governments to implement urban environmental infrastructure projects that improve access to basic services by the poor (\$2,000,000 DA). To promote urban fiscal reform to sustain

a predictable flow of resources from local, state and private sources to fund urban infrastructure on a long term basis, USAID will provide technical assistance and training under the Financial Institutions Reform and Expansion-Debt (FIRE-D) Project to: (a) create state level infrastructure funds and pooled financing mechanisms for development and financing of urban infrastructure; and (b) strengthen municipal financial management, accounting, and asset and property management systems. Principal contractors/grantees/agencies 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 (\$3,187,000 DA). For the removal of 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, telecom, and other key development sectors; and (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.

Create a Partnership Fund (\$500,000 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 address remaining developmental concerns. A Partnership Fund will be established to test concepts and operating principles for this entity. A possible design of the Fund is a public-private partnership, modeled after USAID's Global Development Alliance.

FY 2004 Program:

Increase capacity of financial markets (\$1,200,000 DA; \$1,500,000 ESF). USAID plans to implement the activities under this project as described above.

Reform state fiscal management (\$3,400,000 DA; \$1,200,000 ESF). USAID may expand the REFORM Project by adding training for state legislators, members of local government, the media, and NGOs to strengthen their understanding of the budget and economic policy decisions.

Increase capacity of local governments to implement urban environmental infrastructure projects that improve access to basic services by the poor (\$2,200,000 DA). USAID plans to expand the FIRE-D Project and its components to more states and cities.

Increase capacity of policy, technology and trade to improve farm and national level resource allocation (\$2,100,000 DA). USAID may expand the agricultural activities to reduce sectoral subsidies.

Create a Partnership Fund (\$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: The FIRE-R Project is expected to increase the mobilization of capital and access of private sector companies to long-term financing for investment in infrastructure. The REFORM Project will lead to the establishment of fiscal policy analysis cells in key state government departments and an increased percentage of state budgets allocated to social infrastructure investments. The FIRE-D Project is expected to increase the amount of resources raised by urban governments in selected states through market-based mechanisms and the number of urban governments adopting improved financial management practices, such as accrual based and double entry accounting practices. The agriculture activities are expected to increase the private sector's share in food grain marketing, lower the cost of food grain available through commercial channels, increase food grain consumption among low-income households, and ultimately decrease selected agricultural subsidies.

During FY 2002, USAID assistance helped India's securities market regulator, the Securities and Exchange Board of India (SEBI), gain more appropriate regulatory powers. As a result, the Government of India recently made major amendments to the SEBI Act to give it powers to call for information and records from any bank, corporation, or government agency; and to impose penalties for fraudulent and

unfair trade practices. The Association of Mutual Funds in India began implementing a licensing and certification regime for mutual fund agents to improve investors' confidence and access to the capital market. Also, with USAID assistance, the Government Law College in Mumbai has agreed to start a one-year post-graduate diploma course on securities laws, the first of its kind in India.

US Financing in Thousands of Dollars

India

	DA	ESF
386-013 Economic Growth		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	12,692	3,000
Total Planned Fiscal Year 2003		
Obligations	12,692	3,000
Proposed Fiscal Year 2004 NOA		
Obligations	9,400	2,700
Future Obligations	41,278	9,300
Est. Total Cost	63,370	15,000

Data Sheet

USAID Mission:	India
Program Title:	Improved Health and Reduced Fertility
Pillar:	Global Health
Strategic Objective:	386-014
Status:	New
Proposed FY 2003 Obligation:	\$40,785,000 CSH; \$91,288,000 PL 480
Prior Year Unobligated:	\$500,000 CSH
Proposed FY 2004 Obligation:	\$40,800,000 CSH; \$45,000,000 PL 480
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID's program to help improve health and reduce fertility includes the following components:

- Increase use of reproductive health services;
- Increase safe behavior for HIV prevention;
- Increase use of key child survival interventions; and
- Increase use of key infectious disease interventions.

This new Strategic Objective builds on USAID/India's old Strategic Objectives 386-002 (Reduced Fertility and Improved Reproductive Health in North India), 386-003 (Improved Child Survival and Nutrition in Selected Areas of India) and 386-007 (Reduced Transmission and Mitigated Impact of Infectious Diseases, especially STD/HIV/AIDS in India).

Inputs, Outputs, Activities:

FY 2003 Program:

Increase use of reproductive health services (\$12,000,000 CSH):

-- Through the Innovations in Family Planning Services (IFPS) Project, USAID will work with the Government of India (GOI) to reorient and revitalize the country's family planning and reproductive health services, targeting the states of Uttar Pradesh (UP), Uttaranchal, and Jharkhand as sites for demonstrating program innovations. Key interventions will include: promoting birth spacing and effective use of contraceptives; assisting states in the provision of family planning and other reproductive health services and methods; expanding the engagement of the private (NGO) sector; and increasing the outreach of and access to services. 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 will complement IFPS and stimulate private sector participation and commercial partnerships for the development, promotion, and availability of reproductive health technologies. The principal implementing agency is ICICI Bank Limited (prime).

-- Selective technical assistance from U.S. cooperating agencies in support of the IFPS Project. Principal contractors and grantees include AVSC International (prime); CARE (prime); the Center for Development and Population Activities (prime); John Hopkins University (prime); The Futures Group International (prime); the Population Reference Bureau (prime); the Population Council (prime); and the U.S. Bureau of Census (prime).

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

Increase safe behavior for HIV Prevention (\$15,000,000 CSH). USAID will work with NGOs, private sector businesses, and the GOI and state governments to implement HIV prevention and control programs in targeted states. USAID's AIDS Prevention and Control and Avert activities 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. In FY 2003, USAID will consider expanding activities to promote safe behavior for HIV prevention to additional states. Also, USAID will fund an effort to increase safe behavior in India's ports and their environs. Principal contractors and grantees include Family Health International (prime); CARE (prime); Voluntary Health Services (prime); and Hindustan Latex Family Planning Promotion Trust (sub).

Increase use of key child survival interventions (\$9,285,000 CSH). USAID will continue to integrate child survival into the P.L. 480 Title II food aid platform to improve child 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. Under the polio eradication program, USAID will continue to work with the GOI, NGOs, and other donors to eradicate the virus and to strengthen the service delivery system. 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 (\$4,500,000 CSH; \$500,000 Prior Year Unobligated CSH). USAID activities under this component will encompass tuberculosis (TB) treatment, antimicrobial resistance, vaccine preventable diseases, and improved surveillance of infectious diseases. USAID TB efforts will focus on improving public and private sector delivery, and monitoring the effectiveness of diagnosis and treatment. Principal contractors and grantees include the World Health Organization (prime); India Clinical Epidemiology Network (INCLIN) (prime); and John Hopkins University (prime).

FY 2004 Program:

Increase use of reproductive health services (\$13,500,000 CSH). USAID plans to continue implementation of activities under this Project as described above.

Increase safe behavior for HIV Prevention (\$15,000,000 CSH). USAID plans to expand its HIV prevention program by adding new activities to address special needs such as: children affected by AIDS activities, 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 (\$9,300,000 CSH). Activities outlined for FY 2003 are expected to continue. Expanded efforts are planned in urban environs where poor, migrant, slum-dwelling populations present high rates of mortality and morbidity due to childhood diseases, HIV and TB.

Increase use of key infectious disease interventions (\$3,000,000 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 will be explored. Investments in the testing and application of a new TB diagnostic will be considered. Investments in surveillance system strengthening in Maharashtra will be continued.

Performance and Results: The activities under this new strategic objective are expected to increase: (1) the contraceptive prevalence rate in Uttar Pradesh, Uttaranchal and one additional state; (2) the 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 for Sexually Transmitted Infection (STIs) from qualified providers; (4) the immunization and exclusive breastfeeding rates in target areas; and (5) the number of clients receiving DOTS in Haryana.

In 2002, the contraceptive prevalence rate (CPR) remained relatively high in select areas, as did the coverage among pregnant women with at least two doses of tetanus toxoid. There was a substantial

increase in births attended by a trained provider. During FY 2002, 43 percent of local feeding centers known as Anganwadi centers (AWCs) were conducting one monthly Nutrition and Health day (NH Days). Condom use among truckers has remained relatively high. According to preliminary 2002 data, 75 percent of truckers reported condom use during their last non-regular sexual encounter. In tuberculosis, the USAID-supported model DOTS program in one district of Tamil Nadu has raised its case detection rate from 29 percent in 1999 to 92 percent in FY 2002. In the same district, cure rates following DOTS have increased from 61 percent in 1999 to 90 percent in 2002.

US Financing in Thousands of Dollars

India

386-014 Improved Health and Reduced Fertility	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	500
Planned Fiscal Year 2003 NOA	
Obligations	40,785
Total Planned Fiscal Year 2003	
Obligations	41,285
Proposed Fiscal Year 2004 NOA	
Obligations	40,800
Future Obligations	146,015
Est. Total Cost	228,100

Data Sheet

USAID Mission:	India
Program Title:	Disaster Management Support
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	386-015
Status:	New
Proposed FY 2003 Obligation:	\$2,800,000 DA; \$2,500,000 ESF
Prior Year Unobligated:	\$1,350,000 ESF
Proposed FY 2004 Obligation:	\$2,000,000 DA; \$2,300,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID's program to reduce vulnerability to disasters in high-risk areas includes the following components:

- Increase community preparedness to mitigate and manage disasters;
- Improve capacity of partners to meet critical needs of vulnerable groups; and
- Facilitate and expedite reconstruction and rehabilitation.

This new strategic objective builds on experience gained from USAID/India's former strategic objective 386-012 (Recovery, Reconstruction and Rehabilitation Needs Met for Targeted Vulnerable Groups). It focuses on pre-disaster readiness to mitigate the affects of a disaster, whereas the Office of Foreign Disaster Assistance provides assistance only after the disaster has occurred.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase community preparedness to mitigate and manage disasters (\$1,000,000 DA; \$1,500,000 ESF; \$1,350,000 Prior Year Unobligated ESF):

- USAID will provide financial support to the United Nations Development Program's (UNDP) 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 seek to 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 in partnership with the Indian National Center for Disaster Management and the Sustainable Environment and Ecological Development Society.
- 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. Possible collaborating agencies include the U.S. National Oceanic

and Atmospheric Administration, the Indian Meteorological Department 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 critical needs of vulnerable groups (\$1,300,000 DA; \$500,000 ESF):

-- USAID will provide funding to the U.S. Forest Service 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 Center and in each target state. Activities will include study tours to the U.S. for training staff who will maintain and operate these EOCs.

-- USAID will work with the MHA 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.

Facilitate and expedite reconstruction and rehabilitation (\$500,000 DA; \$500,000 ESF):

-- To rebuild social and physical infrastructure, which is a critical need for reestablishing normalcy in disaster affected communities, USAID will support efforts to examine policies that affect the rehabilitation phase (e.g., those governing banking and insurance), and engage the Government of India in increasing responsiveness to and equity for the needs of those most affected. USAID will support activities that foster building code applications, use of insurance as risk transfer, and development of curricula for future Indian administrators. This component will help identify strategies for more effective integration of gender concerns in the rehabilitation and reconstruction phases the GOI, donors, and NGOs undertake.

FY 2004 Program:

Increase community preparedness to mitigate and manage disasters (\$1,000,000 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.

Facilitate and expedite reconstruction and rehabilitation (\$300,000 DA; \$300,000 ESF). USAID plans to continue implementation of activities under this component as described above.

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; (2) increase the number of private and public partner agencies that have field-tested mitigation and response activities; and (3) increase the number of communities and institutions that have adopted measures that ease post-disaster rehabilitation and allow those most affected to return home more easily and resume their normal activities.

In 2002, USAID activities have rebuilt more than 1,300 homes; provided critical health care through mobile clinics to 272,945 people in 167 villages; vaccinated pregnant women and children against tetanus, polio, diphtheria and measles; provided programs for 1,000 orphaned and displaced children; and helped women in 161 villages form self-help groups.

US Financing in Thousands of Dollars

India

	DA	ESF
386-015 Disaster Management Support		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	1,350
Planned Fiscal Year 2003 NOA		
Obligations	2,800	2,500
Total Planned Fiscal Year 2003		
Obligations	2,800	3,850
Proposed Fiscal Year 2004 NOA		
Obligations	2,000	2,300
Future Obligations	7,700	6,350
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
Status:	New
Proposed FY 2003 Obligation:	\$10,900,000 DA; \$10,000,000 ESF
Prior Year Unobligated:	\$1,068,000 DA; \$3,000,000 ESF
Proposed FY 2004 Obligation:	\$10,000,000 DA; \$7,500,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

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

- Improve power distribution;
- Improve groundwater management; and
- Improve urban water availability and sanitation.

This new Strategic Objective builds on USAID/India's old Strategic Objective 386-004 (Increased Environmental Protection in Energy, Industry and Cities).

Inputs, Outputs, Activities:

FY 2003 Program:

USAID will use FY 2003 resources for the following:

Improve power distribution (\$6,500,000 DA; \$10,000,000 ESF; \$1,068,000 Prior Year Unobligated DA; \$3,000,000 Prior Year Unobligated 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 programs. Finally, by promoting long-term viability and self-sufficiency in the power industry, DRUM will contribute to higher productivity in most sectors of the society, and will be a key factor in sustainable economic growth in India.

-- 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 contractor is Nexant, Inc. (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 Louis Berger Group (prime), Nexant, Inc. (prime); Ohio State University

(prime), Stanford University (sub); Indian Institute of Management (sub), Ahmedabad (prime); and National Energy Technical Laboratory (prime).

-- 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 Environmental Protection Training and Research Institute (sub); the Confederation of Indian Industry (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 proper incentives. The principal contractor is PA Consulting (prime).

Improve urban water availability and sanitation (\$2,900,000 DA). Through technical assistance and training, the Financial Institutions Reform and Expansion-Debt (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 2004 Program:

Improve power distribution (\$7,000,000 DA, \$7,500,000 ESF). USAID plans to implement 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 (\$2,000,000 DA). 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 activities under this new Strategic Objective 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. In 2002, the achievements under the objective resulted in the implementation of urban environmental infrastructure projects that improve access to basic services by the poor, improvement of efficiency in thermal power plants, the proposal of alternative transport management solutions, and the identification of greenhouse gas abatement waste management practices. Specifically, the Government of Tamil Nadu approved the \$200 million Tirupur Water and Sanitation project. USAID, through the Development Credit Authority, provided loan guarantees for \$25 million to be invested in this project. The project will improve living conditions for more than 800,000 people, including about 60,000 slum-dwellers who will be the first to receive improved sanitation services through this project. For global climate change, addressed through reducing greenhouse gases in power generation facilities, 9.5 million tons of carbon dioxide emissions were avoided.

US Financing in Thousands of Dollars

India

	DA	ESF
386-016 Environmental Protection		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	1,068	3,000
Planned Fiscal Year 2003 NOA		
Obligations	10,900	10,000
Total Planned Fiscal Year 2003		
Obligations	11,968	13,000
Proposed Fiscal Year 2004 NOA		
Obligations	10,000	7,500
Future Obligations	32,632	29,500
Est. Total Cost	54,600	50,000

Data Sheet

USAID Mission:	India
Program Title:	Education/Equity
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	386-017
Status:	New
Proposed FY 2003 Obligation:	\$7,508,000 DA; \$9,500,000 ESF
Prior Year Unobligated:	\$350,000 DA
Proposed FY 2004 Obligation:	\$4,700,000 DA; \$7,500,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

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

- Improve access to education;
- Better access to justice; and
- New and expanded social and economic opportunities.

This new Strategic Objective builds on USAID/India's previous Strategic Objective 386-009 (Expanded Advocacy and Service Delivery Networks for Women and Girls).

Inputs, Outputs, Activities:

FY 2003 Program:

Improve access to education (\$2,508,000 DA; \$5,000,000 ESF):

-- To attract and retain out-of-school vulnerable children, especially girls, to the formal school system, USAID will strengthen the capacity of Indian non-governmental organizations (NGOs) and foundations to mount programs that will make out-of-school children ready for entry into the formal school system or that provide remedial instruction to "at risk" children who have already entered the formal school system in urban and rural areas under the Partnership for Education for All Children Equitably (PEACE) Project. The PEACE Project is expected to be managed by a U.S. institution in alliance with an Indian organization or with a core group of Indian professionals who are well versed in Indian education and NGO management and programmatic issues.

-- To strengthen formal and alternative school capacity for enrollment and retention of vulnerable children, USAID will provide support to the UNICEF-implemented Sanitation and Water at Schools towards Hygiene and Health Program (SWASTHH) Project. USAID funded activities of the program will include support for basic school infrastructure improvements (e.g., separate toilets for girls) that respond to special needs of girls and will serve to promote better educational outcomes, e.g., increased enrollments, better attendance, reduced drop-outs, and enhanced achievement levels.

-- USAID will develop and implement an Information and Communication Technology (ICT) mediated learning system such as an Interactive Radio Instruction program in English and/or other subjects for primary schools in Karnataka and other states in India to enhance teacher skills, children's learning achievement, and strengthen the abilities of education policy makers to weigh costs, benefits, and strategic options in the use of ICT interventions in elementary education. The Education Development Center, Inc. (prime) will implement the Project.

Better access to justice (\$5,000,000 DA; \$350,000 Prior Year Unobligated DA; \$2,000,000 ESF). To increase levels of legal awareness, the ability to pursue legal rights, and awareness of the availability of legal aid, particularly among women and other vulnerable groups, USAID 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.

New and expanded social and economic opportunities (\$2,500,000 ESF). This project will help Indian women and youth, including rescued victims of sexual trafficking, adolescents with limited education, widows, destitute women and victims of HIV/AIDS and domestic violence, gain access to and control of productive assets, as well as providing employment and training opportunities, and basic social services. Under this project, USAID will support a variety of activities including: (a) adolescent livelihood training programs in high-risk trafficking and domestic violence zones; (b) innovative microfinance and microenterprise development interventions for trafficked or destitute women and victims of HIV/AIDS, and (c) life skills training for adolescent youth including literacy skills.

FY 2004 Program:

Improve access to education (\$2,500,000 DA; \$4,000,000 ESF). USAID may expand its education program by contributing to the Government of India's new education reform program Sarva Shiksha Abhiyan (SSA) focusing on improvements to access to education for girls and lower caste and tribal children.

Better access to justice (\$2,200,000 DA; \$2,000,000 ESF). USAID plans to expand this Project 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.

New and expanded social and economic opportunities (\$1,500,000 ESF). USAID plans to expand this project by undertaking cutting-edge research on issues, such as the quantification of women's unpaid work, the impact of macroeconomic policy reforms and trade liberalization on gender, and the design and introduction of social and financial services for high risk groups, e.g., business development services to complement existing investments.

Performance and Results: The education activities under this new 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; and (2) strengthen formal and alternative school capacity for enrollment and retention of vulnerable children, especially girls. Access to justice activities will: (1) increase civil society and public awareness, legal needs of targeted vulnerable groups, and possible institutional responses; (2) strengthen advocacy for the expansion and protection of women's rights; and (3) increase the availability of legal services for women. The activities under this Strategic Objective are expected to increase the number of financial service packages, such as microfinance and business development services for high-risk groups. The program will also increase the availability of life skills and livelihood development support services for high-risk groups and the victims of trafficking and domestic violence. In 2002, USAID's education activities through UNDP and Catholic Relief Services support Indian NGOs working to prevent and eliminate child labor through increased participation in quality education. Under this activity approximately 75,000 out-of-school and potential out-of-school children benefited in four Indian states.

US Financing in Thousands of Dollars

India

386-017 Education/Equity	DA	ESF
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	350	0
Planned Fiscal Year 2003 NOA		
Obligations	7,508	9,500
Total Planned Fiscal Year 2003		
Obligations	7,858	9,500
Proposed Fiscal Year 2004 NOA		
Obligations	4,700	7,500
Future Obligations	6,042	30,500
Est. Total Cost	18,600	47,500

Data Sheet

386-XXX: No Summary and/or Pillar information entered for this SO.

Nepal

The Development Challenge: In the last 50 years, Nepal has transformed itself from an isolated medieval kingdom to a constitutional monarchy. Progress has been made in many areas, e.g. significant decreases in child mortality and fertility rates, and substantial gains in literacy and food security. Poor governance and corruption, its forbidding terrain and lack of infrastructure all contribute to its development gains being unevenly distributed -- leading to wide disparities across regions, ethnic groups, and between rural and urban populations. For example, overall the average life expectancy has increased to 59 years. However, life expectancy in Kathmandu is over 70 years, while it is only 34 years in the very poor district of Mugu.

Nepal remains one of the poorest countries in the world, with an annual per capita income of \$220. Over 80 percent of its people are subsistence farmers. In chronic food-deficit areas, seasonal migration for employment is the only way for a family to survive. Its social indicators still are some of the lowest in the world. Nepal is one of only two countries worldwide where female life expectancy is below that for men, reflecting deep-rooted cultural and social biases. The World Bank reports that literacy rates are 54 percent nationwide, but only 24 percent for women, and 18 percent for lower caste groups. Nepal's population is projected to double in 24 years. One of eleven children dies before they reach their fifth birthday -- and the vast majority of these children die within their first year. Moreover, Nepal has serious HIV/AIDS epidemic; some 14 new cases are reported every day. If not addressed immediately, HIV/AIDS will significantly affect economic development.

The Maoist insurgency, which began in 1996 as a result of a political party being excluded from the political process and taking up arms, has found fertile ground largely in response to Nepal's poverty, exclusion, and poor governance. Shortly after entering into peace negotiations in late 2001, the Maoists withdrew from those negotiations and attacked the Royal Nepal Army (RNA). This forced the Government of Nepal (GON) to declare a State of Emergency. Since that time, the insurgency has intensified; roughly 5,000 of the total estimated 7,000 deaths have occurred within the past year. While the GON controls all 75 district centers, the Maoists now basically control seven of Nepal's 75 districts. In these districts, they have declared people's governments, established people's courts, and control basic health and education services. Maoists have a significant presence in 17 additional districts and have carried out violent activities in 74 out of 75 districts. Their initial pro-people approach, which won the Maoists converts among the disenfranchised of Nepal, has transformed into a campaign of violence, lawlessness, intimidation, and destruction.

The U.S. has an interest in an economically and politically stable multi-party democracy in Nepal. Nepal serves as a 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 lessening the likelihood of a humanitarian crisis.

The USAID Program: The principal objectives of the USAID program are to improve primary health care, curb population growth, expand economic development, promote the expansion of environmentally friendly hydropower, improve democracy and governance, and promote the building of peace. To pursue these obligations, USAID request \$37.696 million in FY 2003 and \$38.811 million in FY 2004. While all components of the USAID program supports improved governance and mitigation of the root causes and major effects of the Maoist insurgency, USAID proposes to program some \$13.5 million in FY 2003 and \$15.1 million in FY 2004 to respond directly to the current challenges.

Other Program Elements: In addition to the efforts described in the Program Data Sheets, other USAID regional and central programs are providing assistance to Nepal. USAID's South Asian Regional Initiative (SARI) is actively involved in regional cooperation in energy and in efforts to eliminate trafficking of women and children. USAID's Regional Urban Development Office (based in New Delhi) is assisting the city of Kathmandu in improving procedures for waste management, with a particular focus on safe disposal of medical waste. USAID/Washington has provided support for non-governmental programs that

promote the conservation of biodiversity and sustainable use of Nepal's natural resources, and expand the availability of business support services and new technologies to poor farmers. USAID's Office of Foreign Disaster Assistance (OFDA) Asian Regional Office is enhancing medical first response, search and rescue and hospital preparedness capacities of emergency responder agencies; reducing the potential for earthquake damage and injury in Kathmandu Valley; enhancing regional cooperation between countries in the Hindu Kush Himalayan region for the exchange of flood information and data; developing adaptive strategies for flood and drought mitigation to enable basic and tangible reduction in vulnerability; and conducting training for NGOs.

Other Donors: Donor coordination in Nepal is good. Donors provided roughly \$100 million in grants and \$140 million in loans in calendar year 2002. 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 [UK] (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 Programme [UNDP] (local planning and governance, urban infrastructure, rural energy, and HIV/AIDS), the Asian Development Bank (governance, education, water, agriculture, and roads), the World Bank (education, roads, water, telecommunications, financial sector reform, and health sector reform), the European Union [EU] (urban development and education), and the World Food Program (food for work). Other multilateral agencies such as UNICEF, UNFPA, UNAIDS and ILO are also active in Nepal.

Multi-donor partnerships have contributed to closer donor coordination efforts, particularly in the areas of health and HIV/AIDS (with USAID in a leading role), local governance strengthening, rural infrastructure, basic education, and eco-tourism. The UK's Department for International Development [DFID] and German [GTZ] aid agencies are working closely with USAID in the health sector to address the immediate needs of Nepalese families in conflict-affected areas. USAID and the Japan International Cooperation Agency [JICA] are closely collaborating in maternal and child Health, HIV/AIDS, and tuberculosis (TB). DFID is providing funding to USAID's peace building activities. USAID also is funding a rural 'green roads' sub-project in collaboration with the EU under its peace building program; an additional five income generating activities are planned for implementation beginning in January 2003 in collaboration with the EU.

Nepal PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	9,250	20,000	20,449	18,500
Development Assistance	12,158	7,597	11,247	14,311
Economic Support Fund	0	3,000	6,000	6,000
PL 480 Title II	0	2,352	0	0
Total Program Funds	21,408	32,949	37,696	38,811

STRATEGIC OBJECTIVE SUMMARY				
367-001 Sustainable Forest and Agricultural Products				
DA	0	0	1,500	3,000
367-002 Health and Family Planning				
CSH	9,250	20,000	20,449	18,500
DA	6,500	0	0	0
367-004 Hydropower				
DA	185	0	0	0
367-006 Hydropower Development				
DA	2,318	2,200	2,200	2,200
367-007 Governance				
DA	2,855	3,647	5,300	5,587
ESF	0	750	600	1,000
367-008 Ending Conflict and Expanding Democracy				
DA	300	1,750	2,247	3,524
ESF	0	2,250	5,400	5,000

Data Sheet

USAID Mission:	Nepal
Program Title:	Sustainable Forest and Agricultural Products
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	367-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,000,000 DA
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2005

Summary: Accelerating agricultural growth is a key component of USAID's strategy for alleviating poverty, facilitating economic development, and peace building. Over 80 percent of Nepal's 23 million people depend on agriculture, agri-business, and/or forestry for their livelihoods. The pervasiveness of poverty and rapid population growth in the rural areas are forcing farmers to use increasingly more marginal lands. Nepalese citizens in these straits provide fertile ground for Maoist propaganda and recruitment. Recognizing the importance of this component of its program, USAID extended the proposed activity completion date of this strategic objective from FY 2002 to FY 2005 in order to increase incomes and create employment in some of Nepal's poorest districts. Focusing on small farmers, traders and entrepreneurs, USAID plans to increase household income and security by expanding market participation, improving management of productive resources, and enhancing the delivery of government extension services. 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; and support for private-public partnerships to access new technologies and new markets. To date, some 1.8 million people have benefited from this program.

Inputs, Outputs, Activities:

FY 2003 Program:

High-Value Crop Production, Market Access, and Competitiveness for Increasing Small Farmers' Incomes (\$1,000,000 DA). To achieve this, priority will be given to increasing the production of high-value commodities (e.g., non-timber forest products, cash crops and poultry), promotion of market access, and assistance to development enterprises in response to proven demand. This includes: (1) increasing the use of micro-irrigation technology to extend the growing season in the Middle Hills and to access off-season markets; (2) facilitating savings and credit groups; (3) sharing information about appropriate technologies for value-added processing; (4) providing small-scale enterprise and business development services; and (5) arranging study tours to learn from successful businesses. From 2,000 to 5,000 farmers in selected sites will be introduced to new ways of producing and marketing higher-value and off-season cash crops. Production of agricultural and livestock commodities is projected to increase by 2,000 to 3,000 metric tons. Support also will be provided for certification of non-timber forest products and to smallholder coffee and tea producers. Some 8,500 smallholders will plant coffee or tea, thus increasing employment and income, especially in Maoist-impacted areas in western Nepal. Prime grantees include: Winrock International; Asia Network for Sustainable Agriculture and Bioresources (ANSAB); Planning and Development Collaborative International (PADCO).

Increased Productivity of Irrigated Land in Farmer-Managed Systems (\$250,000 DA). To help farmers introduce higher-yielding varieties and improve cropping patterns to obtain higher returns from available water resources, technical assistance will be provided by Government of Nepal (GON) agricultural extension agents who have received intensive training through this project. Farmers in medium-sized irrigation systems (2,000 to 3,000 families) will be assisted. The principal contractor is to be determined. Expected implementing partners are U.S. and Nepalese NGOs.

Policy Analysis and Reform on Agriculture Trade-Related Issues (\$250,000 DA). To enable Nepalese farmers to access regional markets, technical assistance and training will be provided to the GON and the Federation of Nepali Chambers of Commerce and Industry to analyze agriculture trade-related issues, especially WTO accession, trade treaties, and quarantine and customs-related bottlenecks. A U.S. firm will be selected.

FY 2004 Program:

High-Value Production, Market Access, and Competitiveness for Increasing Small Farmers' Incomes (\$1,500,000 DA). USAID/Nepal will continue to fund training and farmer-to-farmer extension activities to support sharing lessons learned and best practices. Farmer group marketing will be increased, 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.

Increased Productivity of Irrigated Land in Farmer-Managed Systems (\$1,000,000 DA). USAID/Nepal will continue support for training of GON agricultural extension agents working in areas with farmer-managed irrigation systems. If GON agencies are not able to deliver extension services, the program will shift emphasis to farmer-to-farmer extension or assistance through community-based organizations.

Policy Analysis and Reform on Agricultural Trade-Related Issues (\$500,000 DA). Funded activities will continue at the same level as in FY 2003 to develop Nepalese technical and analytical expertise on agricultural trade-related issues and to support implementation of international trade treaties.

Performance and Results: Despite the worsening security situation in Nepal, most activities under this program have been able to progress largely unfettered. This is because the program is improving the lives and livelihoods of Nepal's farmers. USAID's programs achieved two important results in 2002: (1) significant increases in rural income-generation through production, collection, and sales of high-value agricultural and forest products; and (2) better management of forests and water through community forestry and water user groups. USAID's technical assistance also complemented support from the Asian Development Bank for the reconstruction and rehabilitation of ten irrigation systems. Damage to several systems from flooding in July 2002 hindered the transfer of management to farmers. Nevertheless, five irrigation systems have been successfully handed over to local farmers who have increased production substantially. Moreover, support to community forestry user groups has facilitated the development of forest-based enterprises, strengthened women's participation, and promoted the use of democratic processes in decision-making. Partner organizations report that in 2002 that the sales of forest and high-value agricultural and livestock products amounted to \$47,000,000, reflecting an overall increase in production to 335,599 metric tons - nearly double the program's target. Some 2,900 forest and water user groups have been established and have had a positive impact on forest conditions and biomass production.

US Financing in Thousands of Dollars

Nepal

	CSH	DA
367-001 Sustainable Forest and Agricultural Products		
Through September 30, 2001		
Obligations	200	22,557
Expenditures	72	20,098
Unliquidated	128	2,459
Fiscal Year 2002		
Obligations	0	0
Expenditures	68	2,032
Through September 30, 2002		
Obligations	200	22,557
Expenditures	140	22,130
Unliquidated	60	427
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	1,500
Total Planned Fiscal Year 2003		
Obligations	0	1,500
Proposed Fiscal Year 2004 NOA		
Obligations	0	3,000
Future Obligations	0	0
Est. Total Cost	200	27,057

Data Sheet

USAID Mission:	Nepal
Program Title:	Health and Family Planning
Pillar:	Global Health
Strategic Objective:	367-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$20,449,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$18,500,000 CSH
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2006

Summary: This program aims to reduce fertility and protect the health of Nepalese families by (1) increasing access to and use of quality voluntary family planning services; (2) increasing access to and use of quality maternal and child health services; (3) preventing HIV/AIDS transmission among high-risk groups; and (4) 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 2003 Program:

USAID is among the lead donors in the health sector and provides technical supports for six Government of Nepal (GON) national programs: Family Planning, Vitamin A, Community-Based Child Health, Safe Motherhood, Female Community Health Volunteer, and the GON's new HIV/AIDS Program. USAID launched three new activities in FY 2002: (1) the Nepal Family Health Program, an integrated family planning, maternal and child health activity, focused at the district and community level; (2) an expanded HIV/AIDS strategy to further HIV prevention efforts, to initiate voluntary counseling, testing and care, and to support activities for HIV positive persons; and (3) a program to strengthen private sector health care.

Reduce Fertility and Child Mortality (\$9,449,000 CSH). This project will continue to increase the number of skilled family planning providers and services; expand the delivery of community-based treatment of diarrheal disease and pneumonia, and vitamin A supplementation for children; and ensure national-level availability of health commodities. USAID will continue to increase national-level advocacy of maternal health, improve skills in emergency obstetrics, and scale up an innovative community-level tool to assist families in better preparing for pregnancies. Principal grantees include: John Snow, Inc.; Johns Hopkins University; Save the Children; CARE; World Education; and Population Services International.

HIV/AIDS Prevention (\$9,000,000 CSH). Increased awareness and condom use among high-risk groups will be promoted in Kathmandu Valley and along the southern border with India and in migrant worker communities in western regions of Nepal. Further support will be provided to strengthen the GON capacity to implement and manage its new National HIV/AIDS Strategy and improve surveillance systems. Principal grantees include: Family Health International, Population Services International, and The Futures Group.

Control of Infectious Disease (\$2,000,000 CSH). USAID will continue to strengthen the capacity of Nepal's Vector-Borne Disease Research and Training Center to routinely and accurately report on infectious disease outbreaks by improving the Early Warning Reporting System. Community-based activities will continue to test prevention and control interventions for the three leading vector borne diseases - Malaria, Kala-azar, and Japanese Encephalitis. Principal grantees include: Camp Dresser and McKee International, International Center for Diarrheal Disease Research-Bangladesh, Armed Forces Research Institute of Medical Sciences (a joint U.S.-Thailand military medical research organization), Centers for Disease Control, and Management Sciences for Health.

To mitigate the impact of the conflict on health care services overall and to protect our investment to date, USAID conducted an extensive assessment of health care services across the entire country to identify vulnerable geographic areas. Partnering with DFID, the British Development Agency, USAID is addressing the immediate needs and strengthening the health care delivery system within those vulnerable areas, which includes replacing essential medical equipment and restocking medical stores. Initiated in FY 2002 and continuing into FY 2003, using "Other Vulnerable Children" funding, USAID is implementing the "Children Affected by Conflict" program, carried out by NGOs partnering with local community organizations. This program addresses the emotional, health care, and educational needs of children most affected by the conflict. Principal grantees include: Save the Children and World Education.

FY 2004 Program:

Reduce Fertility and Child Mortality (\$9,000,000 CSH). USAID will continue, as described above, to increase emphasis on further integrating maternal health activities at the community level into family planning and child health activities.

HIV/AIDS Prevention (\$8,000,000 CSH). USAID will continue to expand HIV/AIDS prevention activities to include voluntary testing and counseling, and care and support services.

Infectious Disease (\$1,500,000 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.

Overall, USAID will continue to strengthen health care services affected by the conflict. Pending availability of additional funding, USAID will expand the "Children Affected by the Conflict" program.

Performance and Results: Within the last ten years, the number of children born to the average Nepalese family has decreased from 5 children to 4.1 in 2001; a 20 percent decline. Also, during this time, child mortality declined by 40 percent. 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 percent.

Despite the conflict and the past year's political instability, the program met all FY 2002 annual performance targets with the exception of couple-years of protection (CYP), the best annual proxy for contraceptive use. The Maoist insurgency constrained couples' access to family planning services and is directly linked to a one-year one percent nationwide decline in CYP over the FY 2001 level from all sources. Fortunately, however, the geographic program areas served by USAID experienced a CYP increase of five percent, suggesting that USAID-focused technical assistance is an essential factor towards achieving development results even in the current conflict environment. Key child health services were expanded: 1) Vitamin A supplementation covered 73 of Nepal's 75 districts reaching more than three million children; and 2) Community-based treatment of child pneumonia expanded from 14 to 16 districts, treating more than 170,000 child pneumonia cases. Combined, these two community based child health activities are now averting the deaths of more than 50,000 children annually. A new HIV/AIDS advocacy campaign, "Let's talk about HIV/AIDS", reached more than 10 million people. HIV prevention efforts in USAID geographic program areas have maintained consistently high condom use of at least 80 percent. Routine reporting of vector borne diseases has improved; the GON identified early and appropriately responded to a malaria outbreak in a remote rural region. The national Safe Motherhood Newsletter reached more than 10,000 maternal health providers and continues to raise awareness of maternal mortality issues. The pilot of an innovative community-based intervention is better preparing families for pregnancy and childbirth and is being scaled up in two districts and one municipality.

US Financing in Thousands of Dollars

Nepal

	CSH	DA
367-002 Health and Family Planning		
Through September 30, 2001		
Obligations	27,759	19,441
Expenditures	16,591	10,961
Unliquidated	11,168	8,480
Fiscal Year 2002		
Obligations	20,700	0
Expenditures	7,819	4,329
Through September 30, 2002		
Obligations	48,459	19,441
Expenditures	24,410	15,290
Unliquidated	24,049	4,151
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	20,449	0
Total Planned Fiscal Year 2003		
Obligations	20,449	0
Proposed Fiscal Year 2004 NOA		
Obligations	18,500	0
Future Obligations	0	0
Est. Total Cost	87,408	19,441

Data Sheet

367-003: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Nepal
Program Title:	Hydropower
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	367-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	
Estimated Completion Date:	

Summary:

Inputs, Outputs, Activities:
FY 2003 Program:

FY 2004 Program:

Performance and Results:

Data Sheet

367-005: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Nepal
Program Title:	Hydropower Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	367-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,200,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,200,000 DA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: USAID's program to increase private sector participation in environmentally and socially sustainable hydropower development includes technical assistance and training to: (1) improve the enabling conditions for private investment in hydropower by setting up a streamlined legal and regulatory framework and simpler licensing procedures; (2) strengthen institutional capacity to address environmental and social impacts; (3) assist the GON to implement a new hydropower policy that promotes investment in both domestic supply and export; and (4) establish a Power Development Fund, with World Bank support, as a catalyst for energy investment. This program is complemented by USAID's South Asian Regional Initiative for Energy and is seeking to attract private sector investment in hydropower to meet domestic demand and boost export earnings.

Inputs, Outputs, Activities:

FY 2003 Program:

The program includes three major components as follows:

-- Improve the Enabling Environment for Equitable and Sustainable Hydropower Development and Strengthen Environmental and Social Assessment Procedures, with Broadened Stakeholder Participation (\$1,600,000 DA). To promote policy and regulatory reforms, USAID will fund technical assistance and training for the GON Department of Electricity Development (DOED) and other key GON entities such as the Nepal Electricity Authority (NEA) and the Nepalese Water and Energy Commission Secretariat (WECS) to develop strategies for regulatory reforms in the energy sector. For example, the program will facilitate amending the Electricity Act of 1993 to reflect the new hydropower policy that, for the first time, creates private sector-friendly processes and promotes energy exports. Assistance will be provided to encourage the state-owned utility to reform and restructure. With the World Bank, continued support will be provided to establish a Power Development Fund designed to catalyze investment. USAID will fund training and study tours for key GON officials and policy makers. International Resources Group is the Prime Contractor.

-- Promote Effective Private-Public Partnerships in Energy (\$400,000 DA). This component will promote executive exchanges and energy partnerships between 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. The result will be a better understanding of the reform process and an action plan to improve energy efficiency. This program is being executed through the United States Energy Association (USEA) partnership program.

-- Support to Local Hydropower Developers and Financial Institutions to Participate and Invest in Small (1-10 megawatt (MW)) Hydropower Projects (\$200,000 DA). Technical assistance and training will be provided to local enterprises to develop bankable projects and acquire local financing. Equitable distribution of rural electrification and support for cooperatives will be promoted. USAID also will promote the development of a clean energy and infrastructure development bank aimed at promoting investment

in small-scale hydropower projects that support rural electrification. Winrock International is implementing this program.

FY 2004 Program:

Improve the Enabling Environment for Equitable and Sustainable Hydropower Development and Strengthen Environmental and Social Assessment Procedures, with Broadened Stakeholder Participation (\$1,600,000 DA). FY 2003 activities will continue in FY 2004 with emphasis on launching at least one Build-Own-Operate-Transfer (BOOT) project under the Power Development Fund.

Promote effective private-public partnerships in energy (\$400,000 DA). In FY 2004, the initial partnership will be consolidated and the United States Energy Association (USEA) will embark on a second partnership between regulatory bodies from the US and Nepal, resulting in a road map to the formation of an independent regulator for the energy sector.

Support to local hydropower developers and to local financial institutions to participate and invest in small (1-10 MW) hydropower projects (\$200,000 DA). USAID's technical assistance and training to local enterprises will continue in FY 2004 to assist in developing bankable projects and acquiring local financing. It is expected that at least one bankable project deal will be closed each year and that the benefits of hydropower will be equitably distributed to increased numbers of the rural poor through sharing of royalties with local governments.

Performance and Results: This program has just completed its first year of operation. Three major investments in hydropower have taken place. The largest is the award and initial deposit for the purchase of Butwal Power Company -- a 17 MW public utility -- by a group of investors headed by Interkraft, a Norwegian firm, valued at \$11 million. The other two investments comprise two small hydropower facilities valued at \$14 million. Total investments this year were \$25 million, bringing the cumulative total private sector investments from \$323 million reported in FY 2001 to \$348 million in FY 2002. In addition, four new survey and two construction licenses were issued this year

Significant progress was made in establishing, with World Bank support, a Power Development Fund (PDF) as a vehicle to attract investment. With USAID assistance, the Nepalese Department of Electricity Development launched an international competitive bidding process to select a bank that would act as the PDF Administrator. The selection process is substantially completed and the World Bank invited GON officials for final loan negotiations early next year.

The program's primary beneficiaries are the GON's energy sector entities (DOED, NEA, WECS) and the private sector. The intended beneficiaries are the 80 percent of Nepal's population living mostly in the rural areas without access to electricity. USAID's investment of \$2.2 million in FY 2002 resulted in successfully leveraging private sector investments in hydropower amounting to \$25 million, a significant return. Each MW of hydropower that comes on line provides electricity to light up, at a minimum, 2,000 households, and each MW of exported hydropower will sequester 6,000 tons of greenhouse gases. This program will reduce Nepal's dependence on fuel wood for its energy needs, and thereby reduce deforestation and soil erosion. Hydropower is the sole natural resource that provides an alternative source of clean and renewable energy for Nepal and the region, and addresses the U.S. Government's Climate Change Initiative (Global Climate Change funds totaling \$2.2 million per year support this objective). In addition, harnessing Nepal's hydropower will pave the way for developing modern sector employment opportunities for millions of Nepalese citizens, contributing to removing one of the major root causes of the Maoist insurgency.

US Financing in Thousands of Dollars

Nepal

367-006 Hydropower Development	DA
Through September 30, 2001	
Obligations	2,429
Expenditures	38
Unliquidated	2,391
Fiscal Year 2002	
Obligations	2,206
Expenditures	1,306
Through September 30, 2002	
Obligations	4,635
Expenditures	1,344
Unliquidated	3,291
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,200
Total Planned Fiscal Year 2003	
Obligations	2,200
Proposed Fiscal Year 2004 NOA	
Obligations	2,200
Future Obligations	0
Est. Total Cost	9,035

Data Sheet

USAID Mission:	Nepal
Program Title:	Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	367-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,300,000 DA; \$600,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,587,000 DA; \$1,000,000 ESF
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: This program addresses critical problems of poor governance, weak rule of law, and inconsistent democratic practices -- issues that slow economic development, fuel an ongoing Maoist insurgency and erode public confidence in democratic institutions. The program provides training and technical assistance to: 1) improve the democratic functioning and management capacity of community-based natural resource management groups; 2) strengthen participation, advocacy, and oversight by civil society groups to hold government more accountable to the needs of the poor and marginalized; 3) enhance leadership skills of elected women, community leaders, and under-represented (lower caste and ethnic/regional minority) groups; and 4) build the capacity of, and cooperation between, government and non-governmental organizations that play critical roles in safeguarding and advancing democracy and rule of law. The program emphasizes assistance to improve citizen participation in governance and improve the performance of institutions that can enhance access to justice, combat corruption, improve the management of natural resources, and address human rights abuses.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase Capacities of Natural Resource Management (NRM) User Groups (\$1,400,000 DA). USAID will fund training for 700 community-based NRM user groups in leadership, record keeping, financial management, transparency, and benefit sharing. This component will assist district and local governments in participatory planning to use revenues from natural resources, including hydropower projects. Principal grantees include: CARE/Nepal (prime), World Wildlife Fund, Resource Identification and Management Society, Research Institute of Training in Irrigation, and Appropriate Technology.

Improve Performance of Selected Institutions (\$3,800,000 DA). This component will provide assistance to strengthen justice sector and government anti-corruption organizations. Training and equipment will be provided for newly established anti-corruption tribunals, prosecutor units, and other key government and civil society organizations. Assistance also will be provided to establish improved standards and practices for more transparent and accountable management of public funds by local and central government departments. Local, regional, and national non-partisan civil society groups, federations and coalitions will be trained in policy analysis and advocacy skills. Principal grantees include: National Democratic Institute, The Asia Foundation (prime), Pro Public, Informal Sector Service Center, Forest Action (subs). Other U.S. and Nepali partners will be selected.

Increase Women's Participation and Combat Trafficking (\$100,000 DA, \$600,000 ESF). Over 5,000 local women leaders will be trained on effective representation. Training also will be extended to other under-represented (lower caste and ethnic/regional minority) groups, when possible. Literacy training and materials will be provided to 8,000 women, and post-literacy materials will be made available countrywide. Anti-trafficking activities will include awareness-raising for recent migrants to urban areas, developing information packages on safe external migration, and supporting GON anti-trafficking enforcement/prosecution initiatives. Skills training will be provided to facilitate the occupational reintegration of returned trafficking victims. Principal grantees for women's participation include: National

Democratic Institute (prime); CARE (prime), Center for Development and Population Activities (CEDPA), Pact, and Winrock (subs). Principal grantees for anti-trafficking include: The Asia Foundation (prime), Women Rehabilitation Center (WOREC), Center for Legal Research and Resource Documentation (CeLRRD), Forum for Women, Law and Development (FWLD), Center for Victims of Torture (CVICT), Agroforestry, Basic Health and Cooperatives (ABC Nepal), National Network Against Girl Trafficking (NNAGT), Maiti Nepal, and the Non-Governmental Organizations (NGO) Federation (subs).

FY 2004 Program:

Increase Capacities of Natural Resource Management (NRM) User Groups (\$1,750,000 DA). Capacity building for community groups and their federations will continue, chiefly via training in group management, financial management, governance, advocacy and resource management. This component will also link community NRM user groups to GON environmental law/corruption prosecution efforts. USAID will assist 39 community forest and buffer zone groups in revising their operational plans. Two areas affected by hydropower projects will be made aware of government policies on compensation and impact mitigation.

Improve Performance of Selected Institutions (\$3,537,000 DA, \$750,000 ESF). Justice sector reform and anti-corruption activities will continue with nascent rule-of-law and anti-corruption coalitions, as well as efforts to strengthen civil society's capacity to conduct policy analysis, advocacy, and ombudsman role. Media training will be linked to these efforts. Assistance will be provided to support civil society and GON initiatives to ensure that women and members of disadvantaged groups are better prepared to qualify for the civil service, and to increase their representation.

Increase Women's Participation and Combat Trafficking (\$300,000 DA and \$250,000 ESF). Training and advocacy activities aimed at increasing women's political participation and leadership -- as well as the leadership of other under-represented (lower-caste and ethnic/regional minority) groups -- will continue. Assistance for anti-trafficking initiatives will emphasize strengthened and diversified prevention activities, as well as improved national and transnational anti-trafficking enforcement. A pilot project on reintegration of victims of trafficking also will be implemented.

Performance and Results: The program has made slow but steady progress toward achieving its targeted results in strengthening the advocacy capacity of civil society groups, increasing women's participation, improving natural resource management, enhancing voter awareness, and combating trafficking. Advocacy training was provided to 950 members of forestry, irrigation, and women's groups in four districts leading to the subsequent formation of eight district level coalitions on natural resource management and women's issues -- a significant step toward their political empowerment. A new program to increase women's political participation and functional literacy in 12 districts is in its initial phase. Voter education activities and the training of women candidates was delayed when elections were postponed indefinitely. Before the polls were suspended, district election officials and local civic/political leaders were trained in conducting elections; voter education materials were produced; and a highly successful radio drama on voters' rights had been aired in ten local languages.

Activities to combat the trafficking of women and children were less affected by the political turmoil, although work with district anti-trafficking task forces was suspended when local political bodies were dissolved. Awareness raising programs for vulnerable women and girls, teachers and students, staff of transit homes for returning victims of trafficking, and local government and transport workers were highly successful; strong demand led to the expansion of class size and adding sessions. Critical reviews of both the SAARC Convention on trafficking and of Nepal's labor and migration laws related to trafficking and women's rights to migrate were completed and recommendations discussed with concerned officials. Partner organizations reissued anti-trafficking materials which address the issue from a rights-based perspective and published new materials on trafficking and safe migration.

US Financing in Thousands of Dollars

Nepal

	DA	ESF
367-007 Governance		
Through September 30, 2001		
Obligations	2,550	1,022
Expenditures	0	405
Unliquidated	2,550	617
Fiscal Year 2002		
Obligations	3,112	810
Expenditures	290	550
Through September 30, 2002		
Obligations	5,662	1,832
Expenditures	290	955
Unliquidated	5,372	877
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	5,300	600
Total Planned Fiscal Year 2003		
Obligations	5,300	600
Proposed Fiscal Year 2004 NOA		
Obligations	5,587	1,000
Future Obligations	0	0
Est. Total Cost	16,549	3,432

Data Sheet

USAID Mission:	Nepal
Program Title:	Ending Conflict and Expanding Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	367-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,247,000 DA; \$5,400,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,524,000 DA; \$5,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2006

Summary: USAID's conflict mitigation program focuses on ameliorating the suffering of conflict affected communities, strengthening capacity for conflict resolution and peace building, and improving governance at the local level through: 1) technical assistance for the construction and/or renovation of employment generating rural infrastructure projects; 2) technical assistance and training to support victims of the conflict; 3) technical assistance to support the GON in its efforts to address the conflict; and 4) technical assistance and training to improve access to justice, strengthen community capacity to participate in local government and enhance peace negotiation strategies and skills.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved Infrastructure and Expanded Employment and Income Opportunities in Targeted Areas (\$247,000 DA and \$3,000,000 ESF). USAID will provide technical assistance, equipment, and materials for the construction and/or rehabilitation of small, labor-intensive rural infrastructure projects that provide short-term paid employment for rural communities in conflict affected areas. Rural roads, schools, clinics, trails, footbridges, and small drinking water and irrigation schemes are among the types of projects to be undertaken. With technical assistance from USAID, rural communities and local governments will plan and implement projects that they themselves consider highest priority. Should the influx of internally displaced persons into urban areas and market towns reach critical levels, the program may shift to those areas. USAID will consider, where appropriate, follow-on activities for longer term income generation. Contractor is to be determined.

Targeted Support for Victims of the Insurgency (\$300,000 DA). To alleviate the adverse conditions and consequences of the conflict, USAID will provide comprehensive medical and psychosocial rehabilitation services, as well as legal counseling to torture victims and their families. Psychosocial support centers for torture victims will be established in ten conflict affected districts. One hundred medical professionals will be trained to examine, document, and treat torture cases. A shelter will be established in Kathmandu to treat 80 female trauma victims per year. Initiatives to cope with increasing numbers of internally displaced persons (IDP) will be explored and implemented as appropriate. As the conflict evolves, programs to rehabilitate and socially reintegrate combatants who have laid down their arms will be considered. The prime contractor is Center for Victims of Torture (CVICT).

Technical Assistance to Strengthen Government Policy Decisions (\$1,200,000 ESF). To assist the GON in its efforts to address the conflict and its root causes, USAID will support technical assistance and training in conflict analysis and resolution; study tours to expose Nepalese leaders to successful conflict-mitigation experiences in other countries; training of political party members to enable them to better fulfill their roles in promoting peace; and training to improve GON prioritization and allocation of human and financial resources. In view of the worsening economic situation, technical assistance will be provided to support key GON macroeconomic policy measures necessary to address the conflict. Contractors are to be identified.

Short-Term Support for Local Governance (\$1,700,000 DA and \$1,200,000 ESF). To bring accessible and affordable justice to rural Nepalese, USAID will support the training of local community representatives in alternative dispute resolution skills (i.e. negotiation, conciliation, mediation, and arbitration). USAID also will provide technical assistance and training to civil society community leaders to strengthen community capacity to participate in local government. As part of the process to achieve peace, selected government, regional, and community leaders will receive training in negotiation skills. In addition, USAID will provide low profile strategic planning/coalition building assistance to selected GON and political party leaders to provide them with the tools to define a common vision in an increasingly challenging environment. The prime contractor is The Asia Foundation.

FY 2004 Program:

Improved Infrastructure and Expanded Employment and Income Opportunities in Targeted Areas (\$2,424,000 DA and \$3,300,000 ESF). USAID plans to expand the program area and increase the number of labor-intensive small rural infrastructure projects that provide short-term employment for rural communities in conflict affected areas.

Targeted Support for the Victims of the Insurgency (\$200,000 DA): USAID plans to continue implement the activities under this component as described above.

Technical Assistance to Strengthen Government Policy Decisions (\$400,000 DA and \$550,000 ESF): USAID will continue to provide technical assistance to the GON in areas such as allocation of human and financial resources, improving human rights policies, enhancing the justice system, improving GON and civil society efforts to combat corruption, and improving the private sector and trade environment.

Short-Term Support for Local Governance (\$500,000 DA and \$1,150,000 ESF): In addition to expansion of the community based alternative dispute resolution component, the program will continue to assist Nepalese initiatives to bring accessible, affordable justice under the rule of law.

Performance and Results: Infrastructure repair activities which began in late 2002 are expected to improve access to markets and social services and is expected to generate 114,000 person-months of employment by the end of the program.

USAID is laying the groundwork for implementation of national community mediation structures and practices under the "Judicial Rights" provisions of the Nepal Local Self-Governance Act of 1999, which have never before been implemented. Baseline studies to determine the demographics and density of civil and criminal cases suitable for mediation have been completed in 11 districts (8 with USAID funding). Training materials have been drafted and are undergoing pilot testing; training of trainers is scheduled to begin in March 2003.

US Financing in Thousands of Dollars

Nepal

	DA	ESF
367-008 Ending Conflict and Expanding Democracy		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	2,850	2,250
Expenditures	153	0
Through September 30, 2002		
Obligations	2,850	2,250
Expenditures	153	0
Unliquidated	2,697	2,250
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,247	5,400
Total Planned Fiscal Year 2003		
Obligations	2,247	5,400
Proposed Fiscal Year 2004 NOA		
Obligations	3,524	5,000
Future Obligations	0	0
Est. Total Cost	8,621	12,650

Pakistan

The Development Challenge: Pakistan poses one of the Agency's most daunting development challenges. A country historically beset since independence with widespread poverty and weak governance structures, it now faces additional burdens related to the war on terrorism in Afghanistan.

The U.S. has a compelling national interest in Pakistan's success as a nation. Substantial USG efforts are focused in the short run on maintaining political stability throughout the country and in assisting the Government of Pakistan (GOP) in the international campaign against terrorism. A critical partner in these efforts, USAID remains focused on the longer-term objective of strengthening Pakistan as a development partner, addressing fundamental economic and social weaknesses, and launching the country on a stable developmental course. Although frequently obscured by the focus on terrorism, the government of President Musharraf is making serious efforts to correct Pakistan's social inequities, devolve political and economic authority to the provinces; and raise basic health and education indicators.

Pakistan may finally have begun pulling itself out of the economic nosedive it has endured since the early 1990s. Since 1999, the Musharraf regime has mobilized strong support from the World Bank and the Asian Development Bank, and succeeded in significantly redressing much of the economic management picture. Unfortunately, over the last decade, the country's huge military expenditures have combined with poor economic performance and the government's consistently inadequate investment in basic education and health (the "social gap") to swell the ranks of the nation's poor. The key challenge for USAID and other bilateral donors is therefore to help the roughly 48 million Pakistanis whose incomes and livelihoods place them below the poverty line. They represent 33 percent of Pakistan's 146 million people. They are both urban and rural, and inhabit all four provinces.

A review of Pakistan's indicators for literacy, enrollment and retention all show an education system in dire need. A recent widely accepted report on education in south Asia estimates the literacy rate at 38 percent, with 50 percent male literacy and 24 percent female literacy. The report states that female literacy in Baluchistan is only 1.7 percent. Thirty-seven percent of boys and 55 percent of girls of primary age are not in school. There is a 70 percent dropout rate in the first five years. The average number of years of schooling in Pakistan is 1.9 years, compared to the 3.9-year average for developing countries. An analytical study concluded that per capita GDP in 1985 would have been 25 percent higher if Pakistan had had Indonesia's primary school enrollment rate in 1960.

Pakistan's major health indicators also demonstrate large unmet needs. The total fertility rate is 4.8, contraceptive prevalence is only 28 percent, and the population growth rate is 2.2 percent per year (compared with India's 1.7 percent). Estimated infant mortality is 85 per 1000 live births, under five mortality is 103 per 1000 live births, and maternal mortality is 533 per 100,000. Immunization rates are low with less than 60 percent of one-year olds fully immunized. Twenty-six percent of children under five are moderately to severely underweight; only 1percent of young children receive vitamin A supplementation; and only 19 percent of households use iodized salt.

Pakistan is currently beset by multiple and severe democracy and governance (DG) problems. It scores low on all five key elements of democracy. Rule of law is more of a slogan than a reality, with Pakistan being one of the world's leaders on corruption indices. Political inclusion is undermined by ethno-linguistic cleavages which are reinforced by differential access to power, but the most marked inclusion problem is due to widespread poverty, which marginalizes the bulk of the population from active participation in national politics. This is augmented by severe patterns of discrimination against women that marginalize their participation in the political process. The shortcomings in regards to good governance are manifested in extraordinary weak performance in the delivery of public services, such as education and health.

The USAID Program: USAID plans to obligate \$50,000,000 DA and \$200,000,000 ESF in Pakistan in FY 2003 and requests \$75,000,000 DA and \$200,000,000 ESF in FY 2004.

The emphasis is on implementation, and the first sector targeted is education. The high foreign policy visibility of the Pakistan program has made a rapid startup critical. Despite the daunting security situation posed by periodic outbursts of anti-Americanism, the USAID mission has crafted effective ways of working with local institutions and governmental partners to support the GOP's goals. In the course of a year, the mission has opened in Islamabad; secured office space in the Embassy compound; recruited and placed its direct-hire and contract personnel; and launched a major initiative in education.

The USAID program is designed to focus on four objectives over a five-year period: providing knowledge, training and infrastructure for education; improving the health of vulnerable populations; strengthening democracy and accountability in the public sector; and increasing economic opportunities for the poor.

The first large team of educational contractors has arrived and is already at work. They have put into motion education programs that encourage policies to improve the quality of teaching and school administration, working directly with the GOP and through partner organizations. USAID also supports health programs and policies aimed at expanding and improving preventive health care for mothers, children and families using community-based delivery models such as the Lady Health Workers. Two planned activities currently in the procurement stage will focus on health and democracy and governance. In FY 2003, the program will expand to include new initiatives in the areas of democracy and governance and economic growth.

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 Government of Pakistan from funds made available under the Emergency Supplemental Appropriations Act (P.L. 107-38).

Other Donors: Donor coordination is strong, thanks in part to a new and innovative mechanism in which 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 UK's DFID for health and legislative strengthening; the Asian Development Bank for microfinance and access to justice; and the Canadian CIDA for education.

Pakistan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	5,000	12,500	25,000
Development Assistance	0	10,000	37,500	50,000
Economic Support Fund	0	9,500	200,000	200,000
Supplemental--ESF	0	15,000	0	0
Emergency Response Fund	0	600,000	0	0
PL 480 Title II	1,855	5,134	0	0
Total Program Funds	1,855	644,634	250,000	275,000

STRATEGIC OBJECTIVE SUMMARY

391-003 Primary Education and Literacy				
DA	0	10,000	21,500	24,000
ESF	0	5,000	0	0
391-004 Democracy and Governance				
DA	0	0	10,000	11,500
ESF	0	2,000	0	0
391-005 Emergency Economic Assistance				
ESF	0	617,500	200,000	200,000
391-006 Economic Growth				
DA	0	0	6,000	14,500
391-007 Basic Health				
CSH	0	5,000	12,500	25,000

391-005 includes \$15M of the FY 2002 Supplemental - ESF.

391-005 includes \$600M of the Emergency Response Fund - ESF.

Data Sheet

391-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Pakistan
Program Title:	Primary Education and Literacy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	391-003
Status:	New
Proposed FY 2003 Obligation:	\$21,500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$24,000,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2006

Summary: USAID's education program in Pakistan will support five of the seven objectives outlined in the Government of Pakistan's Education Sector Reform Strategy. This strategy will provide the knowledge, training, and infrastructure necessary to help education officials and citizens develop, deliver, and maintain high quality education programs for girls and boys throughout Pakistan.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthen Education Sector Policy Reform:(\$4,000,000 DA). Systemic reform of the education sector is essential to the social, economic, and political development of Pakistan. To strengthen the education policy reform process and ensure its effective implementation at all levels of government, USAID will help develop block-grant mechanisms for district capacity development and piloting. This will help ensure that funding from the provincial governments is equitable, efficient, and consistent with the rest of the policy reform efforts. In particular, USAID will help focus additional resources on poverty reduction within the district block grants that are part of the new fiscal devolution in Pakistan.

Improve Education Administration (\$6,000,000 DA). To improve education administration and teacher education in general, USAID will build-on the professional development infrastructure that exists through training, assessment, and distance education for Pakistani educators. The purpose of this effort is to develop the professional capacity of 43,000 primary schoolteachers, 5,200 principals, and 4,500 local education officials. In FY 2003, USAID will begin training the first cohort of master teachers/administrators who will in turn train other teachers and education administrators.

Improve Youth and Adult Literacy (\$8,000,000 DA). Working groups will be established at the district levels to develop and manage major aspects of the literacy strategy, including the development of appropriate technology, materials and training of literacy workers, and upgrading and diversification of the evaluation process.

Expand Public-Private Partnerships (PPP) (\$3,500,000 DA). USAID resources will finance a quick analysis of the Government of Pakistan's current PPP Framework. Then, based on the findings of this analysis and international experience, will draft recommendations acceptable to government and the private sector for strengthening the PPP Framework. Work under this component will help strengthen ongoing initiatives to promote public-private partnerships and widen their application to the crisis Pakistan faces in launching and sustaining viable and effective primary schools across the country.

FY 2004 Program:

Strengthen Education Sector Reform (ESR) (\$6,000,000 DA). Effective reform and decentralization of the education sector will require accountability for results from educators and administrators at all levels of government. USAID will further this objective by financing technical assistance to help Pakistan develop systems and protocols to bring schools, districts, and provinces together around the issue of school

results (e.g., setting standards for testing, for disseminating testing results information, and for follow-up action from test results).

Improve Education Administration (\$9,000,000 DA). USAID resources will finance training for the second cohort of educators and administrators in each province to ensure that new knowledge and skills become a sustained part of the professional development infrastructure for educators and administrators. This training project will focus on the following areas: assessment, sustainability and institutionalization, incentive programs, and distance education for teacher training.

Improve Youth and Adult Literacy (\$5,000,000 DA). USAID will finance technical and material support for the national literacy strategy. Resources will be directed to relevant district offices and local NGOs to improve their capacity to manage, implement, monitor, and sustain this strategy.

Expand Public-Private Partnerships (\$4,000,000 DA). USAID-funded technical assistance and training will help establish a policy and procedural framework for enabling public-private partnerships to support education sector reform. USAID will also develop technical support services to strengthen the capacity of PPPs to use information technology within existing programs. In addition, USAID will award grants and/or contracts to organizations or government units piloting or expanding innovative programs that promote PPP, increase community participation, and which clearly contribute to improved access and delivery of high quality education services.

Performance and Results: The ESRA (Education Sector Reform and Assistance) program is just beginning and established results are not yet available. However, there are some encouraging preliminary results in 2002 from the Creating Democratic Schools project. Within the first seven months of this project 300 teachers and principals have received training. Teachers are more involved while teaching; subsequently there is increased student teacher interaction and an improved teacher-learning environment with the target schools.

Principal Contractors, Grantees or Agencies: The Research Triangle Institute, American Institute of Research, International Reading Association, Save the Children Foundation, The Asia Foundation, World Education, The Aga Khan Foundation, and Children's Resources International.

US Financing in Thousands of Dollars

Pakistan

	DA	ESF
391-003 Primary Education and Literacy		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	10,000	5,000
Expenditures	0	0
Through September 30, 2002		
Obligations	10,000	5,000
Expenditures	0	0
Unliquidated	10,000	5,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	21,500	0
Total Planned Fiscal Year 2003		
Obligations	21,500	0
Proposed Fiscal Year 2004 NOA		
Obligations	24,000	0
Future Obligations	0	0
Est. Total Cost	55,500	5,000

Data Sheet

USAID Mission:	Pakistan
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	391-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$11,500,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2006

Summary: USAID's democracy and governance program will work with civil society organizations, political institutions, and the media to broaden and strengthen democratic principles of good governance in Pakistan. Civil society will have an effective voice in local and national governance; legislators will be better prepared, have the necessary tools and factual information with which to formulate and implement legislative agendas; and the media will be a more independent and effective voice in monitoring governance at the provincial and national levels.

To accomplish these objectives, USAID will:

- help civil society foster more effective and responsive local governance;
- help political institutions (e.g., national and provincial legislatures, provincial and district government, political parties) increase the responsiveness and accountability of elected officials; and
- help the media become a more fact-based and issue-oriented source of public information on political, economic, and social issues.

This is a new program and major components are under design. Consequently, this presentation provides a general description of how FY 2003 and FY 2004 resources will be utilized to launch these efforts.

Inputs, Outputs, Activities:

FY 2003 Program:

In FY 2002, using \$2,000,000 ESF, USAID provided assistance in election monitoring and training of newly elected parliamentary officials, including, for the first time, women. Women now holds 30 percent of the parliamentary seats.

In FY 2003, USAID will provide technical assistance to community-based organizations and advocacy NGOs to increase community-level input in local governance decision-making; improve planning and budgeting for social services at the district and provincial levels; and help forge public-private partnerships at the local level that will address social issues.

USAID will also strengthen the governance capacity of national and provincial legislators and legislatures. Training will be provided in basic legislative procedures and processes, drafting of laws, issue-based legislative agenda building, and other topics of interest to the legislators and their secretariats. USAID may also provide technical assistance to support the development of legislative interest groups that form around common themes and agendas (e.g., women's caucus, poverty, education).

To help legislators develop more issued-based platforms and legislation, USAID may provide technical assistance to develop resource centers at the national and provincial level. In addition, USAID may strengthen the policy analysis capability of Pakistani think tanks and research institutions.

Finally, USAID will help improve the quality of political reporting by training journalists. Technical assistance may also be provided to help the media regulatory body expand privatization of radio and television licenses and strengthen the management capacity of new, private broadcast license recipients.

No funding breakdown is available for FY 2003 programs since they are currently being developed.

FY 2004 Program:

USAID plans to engage in activities similar to those listed for FY 2003.

Performance and Results: This program will begin in FY 2003.

Principal Contractors, Grantees, or Agencies: To be determined.

US Financing in Thousands of Dollars

Pakistan

	DA	ESF
391-004 Democracy and Governance		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	2,000
Expenditures	0	0
Through September 30, 2002		
Obligations	0	2,000
Expenditures	0	0
Unliquidated	0	2,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	10,000	0
Total Planned Fiscal Year 2003		
Obligations	10,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	11,500	0
Future Obligations	0	0
Est. Total Cost	21,500	2,000

Data Sheet

USAID Mission:	Pakistan
Program Title:	Emergency Economic Assistance
Pillar:	Global Development Alliance
Strategic Objective:	391-005
Status:	
Proposed FY 2003 Obligation:	\$200,000,000 ESF
Prior Year Unobligated:	\$17,500,000 ESF
Proposed FY 2004 Obligation:	\$200,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: The overall goal of U.S. assistance to Pakistan is to support peace in South Asia. The Government of Pakistan's political and economic stability continues to be important to U.S. foreign policy objectives in the South Asia.

Inputs, Outputs, Activities:

FY 2003 Program:

In FY 2002, USAID provided a total grant of \$600,000,000 to the Government of Pakistan as balance of payments and budget support under PL 107-38, the Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States.

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 was 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).

In FY 2003, USAID plans to provide \$200,000,000 ESF to the Government of Pakistan for debt relief. In addition, approximately \$15,000,000 FY 2002 ESF Supplemental and \$600,000,000 FY 2002 Emergency Response Fund are also available for FY 2003 programs.

FY 2004 Program:

For FY 2004, USAID is requesting a total grant of \$200,000,000 ESF to provide economic support to the Government of Pakistan. The particular mode of this assistance will be decided in consultation with the newly elected civilian government. However it is provided, the United States will aim to use this assistance to encourage critical reforms in the education, economic, social, or political sectors, and to multiply the effectiveness of US assistance programs in these sectors.

Performance and Results: The FY 2002 funds were provided as a cash transfer. These funds were used by the Government of Pakistan to meet critical foreign exchange needs, either for debt repayment or for the importation of acceptable U.S. goods and services. 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, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	600,000
Expenditures	600,000
Through September 30, 2002	
Obligations	600,000
Expenditures	600,000
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	17,500
Planned Fiscal Year 2003 NOA	
Obligations	200,000
Total Planned Fiscal Year 2003	
Obligations	217,500
Proposed Fiscal Year 2004 NOA	
Obligations	200,000
Future Obligations	0
Est. Total Cost	1,017,500

Data Sheet

USAID Mission:	Pakistan
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	391-006
Status:	New
Proposed FY 2003 Obligation:	\$6,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$14,500,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID's economic growth program will help improve the lives and livelihoods of poor Pakistanis. The results of these initiatives will bring new economic opportunities to Pakistanis living in urban, peri-urban, and rural areas. USAID analyses have concluded that the most promising means to achieve this objective is through promoting microenterprise and job creation.

The planned program will increase incomes and employment opportunities for Pakistan's poor, with a focus on selected, under-served or ill-served target regions of Pakistan. Working through known and successful Pakistani partners, USAID plans to help extend microenterprise and community-based development to those who are currently beyond anyone's reach. Using US and Pakistani partners, the program will also accelerate job creation and business opportunity by fostering rapid growth in small and medium enterprises, Pakistan's second largest employer after agriculture.

Specifically, USAID will provide financing to established Pakistani rural development organizations to:

- Expand micro-finance programs to unserved and under-served geographic areas;
- Strengthen existing micro-finance institutions;
- Improve the micro-finance and small business regulatory environment; and
- Facilitate growth among micro, small and medium-size businesses;

This is a new program and major components are under design. Consequently, this presentation provides a general description of how this program will be launched in FY 2003 and FY 2004.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID proposes to focus on the most economically disadvantaged populations and geographically isolated regions in Pakistan. Technical assistance and training will enable several micro-finance and rural community development institutions to expand community infrastructure and business advisory services to large numbers of women as well as unemployed young males. USAID will also provide business development and management services for new micro-entrepreneurs and small business owners.

USAID may provide technical assistance to improve the policy and regulatory environment for both micro-finance institutions as well as small and medium-size businesses. Removing regulatory and legal constraints will improve the business environment and create new opportunities for private sector-led growth, particularly among businesses that employ the Pakistani poor.

USAID may provide technical assistance and training to NGOs, business advisory associations, and micro-finance institutions to strengthen their capacity to provide business development and advisory services.

FY 2004 Program:

The program scheduled to be launched in late FY 2003 will continue in FY 2004. The principal new element that may influence this program in FY 2004 will be the opportunity to combine these efforts with the pursuit of a related Government of Pakistan policy reform measures with the help of the \$200 million ESF.

Performance and Results: This program will commence in FY2003. Though specific activities are still being designed, results will be measured in terms of employment and income opportunities created for members of the labor force and their families who fall below the poverty line. The primary impact of this program will take place in the various districts and regions of provinces that will be selected based on the competitive proposals USAID/Pakistan will receive in late FY 2003.

Principal Contractors, Grantees, or Agencies: To be determined.

US Financing in Thousands of Dollars

Pakistan

391-006 Economic Growth	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	6,000
Total Planned Fiscal Year 2003	
Obligations	6,000
Proposed Fiscal Year 2004 NOA	
Obligations	14,500
Future Obligations	0
Est. Total Cost	20,500

Data Sheet

USAID Mission:	Pakistan
Program Title:	Basic Health
Pillar:	Global Health
Strategic Objective:	391-007
Status:	New
Proposed FY 2003 Obligation:	\$12,500,000 CSH
Prior Year Unobligated:	\$610,000 CSH
Proposed FY 2004 Obligation:	\$25,000,000 CSH
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID's objective in this sector is to improve the health of women, children, youth, and young married couples in Pakistan by expanding access to quality basic health care services. Maternal and child health, reproductive health and family planning, and HIV/AIDS prevention are the program's primary foci. Public-private partnerships, decentralized management of public sector health services, and health policy reform are all key to achieving planned results.

Because all of these elements are resident in the United Kingdom's new five-year, health sector strategy for Pakistan, USAID has adopted this strategy and will work closely with the United Kingdom's Department for International Development (DFID) to achieve its objectives. While DFID will provide substantial health-related budgetary support to the Government of Pakistan, USAID will provide technical assistance and training at the provincial and district levels to complement national-level health sector reforms. This approach has enabled Pakistan's two largest bilateral health sector donors to agree upon and pursue common health sector objectives and gives USAID a voice in the national health policy dialogue.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID has made substantial investments to improve health care in Pakistan since 1982. Approximately \$72 million (1982-1994) was obligated for the Population Welfare Planning Project. Assistance from 1985-1995 totaled \$165 million for child survival activities to reduce child morbidity and mortality due to diarrheal diseases, measles, neonatal tetanus, and acute respiratory infections. Since 1995, USAID has provided modest assistance that helped emphasize the rights of women and girls to basic health services. In 2002, after the USAID Mission was reopened, some activities in health were initiated, such as efforts to support health sector reform to improve coverage, responsiveness, quality, and efficiency of health services.

In FY 2003, a new health strategic objective is under design. USAID will provide funding for technical assistance and training, as well as limited commodity support, to help expand provision of family planning and reproductive health products and services to rural areas. This expansion will help reach underserved or unserved populations. Public-private partnerships will help sustain the availability and quality of these services. These new services will in turn help improve maternal and child health. Activities will include: (1) expanding services into rural areas through NGO and private-sector partnerships; (2) expanding post-abortion care services to treat emergency conditions; (3) expanding availability of modern family planning methods; (4) training 1,000 community health workers and midwives in the delivery of family planning and reproductive health services; and (5) gathering health information on infant/child and maternal mortality and morbidity to guide the Pakistani government, donors, NGOs, and program implementers in making policy and program improvements.

Public-sector basic health care services, both in quality and availability, will also be strengthened with better-informed budget formulation, execution, and monitoring. To complement DFID's assistance to

improve health sector budgeting and programming at the national level, USAID will provide technical assistance and training at the provincial and district level to improve data collection, analysis, and synthesis of health data. Information from these levels will help rationalize and improve national level resource allocation processes for provincial and district governments.

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

FY 2004 Program:

Efforts beginning late in FY 2003, as described above, will continue and expand in FY 2004.

Performance and Results: To be determined.

Principal Contractors, Grantees, or Agencies: To be determined.

US Financing in Thousands of Dollars

Pakistan

391-007 Basic Health	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	4,390
Expenditures	166
Through September 30, 2002	
Obligations	4,390
Expenditures	166
Unliquidated	4,224
Prior Year Unobligated Funds	
Obligations	610
Planned Fiscal Year 2003 NOA	
Obligations	12,500
Total Planned Fiscal Year 2003	
Obligations	13,110
Proposed Fiscal Year 2004 NOA	
Obligations	25,000
Future Obligations	0
Est. Total Cost	42,500

Data Sheet

391-XXX: No Summary and/or Pillar information entered for this SO.

Data Sheet

391-YYY: No Summary and/or Pillar information entered for this SO.

Sri Lanka

The Development Challenge: After two decades of war that has short-circuited development and torn apart the nation's social fabric, Sri Lanka finds itself with a pivotal opportunity to achieve sustainable peace. The change of administration in December 2001 put the sidetracked search for a negotiated settlement back on course: A ceasefire agreement between the new Government and the Liberation Tigers of Tamil Eelam (LTTE) was signed in February 2002, and formal talks began in September 2002. Throughout the process, both parties to the conflict have demonstrated willingness to take risks and make compromises. A key factor in bringing them to the negotiating table - severely depleted economic resources - figures to be a continuing post-conflict constraint. Substantial international assistance will be required to meet the enormous reconstruction, rehabilitation and reconciliation needs.

The short-term focus of support must be on the war-ravaged North and East, to which more than ¼ of an estimated 800,000 internally displaced persons (IDPs) have returned. The successful reintegration of IDPs and an estimated 85,000 refugees from India into communities of origin and resettlement villages will require significant human and material resources. Priority tasks include eliminating the danger of landmines; rebuilding homes, schools and hospitals; rehabilitating water and sanitation infrastructure; and providing sustainable livelihoods.

Despite the enormity and urgency of needs in the North and East, peace dividends must be perceived as benefiting all Sri Lankans in order to have universal investment in the ongoing process. This will require economic and social development island-wide, along with a viable devolution arrangement that meets the aspirations of all groups within the nation's pluralistic society. Having learned from post-independence history that high unemployment is likely to result in social unrest, the Government seeks to better align the supply of adequately trained labor with the demands of a modernizing and increasingly outward-looking job market. The need for job creation - particularly for youth -- will be critical during the next few years.

The Government is committed to facilitating private sector-led growth. Energized by a year of peace, the trade-based economy has bounced back slowly in 2002 after the 1.4-percent contraction in 2001, the first since independence in 1948. An end to drought-induced power cuts, the ceasefire agreement and economic reform efforts are key factors contributing to a projected growth rate of 3 percent in 2002. Spending is required island-wide to renovate and construct essential infrastructure, create 2 million jobs and provide social services to address poverty. The GSL's ability to respond is severely constrained, however, by the continued high cost of maintaining its security forces, which accounts for 16 percent of government spending, and the burden of servicing a \$1.5 billion debt, which is equivalent to 104 percent of GDP and accounts for more than 30 percent of government expenditures in interest payments alone.

With a per-capita income of \$823 (GNP), life expectancy of 72.1 years, infant mortality of 17 per 1,000 live births, and adult literacy rate of 92.6 percent, Sri Lanka ranks 89th of 173 countries on the latest UNDP Human Development Index. The country's high social indicators relative to the rest of South Asia and most of the developing world mask, however, the reality of life in conflict-affected areas and the full impact of 20 years of war. This is because reliable data from the North and much of the East have been unavailable since 1990.

The USAID Program: USAID will devote \$6.05 million in DA and CSH funds and \$4 million in ESF to its FY 2003 program and requests \$5.5 million DA and CSH and \$14 million ESF for FY 2004. Assistance will continue to refocus in response to challenges and opportunities arising from the peace process. At the same time, the overarching goal of the USAID program in Sri Lanka remains sustainable, broad-based human development through economic growth. This is to be achieved through programs and activities in support of:

- increased economic competitiveness in the global marketplace;
- good governance, active civil participation and respect for human rights;
- improved social and economic integration for disadvantaged groups, with special focus on the disabled, war-affected children and victims of violence; and

-- rapid, flexible response to rehabilitation, reconstruction and reconciliation needs.

The first three above-mentioned are Strategic Objectives (SOs) identified in USAID's 2001-2005 Country Development Strategy. The specific activities to be funded by FY 2003 and FY 2004 appropriations under these SOs are described in more detail in the attached program Data Sheets. Congressionally earmarked funds support the bulk of activities under SO 3, addressing integration for disadvantaged groups through Leahy War Victims, Displaced Children and Orphans, and Victims of Torture funding. After consultation with USAID/Washington, the Victims of Torture funding was shifted in August 2002 from the Democracy and Governance to the Humanitarian Assistance program in order to better reflect its congressional mandate.

The Special Objective, "Promoting the Benefits of Peace," addresses emerging opportunities and challenges in an evolving post-conflict environment, responding to Government requests and short-term, urgent needs identified in several recent assessments conducted with support from Washington. It allows USAID to access flexible funds to support initiatives sustaining the peace process and complementing the Mission's long-term Country Development Strategy, under revision, as well as the Government's vision for broad-based, sustainable human development. These programs will bridge the gap to FY 2004, when additional ESF becomes available.

Other Program Elements: Two regional projects support USAID's economic growth and competitiveness thrust through transfer of expertise and technology and increased cooperation among stakeholders. US-AEP will continue to focus on policy and technology transfer related to urban waste and environmental management. SARI/Energy is helping the Government to broaden participation and improve management of the energy sector, providing a cleaner, less expensive and higher quality energy supply to business and industry.

Development Assistance from USAID/Washington supports a four-year study by Family Health International to compare the success, safety and surgical difficulties of two vasectomy techniques (through mid-2003). Other centrally funded programs operational in FY 2002 included support for the re-greening of Sri Lanka through an analog forestry project that assisted small-holder farmers in moving towards high-value, certified environmentally friendly products (completed in 2002), and assistance to the Salesian Missions, a U.S. private voluntary organization, to provide vocational education training in non-traditional fields for young women (ongoing through 2006).

Other Donors: Japan was Sri Lanka's biggest donor at the end of 2001, followed by the Asian Development Bank and the World Bank, according to the latest available figures from the Government. Other major sources of overseas development assistance to Sri Lanka include Germany, China and the U.S., the sixth-largest donor overall.

The United States remains the leading donor in its support for economic growth through private-sector development, complimented by Germany, Norway, Sweden and the European Union. Multilateral donors such as the World Bank, Asian Development Bank and International Monetary Fund focus primarily on macroeconomic interventions. Though all donors provide some form of humanitarian assistance as a part of their portfolios, the U.S. continues at the forefront in its extensive support for the provision of civilian prosthetics, orthotics and wheeled mobility devices. Due to tremendous needs, assistance for children affected by conflict is widespread, and support for victims of torture is a growing area of interest. USAID is coordinating and collaborating with other donors in both areas.

**Sri Lanka€
PROGRAM SUMMARY€**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	300	300	300	500
Development Assistance	3,399	5,150	5,750	5,000
Economic Support Fund	0	3,000	4,000	14,000
PL 480 Title II	0	1,325	0	0
Total Program Funds	3,699	9,775	10,050	19,500

STRATEGIC OBJECTIVE SUMMARY

383-003 Humanitarian Assistance				
CSH	300	300	300	500
DA	400	1,900	500	0
ESF	0	200	0	1,000
383-004 Competitiveness				
DA	2,999	3,250	3,000	4,250
ESF	0	0	2,000	3,000
383-005 Democracy and Governance				
DA	0	0	2,000	500
ESF	0	2,800	0	4,000
1/ 383-XXX ANE Regional US-AEP				
DA	0	0	250	250
383-YYY Transition Initiatives				
ESF	0	0	2,000	6,000

1/ USAID plans to obligate \$250,000 in FY 2003 and \$250,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Sri Lanka.

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Improved Framework for Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	383-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	NA
Estimated Completion Date:	NA

Summary: This Strategic Objective (SO) has been closed out. The Mission does not plan to obligate resources under this SO in FY 2003 nor FY 2004.

Inputs, Outputs, Activities:

FY 2003 Program:

Not applicable

FY 2004 Program:

Not applicable

Performance and Results: Not applicable

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Citizens' Rights Better Protected in Law and Pract
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	NA
Estimated Completion Date:	NA

Summary: This Strategic Objective (SO) has been closed out. The Mission does not plan to obligate resources under this SO in FY 2003 nor FY 2004.

Inputs, Outputs, Activities:

FY 2003 Program:

Not applicable.

FY 2004 Program:

Not applicable.

Performance and Results: Not applicable.

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Humanitarian Assistance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$300,000 CSH; \$500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 CSH; \$1,000,000 ESF
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2005

Summary: Two decades of civil war in Sri Lanka have claimed an estimated 65,000 lives and left countless survivors either disabled, emotionally scarred, or both. The trauma of shelling and mines, absence of human security, loss of family members, and repeated displacement has taken a particularly heavy toll on children. Victims of torture and systematic violence, as well as their families, have few places to turn and inadequate services available to them. The Humanitarian Assistance objective is aimed at improving the social and economic integration of targeted disadvantaged groups, in particular people with mobility disabilities, vulnerable children and young people, and victims of torture and systematic violence.

Inputs, Outputs, Activities:

FY 2003 Program:

In late FY 2002 USAID reshaped the existing strategic objective to more accurately reflect the envisioned results that incorporate activities described above with an overall objective of greater integration of the disadvantaged groups, a process of particular importance as Sri Lanka endeavors to create a lasting peace.

Improve support to the disabled (\$500,000 DA). Through provision of technical assistance, training and equipment, the program is introducing modern prosthetic, orthotic and mobility device technologies to expand options and provide a more holistic approach to rehabilitation. Working with an international NGO and local partners, USAID is supporting the development of an appropriate model of care, services and equipment provision.

Reintegrate traumatized children and youth into community life (\$300,000 CSH). USAID has further developed this program in response to the peace process. Awareness campaigns and training will enhance capacity of families and communities to address threats to security such as child recruitment, violence and sexual exploitation. Support and training of local NGOs will improve services that address emotional and social needs of children and youth affected by conflict. Activities will include after-school support; inter-ethnic playgroups, arts and sports; weekend camps to promote cross-cultural understanding; and programs to prevent child sexual abuse.

Improve services and support to victims of violence. Since receiving the Victims of Torture funds in late FY 2002, the Mission has developed relationships with organizations serving victims of torture and systematic violence, and researched issues that impact on victims' ability to access services and recover from trauma. In the second quarter of FY 2003 a technical team will develop a strategy for the \$1.75 million program, prioritizing needs of victims and their families, identifying technically appropriate activities and awarding grants to local NGOs.

FY 2004 Program:

USAID's Humanitarian Assistance program will become fully operational as programs to assist victims of violence get underway, and support for improving the nutritional status of children and increasing

HIV/AIDS awareness gets underway. Help for the disabled will begin to address core issues restricting this group's fuller integration and assistance for conflict-affected youth will be expanded to meet increased needs associated with the return of IDPs and refugees.

Improve access for the disabled (\$500,000 ESF). Program elements will include continued technical assistance and training in application of improved prosthetics technology; long-term prosthetics training for five additional Sri Lankans; design of more appropriate and cost-effective wheeled mobility devices; and initiation of the employment and advocacy activities to address the socio-cultural, legislative and economic barriers to integration of people with disabilities.

Reintegrate children and youth back into community life (\$500,000 CHS). USAID will expand support for counseling and psycho-social services to children and youth among expected rising numbers of IDP and refugee returnees. Technical assistance will ensure that children receive appropriate services, help to develop national standards for psycho-social counselors, and provide on-going training to ensure implementation. Youth group networks will be formed to develop leadership and support systems for children and youth affected by conflict.

Improve services and aid to victims of violence. USAID will facilitate the expansion and improvement of services offered to community centers for victims of torture and their families; offer training to better equip counselors and social workers; institute a follow-up system to ensure that additional needed services are provided; and help develop support groups of victims and their families to assist in successful integration into family, school, community and workforce.

Improve nutritional status of children and adolescents (\$250,000 ESF). Armed conflict, drought and food insecurity has greatly deteriorated the nutritional level of rural populations in the North, East and southern dry zone. By international standards prevailing diets are poor in critical vitamins and micro-nutrients. Nutritional deficiencies in the most severely affected communities will be addressed by increasing availability of vitamin supplements and training mothers to maximize vitamin and micro-nutrient intake in locally grown foods.

Increased HIV/AIDS awareness and prevention (\$250,000 ESF). Funding will support expansion of indigenous NGO programs currently providing small-scale HIV/AIDS activities to vulnerable populations including adolescents and young adults. Internal displacement, migratory patterns of seasonal labor, gender-based violence, inadequate reproductive health services in IDP camps, military bases in urban communities, and the expected return of refugees from high prevalence areas put Sri Lankans increasingly at risk for HIV/AIDS. Planned assistance will increase awareness and provide counseling and voluntary testing to targeted high-risk groups.

Performance and Results: The two cooperative agreements slated to be signed in FY 2002 were delayed and in the interim, USAID funded a \$100,000 bridge grant to the Motivation Charitable Trust to conduct an initial assessment of the technical and administrative capacity of prosthetics, orthotics and wheeled mobility device products and providers. Motivation developed a strategy and implementation plan for the introduction of improved and more appropriate technology. The Mission funded five students to attend a three-year internationally recognized course for certification as prosthetists and orthotists. Mission staff continued during FY 2002 to share information with other donors and NGOs regarding the psycho-social needs of children and youth affected by conflict. Programs were planned in anticipation of the signing during the second quarter of FY 2003 of an umbrella grant with an international NGO. Funding for the victims of violence program was received in late FY 2002, at which point site visits to potential grantees were conducted.

USAID's humanitarian assistance program will improve the social and economic integration of targeted disadvantaged groups into the community.

Principal Contractors, Grantees and other Agencies: USAID activities to improve support for the disabled will be implemented by Motivation Charitable Trust.

US Financing in Thousands of Dollars

Sri Lanka

383-003 Humanitarian Assistance	CSH	DA	ESF
Through September 30, 2001			
Obligations	300	5,577	0
Expenditures	300	5,122	0
Unliquidated	0	455	0
Fiscal Year 2002			
Obligations	0	250	0
Expenditures	0	141	0
Through September 30, 2002			
Obligations	300	5,827	0
Expenditures	300	5,263	0
Unliquidated	0	564	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	300	500	0
Total Planned Fiscal Year 2003			
Obligations	300	500	0
Proposed Fiscal Year 2004 NOA			
Obligations	500	0	1,000
Future Obligations	0	0	0
Est. Total Cost	1,100	6,327	1,000

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Competitiveness
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	383-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,000,000 DA; \$2,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,250,000 DA; \$3,000,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: The USAID program continues to provide economic assistance to public and private sector partners to reform policy, reduce operational bottlenecks and build sustainability for private sector-led growth. The Competitiveness SO will be refined as part of the Mission's revised five- year strategy to begin in FY 2004.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID economic assistance will focus on enhancing Sri Lanka's competitiveness in the areas of economic reform, strengthening key private sector industries and workforce enhancement:

Economic reform (\$1,000,000 DA, \$900,000 ESF). USAID will continue to provide advisors to support further planning and implementation of "Regaining Sri Lanka," the GSL's roadmap for national economic recovery. Priority will be given to those among the 36 economic reforms that have the greatest multiplier effect in terms of developmental impact, private sector benefit and link with higher-level USG trade and investment objectives on global competitiveness. In addition, U.S. Department of Treasury technical assistance will support the GSL's Ministry of Finance.

Strengthen private industry (\$850,000 DA, \$1,000,000 ESF). Assistance to private-sector industry clusters will be geared toward facilitating the transition to self-sustainability, with cluster members determining ways and means of future collaboration. Three clusters will be identified for stepped-up assistance based on their potential to compete globally and to create new, higher-end jobs at home. Support for research, analysis and partnerships with U.S. industries will help identify opportunities for selected clusters to bolster competitiveness through adaptation of environmentally friendly technologies and practices. A USAID-funded study will determine the feasibility of establishing a fee-for-service agreement to provide International Executive Service Corps (U.S.) expertise to the private sector through the American Chamber of Commerce.

Workforce enhancement (\$1,150,000 DA, \$100,000 ESF). With an aim to increase the depth of understanding and interest in the private sector among future generations, USAID is expanding the Junior Achievement program by 50 rural schools to a total of 170 island-wide. Given the high risk that unemployment, particularly among youth, poses in post-conflict settings, USAID will support targeted activities through public-private sector partnerships to better align Sri Lanka's outdated vocational education system with private sector employment opportunities.

FY 2004 Program:

USAID will continue to support various GSL-led initiatives contributing to a favorable economic policy and regulatory environment. Inclusion of firms in the North, East and deep South within targeted industry clusters, coupled with development of private sector organizations and networks for increased cross-regional trade, will help re-knit and strengthen the national economy. Support will continue to facilitate alignment of vocational education with the job market.

Economic reform (\$750,000 DA, \$1,000,000 ESF). USAID will focus its technical assistance and training resources to support implementation of targeted competitiveness-related policy and institutional reforms consistent with the "Regaining Sri Lanka" roadmap. Likely areas of intervention include industry, agriculture, trade (particularly assistance required to negotiate a Trade and Investment Framework Agreement), labor markets and productivity, and customs. A U.S. Department of Treasury advisor will continue to assist the Ministry of Finance.

Strengthen private industry (\$2,750,000 DA, \$1,000,000 ESF). Support will be provided to three industry clusters with high-growth potential to upgrade their workforces, increase productivity, establish new markets and alliances, and continue market and product research. Private sector firms and associations in the North, East and deep South will be encouraged to participate. Clusters with action plans to boost competitiveness by "going green" will implement them through partnerships with cutting-edge industries and institutions in the United States. If the results of the AMCHAM/IESC feasibility study are positive, USAID will provide start-up funds for specific technical assistance to Sri Lankan industries on a fee-for-service basis, shifting demand and responsibility for program sustainability to its primary beneficiaries, the private sector.

Workforce enhancement (\$750,000 DA, \$1,000,000 ESF). Responding to the GSL's stated need to create 2 million new jobs, USAID assistance will support the public and private sector to realign its vocational education system to meet demands for the higher skill levels required to be competitive in the global marketplace. Support will continue to expand the Junior Achievement program with a focus on schools in the North and East.

Performance and Results: USAID's competitiveness initiative continued to make significant gains over the past year, during which eight industry clusters became fully operational and developed strategies and roadmaps of regulatory reform for consideration by the GSL. The information and communication cluster strategy became the basis of the GSL's e-Lanka initiative, promoting a broad, youth-oriented and employment-specific integration of information technology (IT) as part of the nation's post-conflict recovery plan. In addition, a number of alliances between the public sector, private sector and academia resulted from cluster activities. Initiatives to boost the tourism market spawned the creation of the first leg of a nation-wide network of bicycle trails and a tourist-oriented development plan for Sri Lanka's cultural triangle.

With a pro-business government in place, long-term advisors were provided to two key ministries, making significant contributions to the development of "Regaining Sri Lanka," the GSL's keystone post-conflict economic recovery strategy; the draft National Productivity Strategy, spearheading the reform of the private sector for greater productivity; and the acceptance of a cabinet-level paper to create a National Competitiveness Council, with government, business, labor and academic representation. In order to promote greater trade links with the U.S. and the budding IT industry, a trade mission for 11 Sri Lankan firms was organized to develop reciprocal commercial agreements with U.S. partners. USAID also supported a U.S. study tour for leading GSL, private sector, Parliament and labor union representatives to build support for future productivity and labor reform activities.

Continued progress in this objective will significantly increase global competitiveness of selected key industries and create the economic climate necessary to attract investments required for sustainable, private-sector-led growth.

Principal Contractors, Grantees or Agencies: Competitiveness -- Nathan Associates (prime), and J.E. Austin Associates (sub); Junior Achievement -- Young Entrepreneurs Sri Lanka; fee-based services -- American Chamber of Commerce in Sri Lanka (prime) and International Executive Service Corps (sub).

US Financing in Thousands of Dollars

Sri Lanka

	DA	ESF
383-004 Competitiveness		
Through September 30, 2001		
Obligations	16,529	0
Expenditures	11,729	0
Unliquidated	4,800	0
Fiscal Year 2002		
Obligations	2,990	0
Expenditures	3,624	0
Through September 30, 2002		
Obligations	19,519	0
Expenditures	15,353	0
Unliquidated	4,166	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	3,000	2,000
Total Planned Fiscal Year 2003		
Obligations	3,000	2,000
Proposed Fiscal Year 2004 NOA		
Obligations	4,250	3,000
Future Obligations	0	0
Est. Total Cost	26,769	5,000

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 DA; \$4,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: Three recent pivotal changes in Sri Lanka's political landscape augur well for USAID's prospects of success in supporting improved democracy and governance: the election of a new government in December 2000; the February 2002 agreement for cessation of hostilities; and the ongoing peace negotiations which began in September 2002. The Mission's Democracy and Governance program is currently supporting the peace process by providing assistance to the Peace Secretariat and by helping to build constituencies for peace. A just-completed Conflict Mitigation and Democracy Assessment will form the basis for a reshaped program to promote peace and reconciliation.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID signed a new strategic objective agreement with the GSL in mid-2002 in which strengthening of the newly formed Peace Secretariat was the central element. The FY 2003 program continues to assist the Secretariat and to increase public awareness at the national and grass roots levels of the tangible benefits and future directions of the peace process.

Strengthened Peace Secretariat (\$125,000 DA). USAID resources will provide enhanced management skills and IT capabilities, expanding training for the media unit, proffering expertise from former international peace negotiators on pressing issues related to the peace process, and facilitating demand-driven research and analysis to identify and share best practices and lessons learned.

Expand constituencies for peace (\$125,000 DA). The media's ability to report on core peace-process issues, contributing to an informed, fact-based, analytical dialogue at grass-roots level, will continue to be strengthened by USAID resources. Creative approaches will be sought for peacebuilding, including a planned teledrama to be broadcast in the local languages. Indigenous think tanks will undertake research and conduct opinion polls among key stakeholder groups, allowing the Peace Secretariat to disseminate focused messages to potential spoilers of the process. Access to the expertise of former peace negotiators will be expanded to regional centers of the country.

Initiate new strategy to support peace and reconciliation (\$1,750,000 DA). Informed by the recently completed Conflict Mitigation and Democracy Assessment, USAID will reshape the Strategic Objective as appropriate, select mechanisms and begin prioritized implementation of programs to reduce propensity for conflict among key groups, strengthen capacity for good governance and reform, and expand access to legal/political channels for vulnerable groups.

FY 2004 Program:

The Mission's Democracy and Governance strategic objective, which was designed in FY 2002, is currently being reshaped to reflect the new opportunities and challenges of the peace process. It will be fully implemented in FY 2004, incorporating recommendations from the recent Conflict Mitigation and Democracy Assessment.

Reduce propensity for conflict among key groups (\$1,000,000 ESF). Training and capacity building is planned to strengthen or create civil society organizations, particularly in the North and East, that bridge divided communities through diverse membership and shared, mutually agreed upon development goals. Establishing regional offices of the Peace Secretariat will improve the Government of Sri Lanka's ability to assess stakeholder reactions and maximize responsiveness to citizens' needs and concerns. Regional training for young practicing or aspiring journalists in conflict-sensitive reporting, and support for development of regional media will target hotspots and potential spoilers of the peace process. Civic education aimed at youth will promote social responsibility and democratic values using a problem-solving approach through informal education channels that supports dialogue with local and regional government.

Strengthen capacity for good governance and reform (\$2,250,000 ESF). Constitutional political reform at the national level will be consolidated through technical assistance, research, surveys and mechanisms to disseminate broadly facts on key governance issues and contribute to public debate. The smooth transition to more decentralized governance will be encouraged by resources supporting more transparent, participatory and professional resource allocation and public service delivery in several selected localities. Administrative capacity of national and provincial legislatures will be bolstered through multi-partisan training and development of committee systems.

Expanded legal recourse for vulnerable groups (\$500,000 DA, \$750,000 ESF). Increased access to legal aid for local minorities and other vulnerable groups will strengthen the rule of law by allowing disadvantaged segments of society to assert their rights. Beneficiaries will include displaced persons and recent returnees, female-headed households, women workers, children and the disabled in the North, East and central hill country plantation community. Assistance supporting the establishment of Ministry of Justice mediation boards in new areas, including the North and East, will further promote non-violent dispute resolution while increasing expediency of the formal court system.

Performance and Results: With the election of the new government in December 2001 and the renewed efforts at peace, the Mission seized the opportunity to quickly mobilize resources for the newly formed GSL Peace Secretariat. Technical assistance enhanced the functional and analytical capacity of the Secretariat to respond to specific needs of the negotiators and to build support for the peace process. A South African journalist who played an active role in his country's peace and reconciliation process helped develop a media unit capable of delivering solid, real-time information to the media and the public on the progress of the peace process, and laid the groundwork for future training and peacebuilding projects with local journalists and news broadcasters. USAID also contributed to the design of the EU-funded Secretariat web site, which has become a key source for balanced and timely news and links to other sites related to conflict analysis and peacebuilding. Former international peace negotiators from Guatemala, El Salvador and Northern Ireland were made available to work with the Peace Secretariat staff and negotiators, sharing strategies and lessons learned and providing a sounding board to facilitate preparations for the first round of negotiations in September 2002. Lastly, USAID support and assistance helped put in place structures and strategies enabling the Peace Secretariat to gauge and respond to public opinion.

By the end of the program, USAID support will have strengthened constituencies for peace, increased institutional capacity to implement reforms that consolidate peace and address root causes of conflict, and facilitated greater empowerment of vulnerable groups to assert their rights.

Principle Contractors, Grantees or Agencies: USAID's FY 2003 activities in support of the peace process are implemented through the Academy for Educational Development (AED).

US Financing in Thousands of Dollars

Sri Lanka

	DA	ESF
383-005 Democracy and Governance		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	3,000
Expenditures	0	0
Through September 30, 2002		
Obligations	0	3,000
Expenditures	0	0
Unliquidated	0	3,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,000	0
Total Planned Fiscal Year 2003		
Obligations	2,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	500	4,000
Future Obligations	0	0
Est. Total Cost	2,500	7,000

Data Sheet

383-006: No Summary and/or Pillar information entered for this SO.

Data Sheet

383-XXX: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Transition Initiatives
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-YYY
Status:	New
Proposed FY 2003 Obligation:	\$2,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,000,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2006

Summary: After 20 years of armed conflict, broad-based, sustainable human development in Sri Lanka hinges on peace. This in turn requires a critical mass of people invested in the process and its perceived outcomes. Although the three existing Strategic Objectives offer sufficient latitude to address a number of these opportunities, funding mechanisms don't provide the fast, flexible interventions needed in an evolving post-conflict scenario. This Special Objective will utilize Office of Transition Initiatives (OTI) funding and technical assistance, in addition to ESF to support constituencies for peace and engage constructively with potential spoilers through job training, microcredit, small-scale infrastructure projects, community development, and a variety of media-related activities, among other things. The aim is to create the space and buy the time for both sides to work through the complex, contentious issues that must be resolved in order to reach a negotiated, binding settlement - a process that could take years. All assistance under this Special Objective would be approved by the Mission and complement USAID's Country Development Strategy. This is currently under development and will be informed by the recently completed Conflict Mitigation and Democracy Assessment.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID's ability to expand its level of assistance in FY 2003 to support the peace process is contingent on the combined availability of ESF and a positive response to the Mission's request for an OTI program, as called for in a post-conflict situation under the Country Development Strategy, FY 2001-2005. Recommendations of the two OTI members who participated in the first quarter FY 2003 Conflict Mitigation and Democracy Assessment include establishing an 18-24-month, SWIFT-implemented program that would be operated utilizing field offices in the North, East and deep South. This decentralized approach will focus on support of fast, flexible, demand-driven interventions aimed at building peace constituencies, resolving conflict and reconciling differences both between and within regions.

Improve livelihoods and skills training (\$1,200,000 ESF). Demand-driven training is planned in the skilled trades required for the large-scale multi-lateral bank funded reconstruction activities; likely beneficiaries include youth, internally displaced persons (IDPs) and returnees, and war widows. Given the large percentage of farmer and fisher families among the war-affected and displaced, the program is expected to include quick disbursement of needed agricultural and fishing inputs.

Construct and repair small-scale infrastructure (\$300,000 ESF). Much of the infrastructure in the North, and to a lesser but still significant extent the East, has either been destroyed or is in disrepair. Roads, bridges, minor irrigation works, public buildings and private housing require renovation or rebuilding; existence of landmines continues to be a danger. In the deep South, areas of which remain among the most impoverished in the country, similar efforts will be required as a result of neglected infrastructure maintenance and forgone investment in new projects - the opportunity costs of war -- often to the detriment of youth. Communities will be actively engaged in priority setting, renovation and construction of small-scale infrastructure works that are shared benefits.

Build constituencies and strengthen institutions for peace (\$500,000 ESF). The program will identify and support organizations that cross ethnic/religious/class and other social and economic fault lines, both within and between regions. Immediate, short-term assistance will be needed to mitigate sources of potential conflict, particularly among potential spoilers of the process. Opportunities to strengthen capacity at the local level within the government, private sector and civil society - including media - will be explored as building blocks to long-term creation of a transparent and participatory framework for decision making, enforcement of legal and regulatory reforms and allocation of citizen services.

FY 2004 Program:

USAID assistance in helping Sri Lanka realize the benefits of peace will continue with implementation through the OTI program and complementary FY 2004 ESF activities targeted at, but not limited to the North, East and deep South. These will continue to provide immediate support to the peace process and to link directly with the Mission's medium-to-long term strategic objectives. Central to this approach will be the reality that peace must be perceived as equitably benefiting all Sri Lankans, and as such that USAID assistance must be conflict-sensitive.

Improve livelihoods and skills training (\$2,500,000 ESF). With lack of jobs a critical factor in creating social unrest, particularly among youth, the program will continue to provide private-sector driven, short-term skills training for vulnerable groups such as returning displaced persons and refugees, decommissioned soldiers, members of female-headed households and youth. Activities that promote enhancing livelihoods and productivity of farmers and fisherman in the North, East and deep South are expected to ensure that the "peace dividend" is tangible to all. Possible projects include encouraging cultivation of high-value, environmentally friendly crops, and freshwater fish farming. Further training in the skilled trades required for post-conflict reconstruction could also be provided.

Construct and repair small-scale infrastructure (\$1,000,000 ESF). Support to enable war-affected members of society rebuild their lives and (re)integrate into communities is slated to continue based on identified needs and coverage of other donor programs. Such assistance could help families displaced by the conflict and other war-affected persons to rebuild their homes, obtain access to credit and public services, and (re)integrate into former or newly adopted communities.

Build constituencies and strengthen institutions for peace (\$2,500,000 ESF). USAID will continue to support and assist community efforts and exchanges among multi-ethnic private sector, local government organizations, and civil society - including the media -- aimed at peacebuilding and reconciliation of divided communities. This is expected to include communication and skills exchanges among ethnically mixed or previously divided communities; training and activities for youth involving computer technology, English and entrepreneurial skills will be emphasized.

Performance and Results: The primary objective of using this fast, flexible mechanism is to demonstrate tangible benefits that can result from peace in a way that is real to ordinary Sri Lankans. Given that peace talks have raised expectations, there remains a window of opportunity to show - particularly to people in communities most affected by conflict and poverty -- how peace will change their lives for the better.

Successful completion of this program will build constituencies for peace through visible, demand-driven activities - particularly greater training opportunities that lead to jobs and local small-scale infrastructure with shared benefits, such as refurbished schools and health clinics, newly built community centers, sports fields and recreation programs. Furthermore, activities involving the private sector and civic associations will help establish greater understanding and shared experiences among diverse individuals and communities.

Principal Contractors, Grantees, or Agencies: TBD

US Financing in Thousands of Dollars

Sri Lanka

383-YYY Transition Initiatives	ESF
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,000
Total Planned Fiscal Year 2003	
Obligations	2,000
Proposed Fiscal Year 2004 NOA	
Obligations	6,000
Future Obligations	0
Est. Total Cost	8,000

Middle East and North Africa PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Algeria				
PL 480 Title II	0	2,009	0	0
Total Algeria	0	2,009	0	0
Egypt				
Economic Support Fund	693,471	655,000	615,000	575,000
PL 480 Title II	323	3,839	0	0
Total Egypt	693,794	658,839	615,000	575,000
Israel				
Economic Support Fund	838,152	720,000	800,000	480,000
Total Israel	838,152	720,000	800,000	480,000
Jordan				
Economic Support Fund	149,670	150,000	250,000	250,000
Supplemental--ESF	0	100,000	0	0
Total Jordan	149,670	250,000	250,000	250,000
Lebanon				
Development Assistance	600	600	500	500
Economic Support Fund	34,923	35,000	32,000	32,000
Total Lebanon	35,523	35,600	32,500	32,500
Morocco				
Child Survival and Health Programs Fund	4,902	4,600	0	0
Development Assistance	5,685	5,766	6,713	5,400
PL 480 Title II	591	0	0	0
Total Morocco	11,178	10,366	6,713	5,400
West Bank and Gaza				
Economic Support Fund	84,813	72,000	75,000	75,000
Total West Bank and Gaza	84,813	72,000	75,000	75,000
Yemen				
Economic Support Fund	3,991	5,000	10,000	15,000
Supplemental--ESF	0	3,000	0	0
PL 480 Title II	0	395	0	0
Total Yemen	3,991	8,395	10,000	15,000
Total Program Funds	1,817,121	1,757,209	1,789,213	1,432,900

Middle East and North Africa PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Algeria				
PL 480 Title II	0	2,009	0	0
Total Algeria	0	2,009	0	0
Egypt				
Economic Support Fund	693,471	655,000	615,000	575,000
PL 480 Title II	323	3,839	0	0
Total Egypt	693,794	658,839	615,000	575,000
Israel				
Economic Support Fund	838,152	720,000	800,000	480,000
Total Israel	838,152	720,000	800,000	480,000
Jordan				
Economic Support Fund	149,670	250,000	250,000	250,000
Total Jordan	149,670	250,000	250,000	250,000
Lebanon				
Development Assistance	600	600	500	500
Economic Support Fund	34,923	35,000	32,000	32,000
Total Lebanon	35,523	35,600	32,500	32,500
Morocco				
Child Survival and Health Programs Fund	4,902	4,600	0	0
Development Assistance	5,685	5,766	6,713	5,400
PL 480 Title II	591	0	0	0
Total Morocco	11,178	10,366	6,713	5,400
West Bank and Gaza				
Economic Support Fund	84,813	72,000	75,000	75,000
Total West Bank and Gaza	84,813	72,000	75,000	75,000
Yemen				
Economic Support Fund	3,991	8,000	10,000	15,000
PL 480 Title II	0	395	0	0
Total Yemen	3,991	8,395	10,000	15,000
Total Program Funds	1,817,121	1,757,209	1,789,213	1,432,900

**Middle East and North Africa
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	4,902	4,600	0	0
Development Assistance	6,285	6,366	7,213	5,900
Economic Support Fund	1,805,020	1,740,000	1,782,000	1,427,000
PL 480 Title II	914	6,243	0	0
Total Program Funds	1,817,121	1,757,209	1,789,213	1,432,900

Egypt

The Development Challenge: Egypt, a strong moderating force in the Middle East, has long been an important ally of the United States. Egypt and the United States share strategic interests that include the achievement of stability and peace in the region. The historic and continuing bilateral relationship that the U.S. has with Egypt serves the national security interests of both countries. The United States promotes economic prosperity in Egypt through assisting the country's ongoing, but as yet incomplete, transition from a state-controlled economy 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 Administration's recently announced Middle East Partnership Initiative (MEPI) supports this goal through a stronger focus on activities in economic growth and private sector development, education, civil society, and women's empowerment.

The greatest threat to domestic stability in Egypt results from popular frustration with the country's economic performance and lack of economic opportunity. Approximately one-third of Egypt's 68 million people live below the poverty line, despite a per capita GDP of almost \$1250. Officially, unemployment rates rose from 7.9 percent in 1999/2000 to 9 percent in 2001/2002; independent estimates, however, place the real extent of unemployment at somewhere between twelve and twenty-five percent of the labor force.

The government recognizes that it needs increased investment, both foreign and domestic, to provide jobs for the estimated 600,000 to 700,000 new job entrants each year. The government took a series of steps during the 1990's to improve the investment climate and increase the private sector's share in the economy. Reform efforts have lagged in recent years as the economy has slowed and suffered external shocks. Notable existing problems include cumbersome customs and business registration processes, a growing fiscal deficit, a foreign exchange regime not conducive to commercial activity, excessive bureaucracy, lagging privatization (particularly in the financial sector), lack of transparency, and an education system that does not produce an adequately prepared workforce with skills for the 21st century.

Nevertheless, the government took several key reform steps during 2002, passing an intellectual property rights law, Egypt's first money laundering law, and export promotion legislation. The 2002/03 parliamentary session is expected to discuss a number of additional reform measures including new labor, antitrust, tax, and banking legislation, and possibly customs reform. The government also has committed to addressing the exchange rate and fiscal deficit, but there have been few real signs of progress on these issues. At its September 2002 congress, the ruling National Democratic party adopted a platform that called for educational, fiscal, monetary, and public participation reforms.

Egypt's economy continued to experience low growth through the first half of 2002. There have been some signs of recovery in the second half, driven particularly by tourism, but 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 and promote regional peace, ensure domestic and regional stability and security, and promote economic growth and development.

The USAID Program: USAID/Egypt is on a downward glide path by which its budget will shrink by \$40 million per year through FY 2008 when it plateaus at \$415 million. The program data sheets below cover the current seven strategic objectives for USAID's Egypt program. The current program focuses first on accelerating economic growth, which is essential to strengthening Egypt as a stable and prosperous U.S. ally. Three strategic objectives emphasize the creation of private sector jobs: (1) strengthen the trade and investment environment; (2) develop competitiveness skills; and (3) increase access to sustainable utility services. Four strategic objectives target the enhancement of the human and natural resource base: (1) upgrade natural resource management; (2) provide health services; (3) strengthen governance and participation; and (4) improve basic education. A comprehensive review of the program initiated in mid-2002 aims at ensuring that the program is fully consistent with the priorities established under the

Administrator's Middle East Partnership Initiative. Both on-going and new activities under each of these objectives, will receive FY 2003 and FY 2004 funds. The program data sheets provide details on these programs. In response to Egypt's development needs and MEPI objectives, special programs in three areas will begin in FY2003 and continue in FY 2004 and beyond, if authorized by Congress. First, the program will establish an enterprise fund to provide both debt and equity financing to medium-sized Egyptian firms to support private sector development. Second, to broaden educational opportunities, the basic education program will expand significantly to spread the benefits of community-based education reform to selected areas in both southern Egypt and poorer areas of Cairo. Adult literacy programs will be designed, and scholarships will be increased for rural girls who would otherwise not be able to attend school. In addition, the mission plans to design a new scholarship program to develop Egypt's future leaders in all areas. Third, to strengthen civil society and the rule of law, the governance and participation program will significantly expand to provide for the training of journalists and judges, increased support to non-governmental organizations, and programs to increase transparency and participation in government. In addition, there will be increased attention to incorporating components which focus on women into ongoing and planned programs in all sectors.

The Department of State and USAID are conducting a joint review of the overall strategic direction of the USAID/Egypt portfolio and its specific programs in order to bring them in line with the goals and objectives of the Middle East Partnership Initiative. Those regional priorities include: economic reform and private sector development, increasing educational opportunity, strengthening civil society and the rule of law, and increasing the participation of women in economic and political life. This review will ultimately entail some changes in the programs, projects, and activities described in this Budget Justification. After completion of the joint review, USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

Other Program Elements: Supplementary USAID-funded programs contribute to the achievement of the overall development goals pursued in USAID's Egypt strategy. ACDI/VOCA, using funding from the central Economic Growth, Agricultural, and Trade Development (EGAT) office, implements a three-year, \$1.39 million project under the Dairy Directive Program. This project increases the availability of safe, hygienic processed dairy products in six governorates as a means to decrease the rate of malnutrition and infant/child mortality in Egypt. Also using EGAT resources, the Walla Walla Community College and the Al-Azhar University are developing agricultural technician training programs to increase sustainable agricultural production.

Other Donors: Two key, common areas of interest among bilateral and multilateral donors are: the need for a comprehensive action program to fight poverty, with special emphasis on women and children; and the need to further reform the macroeconomic and enabling environment. These two areas were consistently mentioned by donors in their statements at the February 2002 Consultative Group (CG) meeting. The U.S. and European Union are the largest providers of foreign assistance to Egypt. Other major donors, in descending order of resource levels include Japan, Germany, the Arab Fund, Islamic Development Bank, and the African Development Bank. USAID collaborates with other donors on all technical areas under its strategic program through regular donor subgroup meetings or other venues.

Egypt PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	693,471	655,000	615,000	575,000
PL 480 Title II	323	3,839	0	0
Total Program Funds	693,794	658,839	615,000	575,000

STRATEGIC OBJECTIVE SUMMARY				
263-016 Creating Jobs through Trade and Investment				
ESF	440,796	498,800	491,000	440,400
263-017 Workforce Development				
ESF	65,000	19,010	22,000	22,000
263-018 Infrastructure				
ESF	53,803	0	0	13,000
263-019 Environment and Natural Resources Management				
ESF	40,780	48,480	13,050	12,940
263-020 Healthier, Planned Families				
ESF	58,100	46,490	38,900	33,000
263-021 Democracy and Governance				
ESF	11,092	9,420	16,040	20,160
263-022 Improved Basic Education				
ESF	23,900	32,800	34,010	33,500

Data Sheet

263-010: No Summary and/or Pillar information entered for this SO.

Data Sheet

263-012: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Egypt
Program Title:	Creating Jobs through Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-016
Status:	Continuing
Proposed FY 2003 Obligation:	\$491,000,000 ESF
Prior Year Unobligated:	\$21,500,000 ESF
Proposed FY 2004 Obligation:	\$440,400,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2009

Summary: Egypt's trade and investment policy environment needs to improve and accelerate private sector job growth and help prevent increasing levels of unemployment and potential unemployment-related instability. USAID/Egypt works to strengthen the environment for development-enabling and job-creating trade and investment through programs that provide: training, technical assistance, commodities; cash transfer resources disbursed in return for Government of Egypt reforms in economic policies; increased access to finance and information technology; and expanded Egyptian private sector access to U.S. equipment and inputs. USAID/Egypt also manages smaller activities in monitoring and evaluation, training, and science and technology to enhance these investments. In support of MEPI objectives, USAID expects that this program will include new components for an enterprise fund, financial sector reform, related financial services for borrowers, and an expanded small and medium enterprise project.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve economic policies (\$12,500,000 ESF; \$21,000,000 ESF Prior Year Unobligated) in training and technical assistance and in cash transfer (\$200,000,000 ESF). USAID will continue to support policies to expand markets, business opportunities, and jobs by helping the GOE and private sector reformers develop and implement better policies that promote economic growth. The policy agenda will be focused on trade policy, monetary and fiscal reform, and competition and transparency. Specific areas for assistance are to include trade, customs administration, intellectual property rights, fiscal and tax reform, transparency of economic information, monetary and exchange rate policy, and insurance and banking sector reform and supervision. Contractors and grantees include Nathan Associates, Bearing Point, Egyptian Center for Economic Studies, Chemonics, IBM, Booz Allen, KPMG, and the U.S. Departments of Commerce and Treasury.

Expand competitiveness and agricultural trade (\$20,000,000 ESF). USAID efforts to improve the competitiveness of firms expanding their exports to Europe and the region will increase the firms' revenue and employment and make those firms and the business associations that support them more sustainable. New efforts to increase agricultural exports and rural incomes will expand the benefits of biotechnology, agricultural exports and farmer organizations, especially in the areas of fruit, vegetable, livestock, and dairy production, to the poorer rural areas. Contractors and grantees include Abt Associates, CARE, ACDI/VOCA, the Egyptian Exporters' Association, and Michigan State University.

Increase Access to Finance and Information Technology (\$43,000,000 ESF). USAID/Egypt has almost doubled its targets for poverty lending and for small and medium enterprise (SME) branch openings for the next three years. An enterprise fund for medium-sized enterprises will be created. A new financial services project will address banking reforms, capital market organization and policy, corporate governance, and reforms required for both the expanded SME efforts and the enterprise fund to bear fruit. Contractors and grantees include ten Egyptian business associations, the National Cooperative Business Association, General Dynamics, and Chemonics

Expand Egyptian business access to American equipment and inputs (\$200,000,000 ESF). The commodity import program (CIP) will continue to be a major source of financing. The CIP allows Egyptian companies to purchase US exports on concessional terms and ameliorates foreign exchange challenges faced by importers. Partners include eight US banks, 31 Egyptian banks, 298 U.S. firms and 323 Egyptian firms.

Evaluation, training, science and technology and project support (\$15,500,000 ESF). USAID/Egypt will provide new monitoring, evaluation, and training services to support broader USAID development objectives in FY2003. USAID/Egypt will continue to fund the U.S.-Egypt Science and Technology Agreement, promotes cooperative scientific research with private sector applications. Priority areas are biotechnology, measurement standards, environmental technologies, manufacturing technologies, and information technology. Contractors and grantees include Development Associates and the U.S. Department of State.

FY 2004 Program:

Improve economic policies (\$28,400,000 ESF) and cash transfer (\$200,000,000 ESF). USAID expects to continue to help expand the GOE economic reform agenda, implement prior economic reforms, and consolidate gains through complementary use of both cash transfer and technical assistance resources.

Expand competitiveness and agricultural trade (\$10,000,000 ESF). USAID plans to continue support to business associations, farmers and farmer groups, and GOE biotechnology efforts to make Egypt a more competitive environment for trade in agricultural products, expand exports, and benefit rural areas.

Increase access to finance and information technology (\$31,000,000 ESF). In addition to ongoing information technology, SME, enterprise fund, banking sector reform and financial services activities, USAID plans to start a follow-on program to support small and emerging businesses and expand SME lending and support.

Expand Egyptian business access to American equipment and inputs (\$160,000,000 ESF). The Commodity Import Program (CIP) will continue to be a major source of financing for Egyptian companies seeking to do business with U.S. firms; however, its funding level is to be reduced by \$40 million in 2004. The \$40 million is to be used to fund MEPI programs and activities, and is to be directed towards reaching a broader number of Egyptian beneficiaries.

Evaluation, training, science and technology and project support (\$11,000,000 ESF). USAID expects to provide monitoring, evaluation and training services to support broader development objectives in FY2003, as well as continue to fund the U.S.-Egypt Science and Technology Agreement.

Performance and Results: USAID's efforts to open up the economic reform agenda have helped to achieve: the passage of legislation on money laundering and intellectual property rights, and the GOE offers to accede to the Basic Telecommunications Agreement, and Information Technology Agreement. In addition, USAID projects have had economy-wide impacts in making economic data widely available, expanding non-traditional fruit and vegetable exports by 22 percent, and creating more sustainable regulatory or member-based institutions for sound capital markets, insurance, and other sectors.

US Financing in Thousands of Dollars

Egypt

263-016 Creating Jobs through Trade and Investment	ESF
Through September 30, 2001	
Obligations	2,969,026
Expenditures	2,113,425
Unliquidated	855,601
Fiscal Year 2002	
Obligations	624,519
Expenditures	694,198
Through September 30, 2002	
Obligations	3,593,545
Expenditures	2,807,623
Unliquidated	785,922
Prior Year Unobligated Funds	
Obligations	21,500
Planned Fiscal Year 2003 NOA	
Obligations	491,000
Total Planned Fiscal Year 2003	
Obligations	512,500
Proposed Fiscal Year 2004 NOA	
Obligations	440,400
Future Obligations	2,192,457
Est. Total Cost	6,738,902

Data Sheet

USAID Mission:	Egypt
Program Title:	Workforce Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-017
Status:	Continuing
Proposed FY 2003 Obligation:	\$22,000,000 ESF
Prior Year Unobligated:	\$2,000,000 ESF
Proposed FY 2004 Obligation:	\$22,000,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2009

Summary: USAID workforce development program provides the following assistance to the GOE and Egyptian partners: (1) in-country and off-shore business training programs to improve management; (2) information technology (IT) training for post secondary and university graduates; (3) increased Egyptian institutional capacity for providing market-responsive education and training through the establishment of a business school and an Egyptian Technology University (ETU) focusing on information technology; (4) a Smart School program that introduces IT in K-12 education in non-governmental schools and establishes school-based adult learning centers; (5) IT and tourism sector training to improve the match between training supply and demand; (6) a School to Work (STW) program that improves the relevance of secondary school educational offerings to workforce needs; and (7) a scholarship program to provide graduate education and leadership training in the U.S. for Egyptians with leadership potential.

Inputs, Outputs, Activities:

FY 2003 Program:

Market Responsive Workforce Skills Provided in Critical Sectors (\$8,746,000 ESF). In FY 2003, USAID will provide training in management and IT. In management, funds will support graduate management training for 75 trainees (U.S.-based MBAs, a Women Joint MBA Program; and E-Learning Based MBAs); executive and mini-MBA training, and management workshops and courses on constraints to Egyptian competitiveness, benefiting approximately 400 private sector participants. IT training will help IT professionals improve their skills and their techniques for finding positions as IT specialists. Five hundred and fifty professionals will be trained in 2003. The main partners in this effort are the Ministry of Communications and Information Technology (MCIT), the private sector represented by the Egyptian Foundation for Technology Education Development (EFTED), and the Future Generation Foundation (FGF). The principal contractors are PaL-Tech, IBM Global Services, and Institute for International Education (IIE).

Increased Institutional Capacity for Providing Market-Responsive, Private-Sector Driven Education and Training (\$12,254,000 ESF). FY 2003 funds will support Egyptian efforts to establish a market-responsive private university focusing on IT, and a grant to FGF to fund a Basic Business Skills Acquisition (BBSA) course equipping 1200 recent university graduates with employment skills. The curriculum of the Egyptian Technology University (ETU) will be based on market research. USAID will support the design and establishment of the ETU and the procurement of IT and networking equipment. Smart School funding will provide technical assistance for 100 private schools and computers and connectivity for 15-20 schools to introduce IT in grades K-12 and establish school-based Community Access Centers for adult learning and continuing education programs. The program will also finance development activities in the tourism and IT areas, a school-to-work program in Cairo and Alexandria, a grant to a U.S. university to help the Alexandria Institute of Technology (AIT) establish a continuing education program in marketing and e-commerce; and a grant to a U.S. university to act as the main counterpart to the ETU during its development and provide U.S. teaching support. Partners include the MCIT, the Ministry of Education, EFTED, the Alexandria Business Association, and the AIT, and the

LEAD foundation under formation. The principal contractors are PaL-Tech, IBM and the Institute for International Education (IIE).

Leadership Scholarship Program (\$2,000,000 ESF Prior Year Unobligated). FY 2003 funds will finance Leadership Scholarships for young Egyptians with high potential for assuming leadership positions. Over a four year period this program will provide additional Leadership Grants. The principal contractor is the Institute for International Education (IIE). A new contractor will manage participant training starting in 2003.

Human Resource Development Commission and Grants Program (\$1,000,000 ESF). USAID plans to support the formation of a Human Resources Development Commission (HRDC), which will act as a clearinghouse, a priority setter, and a coordinator for market-relevant skill-building activities by the government, donors, and private sector entities. It will also manage a grants program for training programs proposed by the private sector entities. A U.S. grantee will build the capacity within the HRDC to manage this program. The partners will be a group of private sector leaders forming the HRDC. The grantee will be a U.S. university or foundation that will develop the HRDC and manage the grants program until the HRDC is capable of assuming management responsibility.

FY 2004 Program:

Market Responsive Workforce Skills Provided in Critical Sectors (\$500,000 ESF). In addition to pipeline funding, FY 2004 resources will be used to continue activities begun in FY 2003 by training an additional 200 management trainees, 75 MBAs, and another 550 IT trainees.

Increased Institutional Capacity for Providing Market-Responsive, Private-Sector Driven Education and Training (\$16,527,000 ESF). USAID expects to use FY 2004 funds to continue to support the establishment of the Egyptian Technology University, the introduction of IT curricula and connectivity in K-12 education, continuation of a school-to-work program, and an additional 2100 BBSA trainees.

Leadership Scholarship Program (\$4,000,000 ESF). FY 2004 is to provide funding for a second group of Leadership Scholarships.

Human Resource Development Commission and Grants Program (\$973,000 ESF). FY 2004 resources will continue to build the capacity within the HRDC and fund the second round of training grants.

Performance and Results: Beneficiaries participating in this program have better opportunities for employment; those already employed will use their new skills to contribute to the productivity and competitiveness of their firms. Firms participating in the program will adopt modern management and human resource development practices, and as a result increase their global competitiveness. Egyptian institutions benefiting from the program will increase their capacity to provide market responsive education and training in critical areas such as business education, IT, and tourism.

Of 1,498 trainees who attended the Certified IT Training, 1,492 successfully completed their programs. Training included database development and administration, web development, e-commerce, and Microsoft Certified Engineer Training. The employment rate for people completing this course increased from 46 percent to 84 percent within one year. Training that targeted employed IT professionals resulted in application of the skills acquired in training, improved performance, promotions, and transfer to more IT intensive jobs in 58 percent of the cases. Seventy-two candidates from the private sector have begun MBA and Master's IT programs in the U.S. Of the 20 who completed their programs and returned to Egypt, 18 are employed. The Prime Minister authorized the establishment of the ETU as a private, autonomous, non-profit university, and approved the allocation of the requested 300 acres for the ETU campus. This process will culminate in the issuance of a presidential decree formally establishing this university. The earlier tourism cluster work resulted in highly successful training for 500 hotel workers, and will reach 3,000 by the end of 2003.

US Financing in Thousands of Dollars

Egypt

263-017 Workforce Development	ESF
Through September 30, 2001	
Obligations	28,000
Expenditures	16,053
Unliquidated	11,947
Fiscal Year 2002	
Obligations	27,735
Expenditures	4,117
Through September 30, 2002	
Obligations	55,735
Expenditures	20,170
Unliquidated	35,565
Prior Year Unobligated Funds	
Obligations	2,000
Planned Fiscal Year 2003 NOA	
Obligations	22,000
Total Planned Fiscal Year 2003	
Obligations	24,000
Proposed Fiscal Year 2004 NOA	
Obligations	22,000
Future Obligations	137,488
Est. Total Cost	239,223

Data Sheet

USAID Mission:	Egypt
Program Title:	Infrastructure
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-018
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$19,038,000 ESF
Proposed FY 2004 Obligation:	\$13,000,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: Improved power, telecommunications and water/waste water services are essential to Egypt's overall economic growth. USAID's programs in these sectors fall into three categories: 1) construction to expand utility services and coverage; 2) technical and managerial assistance to help utilities operate efficiently, improve services, and recover costs; and, 3) institutional and regulatory capacity building to promote private sector participation and improve the overall sustainability of Egypt's infrastructure services.

Support for infrastructure is currently scheduled to end September 30, 2005. As part of the joint USAID/State Department review of the Egypt program, we anticipate that the infrastructure program will not be closed out and that efforts will be made to develop smaller programs aimed at reaching more Egyptians through water projects in areas such as Upper Egypt.

In all the activities described below, USAID/Egypt works closely with the Ministry of Housing, Utilities, and Urban Communities, the Ministry of Communications and Information Technology, the Ministry of Electricity and Energy, and a number of local utilities.

Inputs, Outputs, Activities:

FY 2003 Program:

Telecom Egypt Leadership Development Program-LDP (\$3,000,000 ESF Prior Year Unobligated). Funds will be used to establish the leadership training center at Telecom Egypt and to train 25 managers and leaders per year, replicating the highly-successful leadership training program in the power sector.

Secondary Cities (\$6,450,000 ESF Prior Year Unobligated). This activity will involve the installation of water and wastewater mains, pump stations, and pipe networks providing a major increase of capacity in Mansoura Governorate. Similar projects in Nuweiba and Aswan are nearly complete, while a major wastewater facility in Luxor is nearing 50 percent completion. USAID/Egypt is also promoting cost recovery in the service area by helping to install and operate an electronic metering system. Principal contractors include Chemonics, ABBA Susa, MKII, Contrack, Washington International, and Morganti.

Egypt Utilities Management (\$9,588,000 ESF Prior Year Unobligated). This activity enhances water and wastewater services for the Middle Egypt governorates of Menia, Beni Suef, and Fayoum. In Menia, for example, USAID recently began an expansion of the Menia City Water Treatment Plant. The implementation of key reforms has resulted in a 21 percent increase in billed revenues and a 44 percent increase in collections, without raising tariffs. As a result of USAID-sponsored institutional reforms, overall cost recovery has improved from 47 percent at the beginning of the project to 77 percent today, greatly enhancing the sustainability of USAID investments. USAID/Egypt will begin installing up to ten slow sand filter water treatment plants. These plants are designed for rapid installation and easy operation, and will provide clean water to about half a million rural users in Middle Egypt. Principal contractors and grantees include ABBA Susa, Harza, UNICEF, and Planning and Development Collaborative (PADCO).

The Alexandria water activity, the last, large-scale infrastructure construction contract, will be awarded in FY 2003 and will include the rehabilitation of water network and treatment facilities in Alexandria, Egypt's second largest city and base for about 40 percent of Egypt's industry, as well as the upgrade of water services for the urban poor. As with all construction activity in the past, the Alexandria water authority has committed to implementing a range of institutional reforms prior to disbursement of construction funds. All new activities will be of smaller scale. Principal contractors include Montgomery Watson Harza and PA Services.

Middle Egypt Village Environment Assistance will support community mobilization, basic sewage construction, household installation of piped and metered water connections, and hygiene education. The Grantee on this project is UNICEF.

FY 2004 Program:

Egypt Utilities Management (\$13,000,000 ESF). USAID intends to fund the completion of water and wastewater activities in FY 2004. USAID plans to launch a new project that will enable GOE authorities to finalize a proposed concessions law and the establishment of a water sector regulatory agency; present tariff rate studies to the Ministry of Finance; promulgate private sector approval procedures and sponsor training on private sector project development; assist in debt restructuring for utilities; and establish a custodial account for research and studies to support possible private sector initiatives. This new activity will also use the Development Credit Authority (DCA) in 2003, to enhance private sector provision of services to utilities. No FY 2004 funding is planned for power or telecommunication activities.

Performance and Results: Approximately 15 million people benefited from past USAID investments in water and sanitation. The target is to add roughly 7.8 million more beneficiaries by 2005. USAID-assisted water utilities made considerable gains in cost recovery and revenue generation required for sustainability and operation and maintenance (O&M). In the three Middle Egypt Governorates, for example, the average O&M cost recovery reached 80 percent. The average unaccounted for water reported by the three utilities was reduced to 40 percent from 61 percent reported at project start. Automated financial systems were installed in the financial departments of Menia and Beni Suef. O&M systems were installed in all 28 water treatment plants, three wastewater treatment plants, and 40 wastewater pumping stations in Middle Egypt. Automated mapping of wastewater collection and water distribution systems is underway in three utilities.

USAID/Egypt's engagement of the GOE in a continuing policy dialogue has led to the development of enabling legislation for the creation of a water regulatory agency and repeal of restrictions on private investment. When enacted, the law will sanction the transition to a regulatory framework.

US Financing in Thousands of Dollars

Egypt

263-018 Infrastructure	ESF
Through September 30, 2001	
Obligations	3,289,575
Expenditures	2,619,029
Unliquidated	670,546
Fiscal Year 2002	
Obligations	53,220
Expenditures	190,223
Through September 30, 2002	
Obligations	3,342,795
Expenditures	2,809,252
Unliquidated	533,543
Prior Year Unobligated Funds	
Obligations	19,038
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	19,038
Proposed Fiscal Year 2004 NOA	
Obligations	13,000
Future Obligations	0
Est. Total Cost	3,374,833

Data Sheet

USAID Mission:	Egypt
Program Title:	Environment and Natural Resources Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-019
Status:	Continuing
Proposed FY 2003 Obligation:	\$13,050,000 ESF
Prior Year Unobligated:	\$1,900,000 ESF
Proposed FY 2004 Obligation:	\$12,940,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2009

Summary: USAID provides technical assistance, training and cash transfer incentives to stimulate policy reform in: solid waste management, air quality management, Red Sea coastal resources management and bio-diversity conservation, water resources management, energy efficiency, environmental management systems, and environmental awareness and education.

Inputs, Outputs, Activities:

FY 2003 Program:

Egyptian Environmental Policy Program-EEPP (\$1,500,000 ESF, \$1,500,000 Prior Year Unobligated). This program has several components as discussed below:

-- The Air Quality Management component will help the GOE develop an air quality strategy for Egypt, review air quality standards, assess health and economic impacts of air pollution, promote clean natural gas as a transportation fuel, and remediate former urban lead smelter sites. Principal Contractor: Chemonics.

-- Under the Red Sea Coastal Resources Management and Bio-diversity Conservation component USAID will continue to provide technical training and equipment to the Environmental Affairs Agency Red Sea Rangers to enable them to protect Red Sea resources and monitor the environmental impact of economic development. USAID will complete a conservation management plan for the southern Red Sea area, identify potential sources of funding for Red Sea conservation, and develop scientific monitoring and evaluation programs for sensitive marine habitats and species. Principal Contractor: International Resources Group

-- Through the Solid Waste Management (SWM) component, USAID will provide technical assistance to the governorates of Alexandria, Cairo (South Zone), and Qalubia to privatize their SWM services for approximately 20 million Egyptians. Principal Contractor: Abt Associates.

-- USAID will promote increased use of cleaner energy under the Energy Efficiency component. USAID provides TA to support GOE efforts to develop a strategic plan for promotion of natural gas in the industrial and commercial sectors and a Master Plan for the promotion of compressed natural gas in the transport sector. Principal Contractor: Nexant.

-- USAID will provide training to improve the capacity the Ministry of Water Resources and Irrigation as the Water Resources Management component implements privatization and decentralization of water resources management. The development of a transparent system for allocating water to different sectors of Egypt's economy will begin. Principal contractor: To be determined.

-- The Environmental Education and Awareness component will sponsor a series of public awareness campaigns for each component of USAID/Egypt's environmental program. It provides training to USAID

partners, such as the Red Sea Rangers, to enable them to develop their own communication, education and outreach materials. Principal Contractor: Academy for Educational Development.

Partnership for Environmental Progress-PEP (\$8,000,000 ESF). PEP is a six-year policy reform program to support water resources management, improve urban environment conditions, and expand economic growth. Funds will initiate the procurement process to begin implementation in late FY 2004. Principal Contractor: To be determined.

Development Credit Authority (\$400,000 ESF Prior Year Unobligated). USAID/Egypt will sign a loan portfolio agreement with National Société Générale Bank to finance energy efficiency, natural gas, and ecotourism. During FY 2003, up to twenty clean energy projects and an eco-lodge are anticipated.

Integrated Management Program for Radioactive Sealed Sources (\$3,550,000 ESF). USAID 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. This program will develop a policy regulation standard for handling, transporting, storing and disposing of sealed sources. Training programs, offered both in Egypt and the United States, focus on the adoption of best practices and modern technologies.

FY 2004 Program:

Partnership for Environmental Progress-PEP (\$11,000,000 ESF). USAID/Egypt plans to initiate TA and training in late FY2004 in support of the following three policy objectives:

-- Improving Management of Water Resources. PEP is to continue to support the GOE transition to stakeholder-driven integrated water resources management; use of market-based instruments to reduce pollutant discharges into the water system; and participation of stakeholders in decision making through the formation of associations that empower water users.

-- Promoting Sustainable Economic Growth in the Red Sea. USAID is to provide TA support to strengthen the environmental management unit of the Red Sea Governorate and promote environmental best practices at hotels established on governorate land.

-- Improving Urban Environmental Conditions. USAID plans to help the GOE develop market-based policies that promote use of cleaner fuels (natural gas) and renewable energy sources.

Development Credit Authority-DCA (\$500,000 ESF). DCA will leverage a loan portfolio that is to be used to complement efforts under PEP, including management of water resources and improving urban environmental conditions.

Integrated Management Program for Radioactive Sealed Sources (\$1,440,000 ESF). USAID /Egypt will continue to provide assistance to institutionalize better management of in-use and unwanted sealed sources to prevent potential pollution.

Performance and Results: During FY 2002, USAID-funded programs achieved: (1) the inauguration of the first "high tech" research facility in the Middle East for comprehensive emission and performance testing of heavy vehicles; (2) completion of an environmental impact assessment system for hotels and resorts and approval for its implementation; (3) the implementation of Environmental Management Systems; (4) the development of a solid waste privatization procedural manual as guidance for interested governorates; and (5) the establishment of the Red Sea Geographic Information System unit within the protectorate offices and an environmental monitoring unit for use in coast zone planning and management.

US Financing in Thousands of Dollars

Egypt

263-019 Environment and Natural Resources Management	ESF
Through September 30, 2001	
Obligations	217,136
Expenditures	163,353
Unliquidated	53,783
Fiscal Year 2002	
Obligations	81,100
Expenditures	34,828
Through September 30, 2002	
Obligations	298,236
Expenditures	198,181
Unliquidated	100,055
Prior Year Unobligated Funds	
Obligations	1,900
Planned Fiscal Year 2003 NOA	
Obligations	13,050
Total Planned Fiscal Year 2003	
Obligations	14,950
Proposed Fiscal Year 2004 NOA	
Obligations	12,940
Future Obligations	33,279
Est. Total Cost	359,405

Data Sheet

USAID Mission:	Egypt
Program Title:	Healthier, Planned Families
Pillar:	Global Health
Strategic Objective:	263-020
Status:	Continuing
Proposed FY 2003 Obligation:	\$38,900,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$33,000,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2009

Summary: Egypt's population is approximately 68 million and the growth rate is well above the replacement fertility rate, thus complicating Egypt's economic development. The population exceeds the agricultural and water-related carrying capacity and the GOE does not meet health care needs. USAID's health and population program emphasizes increased impact of primary health care and family planning services and information, infectious disease control, polio eradication, and safe birthing practices. It supports government and non-governmental initiatives, as well as health policy change, through TA, training, commodities, and funding for implementing agencies. Expected results include improved coverage of basic and preventive health care, and greater efficiency and impact of public and private health services. USAID's programs place a strong focus on meeting health needs of women. USAID health support directly addresses shared bilateral development objectives as well as USG interests in a stable ally.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved Maternal and Child Health-IMC (\$10,950,000 ESF). USAID will help upgrade services at 140 neo-natal centers and provide polio eradication vaccinations for nine million children. The IMC approach to improving child health services will expand to 30 new districts. A USAID grant to UNICEF will promote anti-Female Genital Cutting, HIV/AIDS prevention/treatment awareness, and health awareness programs among youth. Principal contractors and agencies include: John Snow International, Inc. and UNICEF.

Improved Family Planning and Reproductive Health (\$12,250,000 ESF). USAID will ensure that contraceptives are available at pharmacies, and will foster the sustainability of an Egyptian NGO network providing 40 percent of all NGO-based family planning services in Egypt. Principal contractors and grantees are: CATALYST Consortium (comprised of Academy for Education for Development, Center for Development and Population Activities, Meridian Group International, Inc., Pathfinder International, and PROFAMILIA Colombia) and the Futures Group International. All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Improved Surveillance and Response to Infectious Diseases (\$4,000,000 ESF). USAID will develop the MOPH's capacity to monitor infectious disease, establish new epidemiological surveillance units in nine governorates, and upgrade capacity at 12 governorate reference laboratories. USAID will fund two HIV/AIDS Voluntary Counseling and Testing Centers and a national HIV/AIDS needs assessment. Principal contractors and agencies include: U.S. Navy Medical Research Unit, Centers for Disease Control, and Family Health International, Inc.

Improved Policy and Information in Public Health (\$5,000,000 million ESF). USAID will strengthen the Egyptian health care system, improve clinical quality and efficiency by establishing family health clinics, and help modernize the GOE health insurance system. Principal contractor: Abt Associates.

Communications for Healthy Living (\$4,150,000, ESF). USAID will build Ministry of Health and Population and Ministry of Information capacity to implement health promotion activities in support of all USAID health programs. Principal contractors and agencies: To be determined.

Health Work Force Development-HWD (\$2,550,000 ESF). USAID will improve physician and nursing education in obstetric, neonatal and pediatric care, and family planning and reproductive health. Principal contractors and agencies: To be determined.

FY 2004 Program:

Improved Maternal and Child Health (\$6,000,000 ESF). USAID plans to provide further support to child health programs, improve maternal and neonatal care services, and improve management and community involvement in 17 new districts.

Improved Family Planning and Reproductive Health (\$12,120,000 ESF). USAID expects to continue improving family planning services, award new grants to Egyptian NGOs, and increase GOE and client contributions to the cost of family planning and reproductive health services.

Improved Surveillance and Response to Infectious Diseases (\$3,800,000 ESF). USAID intends to continue support to epidemiology and surveillance units in the last three governorates, to establish governorate-level reference laboratories in 15 new governorates, and to continue quality control programs at the central Public Health Laboratory and the national TB and HIV/AIDS programs.

Improved Health Policy and Information (\$4,400,000 ESF). USAID plans to continue policy advocacy to improve the efficiency and effectiveness of GOE health care spending

Communications for Healthy Living (\$3,880,000 ESF). USAID expects to continue to improve the capacity of the Ministry of Health and Population and the Ministry of Information to develop and implement an effective public health education agenda.

Health Work Force Development (\$2,800,000 ESF). USAID plans to continue to expand the program to additional medical and nursing schools.

Performance and Results: Maternal and child health services continue to improve. The 2002 maternal mortality study showed a 50 percent reduction in the maternal mortality ratio—from 174 (per 100,000 live births) in 1993 to 84 in 2000. Two national polio campaigns reached 99 percent of the targeted nine million children. The Integrated Management of Childhood Illness (IMCI) program brought improved treatment of childhood illnesses to thousands of children. Maternity hospitals in 12 districts were renovated and equipped, 700 physicians and 900 nurses were trained in safe delivery and neo-natal care, and 2,500 health providers were trained in outreach.

Family planning services continue to expand and improve. Two USAID-funded surveys indicate increased family planning use: household surveys found contraceptive prevalence rates in 10 of 27 governorates increased from 58 percent in 2000 to 63 percent in 2002. Commercial sales of safe and effective family planning methods (including the progestin-only pill for breastfeeding mothers) increased by 24 percent in three years. Advocacy efforts succeeded in lowering customs and sales taxes on imported contraceptives, thus lowering consumer prices.

USAID strengthened Egyptian surveillance capacity with 50 new Epidemiology Surveillance Units established in six governorates; staff from eight Governorate Common Laboratories received training on disease diagnosis; Good Laboratory Practices were developed and introduced to Egyptian laboratories; and blood bank staff was trained on safe blood practices.

US Financing in Thousands of Dollars

Egypt

263-020 Healthier, Planned Families	ESF
Through September 30, 2001	
Obligations	455,682
Expenditures	356,867
Unliquidated	98,815
Fiscal Year 2002	
Obligations	43,190
Expenditures	56,882
Through September 30, 2002	
Obligations	498,872
Expenditures	413,749
Unliquidated	85,123
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	38,900
Total Planned Fiscal Year 2003	
Obligations	38,900
Proposed Fiscal Year 2004 NOA	
Obligations	33,000
Future Obligations	77,398
Est. Total Cost	648,170

Data Sheet

USAID Mission:	Egypt
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	263-021
Status:	Continuing
Proposed FY 2003 Obligation:	\$16,040,000 ESF
Prior Year Unobligated:	\$13,000,000 ESF
Proposed FY 2004 Obligation:	\$20,160,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2009

Summary: USAID programs in the governance field support a stronger role for civil society, support improvements in the administration of justice, and introduce the application of participatory models of service delivery. In conjunction with the USAID/State Department joint review of the USAID/Egypt portfolio, we will be increasing our assistance for projects in the fields of democracy and governance. We will notify the Congress as new programs are finalized. USAID will seek out political openings and opportunities for reform in Egypt and explore areas in which we can expand our assistance to Egypt in accordance with the MEPI goals. Possible activities include media training, strengthening civil society, improvements in the administration of justice, and efforts to improve service delivery.

Inputs, Outputs, Activities:

FY 2003 Program:

NGO Service Center (\$1,800,000 ESF; \$7,000,000 ESF Prior Year Unobligated). This project supports civil society development through training and grants. USAID/Egypt works to improve the capacity of civil society organizations to participate in development. The project includes the Service Center for NGOs and an umbrella mechanism that manages sub-grants and assistance to Egyptian NGOs and US PVOs. The project strengthens the technical and institutional capacity of individual NGOs; supports the infrastructure of civil society at large by encouraging networks and information exchange among NGOs; and builds a sustainable NGO support facility. Grants are awarded to NGOs to support a wide range of activities including civic participation and advocacy, children's rights advocacy, women's access to elected offices, and an increased number of NGOs receiving capacity building training. Principal Contractor: Save the Children.

Administration of Justice Support-AOJS II (\$6,000,000 ESF Prior Year Unobligated). This project enhances the capability of the Egyptian justice sector to deliver judicial services in a more timely fashion and to apply the rule of law. A more efficient and responsive judiciary, which will strengthen public confidence in the rule of law and provide a peaceful framework to increase citizen interaction with public decision-makers, is important for private sector development, and strengthens democratic institutions. This is a new five-year project currently in design. Implementation will begin late in the summer of 2003. AOJS II will support the Egyptian Ministry of Justice's (MOJ) capacity to replicate processes employed in strengthening two pilot courts assisted under a previous AOJS project to all the civil and commercial courts. AOJS II will provide assistance to strengthen the institutional capacity of the National Center for Judicial Studies (NCJS) and the Judicial Information Center (JIC), the two main institutions that will be responsible for replication, and improve the MOJ's overall civil and commercial court modernization efforts. The immediate impact expected from these resources includes reduction in case processing time and the application of a fair and transparent rule of law. Principal Contractor: To Be Determined.

Collaboration for Community-Level Services (\$3,240,000 ESF). This project develops innovative models for managing service delivery in four pilot sites and applies these models in the selected communities. These communities are arenas for experimentation with new methods of local participation in policy making for service delivery. Working through the local governing body, USAID-funded technical

assistance helps the community identify priority services for improvement, then works with stakeholders from civil society, business, and government to improve the services identified. The immediate impact includes the establishment of community-local government committees and the development and/or implementation of community projects which focus on improved service delivery. Principal Contractor: Development Associates.

Additional Democracy and Governance Activities (\$11,000,000 ESF). Although the Middle East Partnership Initiative (MEPI) was recently announced, specific program details have yet to be determined within USAID and the Department of State. They are expected to fall under four major categories: political openness, media, civil society, and rule of law/governance. More information will be forthcoming when policy guidance and program directions are determined.

FY 2004 Program:

NGO Service Center (\$4,000,000 ESF). This project is to continue to support civil society development through training and grants. The center will produce and widely disseminate a number of in-depth case studies on NGO advocacy, networking, and governance. A number of community dialogues are planned to broaden citizen and NGO participation in policy formulation by bringing together individuals, influential figures, NGOs, media, and local government officials to exchange views, collaborate effectively, define priorities, and advance advocacy initiatives.

Administration of Justice Support II (\$7,400,000 ESF). This project is expected to improve selected areas of administration of justice. AOJS II will strengthen the capacities of NCJS and JIC to better function as institutions and to improve their ability to provide training and automation services, respectively.

Collaboration for Community Level Services (\$3,260,000 ESF). USAID expects that this project will develop innovative models for the management of service delivery in two new communities, and to continue to develop and apply innovative models of service delivery in four communities. Based on the results of the 2003 evaluation, a decision will be made on whether to proceed with a nation-wide phase II of this project.

Additional Democracy and Governance Activities (\$5,500,000 ESF). Specific program details have yet to be determined within USAID and the Department of State. The activities will track the four categories listed above in FY 2003. More information will be forthcoming as policy guidance and program directions are made.

Performance and Results: USAID's democracy and governance program achieved two important results in 2002: 1) the pilot court in Ismailia has begun utilizing the management reports generated from the automated systems as an effective way of case processing to reduce delays; and, 2) several grants provided to local NGOs were used to support civic participation activities including women's civil rights, women's access to elected office, civil society networking, child's rights and reducing child labor, and environmental protection.

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 Egyptians in academia, civil society, think tanks, and governmental institutions, USAID has created a network of influential people who can advocate for moderate reform agendas.

US Financing in Thousands of Dollars

Egypt

263-021 Democracy and Governance	ESF
Through September 30, 2001	
Obligations	74,234
Expenditures	59,890
Unliquidated	14,344
Fiscal Year 2002	
Obligations	15,368
Expenditures	6,239
Through September 30, 2002	
Obligations	89,602
Expenditures	66,129
Unliquidated	23,473
Prior Year Unobligated Funds	
Obligations	13,000
Planned Fiscal Year 2003 NOA	
Obligations	16,040
Total Planned Fiscal Year 2003	
Obligations	29,040
Proposed Fiscal Year 2004 NOA	
Obligations	20,160
Future Obligations	69,505
Est. Total Cost	208,307

Data Sheet

USAID Mission:	Egypt
Program Title:	Improved Basic Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-022
Status:	Continuing
Proposed FY 2003 Obligation:	\$34,010,000 ESF
Prior Year Unobligated:	\$15,000,000 ESF
Proposed FY 2004 Obligation:	\$33,500,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2009

Summary: USAID's Improved Basic Education program provides technical assistance, training, and school construction support to the basic education sector for Education Reform Pilots promoting 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 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.

Inputs, Outputs, Activities:

FY 2003 Program:

Education Reform Pilots (\$20,910,000 ESF). USAID will help establish decentralized decision-making and improve teaching and school management in select districts of three governorates. A new Education Reform Program, begun during 2000, will be expanded. Training will target teachers and school managers and mobilize parents and the private sector for local school support. Teaching standards will be introduced and school inspector services to monitor teacher performance will also be strengthened. Proven models from the girls' education program will be incorporated. Planning will begin for construction of 20 schools in Alexandria, a high-level GOE priority. USAID will work with the Ministry of Education and the Ministry of Higher Education. Principal contractors and grantees include CARE (with World Education, Education Development Center) and the International Institute for Education.

Faculty of Education Reform, English Language Skills Development, and Participant Training (\$900,000 ESF; \$15,000,000 Prior Year Unobligated). USAID will promote the use of new teaching practices and standards and build institutional capacity through three new activities. First, USAID will help improve Egyptian teaching and assessment systems and introduce child-centered, interactive teaching methods into the pre-service curriculum of all 26 Faculties of Education. Second, English language teaching skills will be improved through training in all 26 Faculties of Education and the Ministry of Education. Third, participant training will strengthen the skills of community leaders, teachers, supervisors, headmasters, Ministry of Education, and Ministry of Higher Education staff. An estimated 40,000 students and 2,600 teachers, supervisors and administrators are expected to benefit in Alexandria alone. Principal contractors include the International Institute for Education (IIE) and the Academy for Educational Development (AED).

Scholarships and NGO Sustainability (\$12,200,000 ESF). USAID helps local NGOs continue literacy and life-skills training, award girls' scholarships, improve school readiness, and strengthen parenting skills. The program funds the following activities: Egyptian "Sesame Street" series viewed in 90 percent of Egyptian households; literacy and life-skills with the extension of non-formal education to an additional 100,000 adolescent young men and women; scholarships for girls otherwise unable to attend primary/preparatory school; women and community empowerment, promoting women's literacy and participation in community development; and project management for support of monitoring, evaluation, national level technical assistance, audits and personnel. Principal contractors include Save the Children,

Center for Development and Population Activities (CEDPA), and Sesame Workshop (with Karma Productions).

FY 2004 Program:

Education Reform Pilots (\$14,100,000 ESF). These funds will be allocated for education reform programs in Cairo, Minya, Qena, Fayoum, and Beni Sueif, in addition to expanding the Alexandria Education Reform Pilot. The activity will be based on further decentralization of decision by the Minister of Education to the Governors, training for educational leaders and educators in child centered methods, improving school environment, institutionalizing training systems for sustainable professional development, seeking policy support for innovations, involving the community and the private sector in reforming basic education, and introducing School-to-Work concepts in the system. The activity will include some school construction to complement gaps in a chosen school family/families in each governorate. Beneficiaries in one school family are approximately 30,000 students and 2,000 teachers.

Faculty of Education Reform, English Language Development, and Participant Training (\$11,700,000 ESF). The USAID Faculty of Education Reform activity will offer technical assistance to the Supreme Council of Universities and six to ten Faculties in the Reform Governorates. Activities will include reforming academic and practical teacher preparation programs with focus on redistribution of syllabi, curricular reform, testing, modern teaching methods, supporting academic research in USAID reform areas. The USAID English language activity will build on successful interventions by the current Integrated English Language Program-2. This includes continued nationwide interventions to improve the quality of English language educators in methods, materials development, and testing particularly in primary grades one to three that were recently introduced to English language instruction. The participant training will be offered across all activities, and will include focus on short-term training in the U.S. for educators to learn new methods and other teaching strategies, and on observation tours and speaker series for policy makers to witness practical models to help them in policy dialogue issues.

Scholarships and NGO Activities (\$7,700,000 ESF). Community development activities will continue to support the education reform and involving parents and business sector individuals in the education reform. Life skills, literacy, and scholarships will be focused in the target reform governorates offering support and consolidating other interventions. Special emphasis will be placed on women and girls who are out of school or who are of school age but are unable to join the mainstream as a result of financial barriers. Pre-school interventions through the successful "Alam Simsim" will continue to offer its support through television series and a new parental outreach program educating parents on the importance of their children's schooling.

Performance and Results: USAID's basic education activities achieved important results in FY2002. Key developments include national and governorate level policy dialogue that increased delegations of authority to pilot governorates; approval to extend this decentralization model beyond Alexandria to Cairo and Menia; democratic participation in 70 Upper Egypt communities to establish and manage 35 new single grade and 159 multi-grade schools for girls; extensive literacy and life-skills training for 16,288 women in 17 governorates; and 26 Faculties of Education and 9,472 MOE teachers, supervisors and administrators with improved teaching and classroom management skills.

More than 49,280 girls and young women benefited from USAID programs, triple the planned target. Almost universal penetration was achieved with the Egyptian "Sesame Street" series, viewed by more than 90 percent of children under age 8 and by 54 percent of mothers. Democratic parental participation in programs has helped sustain school improvements (with women playing strong leadership roles). English language training promoted new sector policy reforms and increased institutional progress. A national committee on standards was recently constituted, including a USAID partner, a major advance in developing closer collaboration with the Ministry of Education.

US Financing in Thousands of Dollars

Egypt

263-022 Improved Basic Education	ESF
Through September 30, 2001	
Obligations	40,000
Expenditures	21,575
Unliquidated	18,425
Fiscal Year 2002	
Obligations	42,300
Expenditures	10,538
Through September 30, 2002	
Obligations	82,300
Expenditures	32,113
Unliquidated	50,187
Prior Year Unobligated Funds	
Obligations	15,000
Planned Fiscal Year 2003 NOA	
Obligations	34,010
Total Planned Fiscal Year 2003	
Obligations	49,010
Proposed Fiscal Year 2004 NOA	
Obligations	33,500
Future Obligations	59,770
Est. Total Cost	224,580

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 U.S. 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. U.S. assistance provides Israel the funds it needs to promote economic reforms. 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. The downturn in the global economy, problems in the high tech sector and the worsening security situation in Israel have led to 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 two years of economic recession. GDP contracted by 0.5 percent in 2001, and a large contraction is expected for 2002.

The USAID Program: The United States, acting through USAID, will provide Economic Support Funds (ESF) to Israel in FY 2003 and FY 2004 through a combination of cash transfer and assistance for anti-terrorism activities. The cash transfer funds will be used by Israel primarily for repayment of debt to the United States, including re-financed Foreign Military Sales debt, and purchases of goods and services from the United States. The U.S. will continue to encourage Israel to reduce government spending and deficits, to improve tax and public wage structures, to increase privatization, to reform labor markets, and to continue to liberalize its trade regime. The anti-terrorism funds will be used to provide defensive, non-lethal assistance to counter terrorism activities.

Other Program Elements: In addition to the cash transfer to Israel, there are a number of programs that involve Israel that are managed by USAID's Bureau for Economic Growth, Agriculture and Trade. 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 supporting joint research projects between Arab and Israeli scientists on topics relevant to the development of the Middle East region. Both MERC and CDR are 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. The Cooperative Development Program (CDP) is a core grant to Israel's Ministry of Foreign Affairs to partially fund the State of Israel's own foreign assistance program to developing countries, which is primarily a training program but also includes the demonstration of Israeli technology with development applications.

Other Donors: The United States is the largest bilateral donor to Israel.

Israel PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	838,152	720,000	800,000	480,000
Total Program Funds	838,152	720,000	800,000	480,000

STRATEGIC OBJECTIVE SUMMARY				
271-001 Israel Cash Transfer				
ESF	838,152	720,000	600,000	480,000
271-YYY Anti-Terrorism				
ESF			200,000	

Data Sheet

USAID Mission:	Israel
Program Title:	Israel Cash Transfer
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	271-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$600,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$480,000,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	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 2003 Program:

Israel Cash Transfer (\$600,000,000 ESF). The cash transfer is accomplished by a direct grant to the Government of Israel. The U.S. acting through USAID, will provide FY 2003 Economic Support Funds (ESF) as 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.

Given the absence of a full ESF appropriation for FY 2003, the Government of Israel will receive partial cash transfers in the amounts prorated according to the Continuing Resolutions enacted by Congress. The first payment, \$169,315,067 was obligated on December 19, 2002 as pro-rated through the January 11, 2003 Continuing Resolution. The final sum is to be provided within 30 days after a full appropriation bill is signed.

FY 2004 Program:

FY 2004 resources (\$480,000,000 ESF) will fund a cash transfer to the Government of Israel. It will be used as repayment to the United States, including re-financed Foreign Military Sales debt, and purchases of U.S. goods and services.

Performance and Results: The Israel Cash Payment Program is aimed at strengthening Israel's civilian economy to enable the Government of Israel (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. U.S. Government (USG) programs, economic and military, are aimed at enhancing the GOI confidence level 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, 2001	
Obligations	4,067,208
Expenditures	4,067,208
Unliquidated	0
Fiscal Year 2002	
Obligations	720,000
Expenditures	0
Through September 30, 2002	
Obligations	4,787,208
Expenditures	4,067,208
Unliquidated	720,000
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	800,000
Total Planned Fiscal Year 2003	
Obligations	800,000
Proposed Fiscal Year 2004 NOA	
Obligations	480,000
Future Obligations	0
Est. Total Cost	6,067,208

Data Sheet

USAID Mission:	Israel
Program Title:	Anti-Terrorism
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	271-YYY
Status:	New
Proposed FY 2003 Obligation:	\$200,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2003

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 2003 Program:

Anti-terrorism Fund (\$200,000,000 ESF). The Fund will be used to support defensive, non-lethal activities to counter terrorism. Specific activities have not yet been determined.

FY 2004 Program:

No funding has been planned for FY 2004.

Performance and Results: This is a new program, so there is no results yet to report.

US Financing in Thousands of Dollars

Israel

271-YYY Anti-Terrorism	ESF
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	200,000
Total Planned Fiscal Year 2003	
Obligations	200,000
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	200,000

Jordan

The Development Challenge: Jordan plays a pivotal role in Middle East regional stability, combating terrorism, and serving as a model of reform. This role is being strengthened by His Majesty's challenge to the government to rapidly spread the benefits of economic reform and growth more broadly within the society. The Jordanian economy is highly vulnerable to regional and global political and economic shocks. The effects of September 11th, and instability in the region have negatively affected Jordan's ability to overcome the many development challenges it faces.

The Government of Jordan's (GOJ) program of far-reaching economic and social transformation continues for a second year. The program is a multi-faceted plan to accelerate the national social and economic transformation, and is based on an aggressive growth budget over the next three years. This plan coincides with many of the goals and objectives of the Administration's recently announced Middle East Partnership Initiative (MEPI), which include: economic reform and private sector development, increasing educational opportunities, strengthening civil society and the rule of law, and expanding the participation of women in economic and political life. USAID is well positioned to assist in this ambitious undertaking and to support Jordan as a key ally and development partner through its efforts to improve the quality of life of families and communities, water resources, and economic opportunities for Jordanians.

Poverty, ignorance and the lack of a political voice can all contribute to the growth of radical fundamentalists who could represent a threat to secular democratic nations. The GOJ has long advocated for programs targeting populations of young people at-risk as essential to creating a bulwark against terrorism. For this reason, USAID will ensure that life-skills training reaches disaffected youth. Health, education and well-being programs must be targeted towards women. The GOJ's steady drive to increase accountability and transparency in government must be encouraged. The growing role of NGOs and political parties in Jordanian public life is also vital to the health of the constitutional monarchy.

The population of Jordan is 5.2 million. This is over nine times the population in 1952 when U.S. economic assistance to Jordan began. While the total fertility rate has declined from 7.3 children per family in 1976 to 3.6 in 2002, the current natural rate of increase is 2.3 percent, with a total population growth rate of 2.8 percent. This will lead to a doubling of the population by about 2027. This population momentum poses severe demands on Jordan's limited water resources and is a key factor in the current high rates of unemployment and under-employment.

Jordan is one of the ten most water deprived countries on earth. Jordan needs to do whatever it can to effectively and efficiently use the water resources it has. Ninety percent of Jordan receives less than eight inches of rain annually. Of that, more than 90 percent is lost to evaporation. Drought conditions for the past four years have left in the reservoirs, which should contain 186 mcm of water, with only 71 mcm. Water is scarce in the entire region and will continue to be a critical issue for peace and economic development for decades to come.

In 2003, there will be 46,000 new entrants to the work force. With unemployment currently at 15 percent and rising since last year, and with "under-employment" adding perhaps another 10 percent, there are few employment opportunities for these new entrants without faster economic growth and labor market reforms. In addition, employment opportunities in the Persian Gulf region have not returned to their pre-Persian Gulf war levels, thereby placing a greater strain on the domestic employment market. With 60 percent of Jordan's population currently under age 25, the situation will only worsen.

The USAID Program: Through FY 2002, USAID's program focused on three strategic objectives: Improved Water Resources Management; Improved Access to and Quality of Reproductive and Primary Health Care; and Increased Economic Opportunities for Jordanians. In September, FY 2002, USAID approved the expansion and re-naming of the health SO to "Improved Quality of Life of Jordanian Families and Communities" and extended it to December 31, 2003, with a further extension to be proposed under a new Country Strategy that will run from FY 2004-FY 2009. This expanded SO

addresses education, youth and civil society in addition to family health. The Mission's new strategy will be based on the goals and objectives of the MEPI. Subject to the analyses required for the new strategy and the Agency's approval, USAID/Jordan does not plan to add any new strategic objectives. Rather, the scope of the Quality of Life SO will be expanded to include education, civil society, good governance, rule of law, reaching out to women, especially in rural and impoverished areas, and other elements in society whose health and quality of life needs are currently not being adequately met. Additionally, USAID expects to add one component to the Economic Opportunities Strategic Objective to track rural development and poverty statistics. USAID/Jordan will work with the Department of State, Jordanian counterparts, and USAID/ Washington to develop the new strategy, and to put into place the appropriate management mechanisms.

The Department of State and USAID are conducting a joint review of the overall strategic direction of the USAID/Jordan portfolio and its specific programs in order to bring them in line with the goals and objectives of the Middle East Partnership Initiative. Those regional priorities include: economic reform and private sector development, increasing educational opportunity, strengthening civil society and the rule of law, and increasing the participation of women in economic and political life. This review may ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this budget justification. After completion of the joint review USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

Other Program Elements: There are three programs not managed by the Mission, but to which USAID/Jordan contributes: USAID/Jordan provides some field management and review for the Middle East Regional Cooperation (MERC) and the U.S.-Israel Cooperative Development Research (CDR) initiatives funded and managed by the Bureau for Economic Growth, Agriculture, and Trade (EGAT). The majority of the MERC and CDR projects in Jordan are in environmental protection, health, water and agriculture. The project life ranges from 3 to 5 years. Examples include the "Red Sea Marine Peace Park" (protecting the coral reefs), "Water Quality Along the Jordan River", "Migrating Birds Know No Boundaries", "Development of Regional Viral Indexing", "The Certification Program for Plant Propagation Materials in the Middle East", and "The Jordanian-Israeli Business Cooperation program". To date, approximately 45 projects have involved both Jordanian and Israeli partners, with a total funding level (all partners included) of almost \$33.7 million. Two of the projects for the FY 2002 cycle have been approved so far, with the remaining projects still under review. Jordan's portion for both the approved projects and those under consideration is approximately \$1 million. In addition, USAID helped the Embassy program the equivalent of \$26 million in local currency proceeds from the sale of 100,000 tons of 416(b) wheat in FY 2001. The entire \$26 million will be allocated to projects within the GOJ's Social and Economic Transformation Plan.

Other Donors: Jordan received \$471 million in grant assistance during calendar year 2002. The United States Government provided 61 percent of the grant assistance, followed by the European Union at 22 percent, the Japanese Government at seven percent, the German Government at four percent, the Spanish Government at two percent and the Government of Saudi Arabia at two percent. The remaining two percent was provided by Canada, Norway, the World Bank, the Arab Fund and the Islamic Development Bank combined.

Jordan also received a total of \$184 million in bilateral and multilateral loans. The bulk of the loans were from the World Bank, which provided 68 percent of the total, followed by the German Government at thirteen percent, the Spanish and Swiss Governments each at nine percent and Government of Norway at one percent. Donor coordination in Jordan is strong at the technical level. A recent Ministry of Planning donor coordination initiative will likely improve donor coordination at the macro level. The European Union's and Japan's main area of assistance focus is balance of payments support. The German Government has historically focused on the water sector while the World Bank recently re-directed its loan funding toward public sector reform and education.

Jordan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	149,670	150,000	250,000	250,000
Supplemental--ESF	0	100,000	0	0
Total Program Funds	149,670	250,000	250,000	250,000

STRATEGIC OBJECTIVE SUMMARY				
278-002 Water Resources Management				
ESF	43,845	45,000	47,000	50,000
278-003 Reproductive and Primary Health Care				
ESF	17,938	18,000	28,000	50,000
278-005 Broad-based Economic Growth				
ESF	87,887	187,000	175,000	150,000

278-005 includes \$100 M of the FY 2002 Supplemental - ESF.

Data Sheet

USAID Mission:	Jordan
Program Title:	Water Resources Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	278-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$47,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$50,000,000 ESF
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2004

Summary: USAID/Jordan's water resources management program has provided technical assistance, training, physical improvement and construction to the water sector for:

- Policy Implementation;
- Management Improvement, Water Demand Management and Private sector participation;
- Water Loss Reduction and new Water Supplies;
- Upgrading Existing Wastewater Treatment Systems;
- Designed and Constructed New Wastewater Systems; and
- Wastewater Reuse.

A wide range of Jordanians benefit from improvements in the water sector, increased citizen participation, and more transparent governance leading to better decision making in the water sector.

Inputs, Outputs, Activities:

FY 2003 Program:

Ain Ghazal Wastewater Treatment (\$6,000,000 ESF). This investment will expand and remodel the existing treatment facility. This is vital to support operational volume requirements of the As-Samra BOT project that will serve over 2 million Amman and Zarqa residents. Contractor to be determined.

Zara-Ma'in Water Supply (\$3,450,000 ESF). This is a Design/Build/Operate project of the desalination and conveyance facilities, which will augment the water resources of the city of Amman (population 1.5 million) by 40% and provide potable water to the tourist facilities along the Dead Sea. Proposals from four pre-qualified firms were received in August, and technical and financial reviews were completed. Harza is providing the engineering services.

Aqaba Water Supply (\$22,500,000 ESF). As a result of the creation of the Aqaba Special Economic Zone, and the future anticipated growth in industrial, economic, and tourism activities, the present population of Aqaba (70,000) is expected to triple in the next two decades. The existing water supply system is operating at near maximum capacity and thus is inadequate to supply water needed for this growth. The feasibility study, environmental assessment and final detailed engineering design for this project, as well as the construction tender documents are complete. Montgomery Watson of California provided these services.

Mafrag Wastewater Treatment Plant (\$8,000,000 ESF). This activity will upgrade the existing overloaded wastewater facilities to meet Jordanian standards and assure re-use of treated effluent benefiting approximately 60,000 inhabitants. CH2MHill is providing the engineering services.

Wastewater Reuse Implementation (\$2,000,000 ESF). This project initiates the reuse of urban reclaimed water for industrial and landscaping in the Aqaba Special Economic Zone, and plans for reuse at the Mafrag Wastewater Treatment Facility. The project is being implemented by PA Consulting Group (Prime), CH2MHill, Water Reuse Association and Ecodit (sub).

Other institutional support activities (\$5,050,000 ESF). These activities include the Watershed Management Project, support of the Groundwater Monitoring and Enforcement Unit, Project Management Unit Audits, Water Education and Public Information for Action Program, development of an Information Technology Masterplan for the water sector, expenses of program funded staff, Aqaba Environmental activities as well as emergency TA requirements. A key focus of these efforts is good governance and civic participation. Principal contractors and grantees include: ABT associates, AED, CDM and USGS.

FY 2004 Program:

Zara-Ma'in Water Supply (\$14,550,000 ESF). This additional investment will fully fund the project.

Northern Governorates Water Networks (\$22,000,000 ESF). This proposed project will construct needed water supply facilities for Mafraq, Jerash, Irbid and Ajloun governorates to integrate the current fragmented systems into an interconnected water supply network benefiting approximately 2 million inhabitants. Contractor is to be determined.

Small-scale wastewater treatment plants (\$10,000,000 ESF). This project will construct two small-scale wastewater treatment facilities in two small rural communities and eventually reuse the treated (reclaimed) wastewater for local agricultural and industrial needs. Contractor is to be determined.

Institutional Support Project (\$3,450,000 ESF). This technical support will further strengthen the institutions managing the water resources of Jordan by implementing the recommendations of the Institutional Development Action Plan developed by Deloitte Touch and the recommendations of the SO2 evaluation team. Contractor is to be determined.

Performance and Results: The Financial Accounting System for the Jordan Valley Authority (JVA) is in parallel operation with the old system until the end of 2002 when JVA will seek final approval of the new system. The strategic plan for the future operations of JVA was presented to the Board of Directors, members of the Irrigated Agriculture Committee and different Ministries and is being finalized together with supporting documents. An assessment of the progress in institutional reform for the water sector since 1996 was conducted and a 5-year Institutional Improvement Action Plan developed. The water education program continued its efforts to promote water conservation and demand management. One hundred and thirty additional people from the Ministry, WAJ, and JVA were trained on a variety of technical water issues under the Jordan Water Skills Enhancement program (JWSE), which improved their understanding and decision making on technologies to be used. A program guide for implementing Private Sector Participation in the Aqaba Governorate was developed and work is ongoing to expand the guide to a viable program road map for sustainable water and wastewater operations.

Work is on-going on the USAID portion of the multi-donor program to rehabilitate the water network of Amman correcting a 25 percent water loss. A Watershed Management Project to educate and involve the public is working with NGOs to protect rural water supplies through community-government partnerships in progress. A study on the upgrade and expansion of the Ain Ghazal Treatment Plant to support As-Samra was completed. Work on the Mafraq Wastewater Project resumed and technical assistance to train WAJ staff on the operation and maintenance of the Wadi Mousa wastewater treatment plant was provided.

US Financing in Thousands of Dollars

Jordan

278-002 Water Resources Management	ESF
Through September 30, 2001	
Obligations	351,343
Expenditures	98,997
Unliquidated	252,346
Fiscal Year 2002	
Obligations	44,998
Expenditures	16,652
Through September 30, 2002	
Obligations	396,341
Expenditures	115,649
Unliquidated	280,692
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	47,000
Total Planned Fiscal Year 2003	
Obligations	47,000
Proposed Fiscal Year 2004 NOA	
Obligations	50,000
Future Obligations	85,000
Est. Total Cost	578,341

Data Sheet

USAID Mission:	Jordan
Program Title:	Reproductive and Primary Health Care
Pillar:	Global Health
Strategic Objective:	278-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$28,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$50,000,000 ESF
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	December 2002

Summary: The Population and Family Health program has provided technical assistance and physical improvements to Ministry of Health (MOH) clinics, including:

- Improved quality of Primary Health Care/Reproductive Health (PHC/RH) services in all 380 MOH primary and comprehensive health care centers;
- Improved knowledge of youth and married couples in reproductive health and healthy life styles;
- Reformed civil health insurance system expanded to the most needy population;
- Improved quality of services to the poor;
- Surveillance systems for acute and chronic diseases to improve health services;
- A cost recovery initiative at the Jordan Association for Family Planning & Protection (JAFPP), the biggest NGO providing FP services in Jordan;
- Provision of contraceptives and helping the MOH achieve contraceptive security; and
- Prevention of HIV/AIDS and other Sexually Transmitted Diseases (STDs).

Under the expanded SO new activities were begun to strengthen human resources:

- A public-private partnership agreement with UNICEF to target at risk youth and life skills development while increasing youth involvement in community growth; and
- USAID/Jordan and the Embassy's Public Affairs section are beginning to design a program targeting civic education, civil society and good governance.

Inputs, Outputs, Activities:

FY 2003 Program:

Primary Health Care Initiatives Project (PHCI) (\$13,500,000 ESF). USAID will strengthen the PHC/RH services at MOH clinics. The project will continue the training of PHC service providers, including an additional 1,000 MOH service providers, thus achieving a minimum of 60 percent trained providers. Forty more MOH clinics will receive the full quality improvement package. The principal contractor is Abt Associates Inc.

Education and Civil Society (\$7,000,000 ESF). Education programs, including early childhood and teenage development, will tap youth at risk to help them to acquire basic life skills and healthy life style. Principal grantees will include UNICEF, US Embassy/Egypt Public Affairs Office, and others.

Cost Recovery and Sustainability Activity at JAFPP (\$3,000,000 ESF). The cost recovery initiative at JAFPP, the NGO providing 20 percent of all family planning services in Jordan, will improve the quality of reproductive and sexual health services through training of staff and implementing continuous quality improvement approaches. Principal grantee is John Snow Inc.

Partnerships for Health Reform Plus (\$1,500,000 ESF). This effort will improve the health insurance civil program to increase efficiency and expand coverage. The hospital decentralization effort will expand to two more hospitals leading to improved financial systems and better quality of services. The principal contractor is Abt Associates Inc.

Field Support Programs (\$2,500,000 ESF). A successful community outreach program that targeted 200,000 women of low socio-economic status, has led to a substantial increase in demand for modern family planning methods. Provision of contraceptive supplies to the public and NGO sectors will continue. Further analysis of Demographic Health Survey will be undertaken to plan for ways to increase the contraceptive prevalence rate (CPR). Principal contractors: Deloitte Touche, Futures Group, and Family Health International.

Health Communication Project (\$500,000 ESF). A new communication project will focus on family planning/reproductive health and healthy life styles. The target group will be the youth, the poor and Jordanian families. Principal contractor is to be determined.

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

FY 2004 Program:

New Activities as determined by the new strategy (\$28,000,000 ESF). In response to MEPI, new activities will be initiated in education, civil society and rule of law. These initiatives will focus on: education to improve the lives of girls and women, e-learning, learning partnerships and scholarships. The civil society effort will assist and strengthen local NGOs, elections, media training and exchanges, and legal and regulatory reform.

Primary Health /Reproductive Health (\$9,000,000 ESF). Under the new strategy, a follow on effort to further improve public and private PHC/RH services throughout Jordan will be developed.

Community Outreach Project (\$1,000,000 ESF). Expansion of the current community outreach effort under Community Market Strategies (CMS) to reach women with low education, the poor and the residents of rural areas.

Primary Health Care Initiatives Project (\$3,500,000 ESF). During this last year of the project, USAID will emphasize sustainability of quality improvements, training, management information systems, and completion of renovation and furnishing for the 200 targeted clinics.

Cost Recovery and Sustainability of JAFPP (\$3,000,000 ESF). This project will continue to improve quality, achieve cost recovery, and improve systems that foster sustainability.

Partnerships for Health Reform Plus (\$1,500,000 ESF). The civil health insurance system will test public and private sector contracting and expansion of the insurance pool to poor people, while the decentralized MOH hospitals will test the new quality improvement systems.

Health Communication Project (\$1,500,000 ESF). This project will affect behavior change through targeting the poor and youth to achieve healthy life styles.

Field Support Activities (\$2,500,000 ESF). Field support funds will be used to supply contraceptives, work on contraceptive security, fund a monitoring survey, and help prevent HIV/AIDS.

Performance and Results: Successes in primary and reproductive health include: a decrease in Total Fertility Rate, TFR, (0.7 births since 1997); an increase in birth spacing; a decrease in infant mortality, (from 29 to 26.5); and the training of more than 2,500 service providers. One hundred clinics have functioning quality improvement systems. The community outreach program covers 152,000 women of reproductive age and has resulted in 10,000 new users of modern contraceptive methods. The discontinuation rate of modern contraceptives during the first year of use has dropped from 49 percent to 42 percent and the birth interval of less than 24 months has dropped from 44 percent to 34 percent over the last five years. Infant mortality has been reduced from 29 to 26.5 per thousand.

US Financing in Thousands of Dollars

Jordan

	DA	ESF
278-003 Reproductive and Primary Health Care		
Through September 30, 2001		
Obligations	10,799	57,679
Expenditures	10,606	30,322
Unliquidated	193	27,357
Fiscal Year 2002		
Obligations	0	26,620
Expenditures	133	24,188
Through September 30, 2002		
Obligations	10,799	84,299
Expenditures	10,739	54,510
Unliquidated	60	29,789
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	28,000
Total Planned Fiscal Year 2003		
Obligations	0	28,000
Proposed Fiscal Year 2004 NOA		
Obligations	0	50,000
Future Obligations	0	50,000
Est. Total Cost	10,799	212,299

Data Sheet

USAID Mission:	Jordan
Program Title:	Broad-based Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	278-005
Status:	New
Proposed FY 2003 Obligation:	\$175,000,000 ESF
Prior Year Unobligated:	\$23,813,000 ESF
Proposed FY 2004 Obligation:	\$150,000,000 ESF
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	December 2002

Summary: ESF resources fund an Economic Opportunities Program that includes:

- Improved economic policies that advance Jordan's reform agenda;
- Increased levels of bilateral trade between Jordan and the U.S.;
- Heightened numbers of women participating in the economy through small and microenterprises;
- Expanded influence of Aqaba as a growth pole for Southern Jordan;
- Emerging technologies to drive future economic growth;
- Decreased numbers of Jordanians living in poverty;
- Enhanced bilateral relations through commercial exchange; and
- Established civil society bases through building the advocacy capacity of new and energized business associations.

A wide range of Jordanians have been reached by the activities funded through the Economic Opportunities Program.

Inputs, Outputs, Activities:

FY 2003 Program:

Cash Transfer Program (\$144,500,000 ESF). This program will continue and expand policy-based balance of payments support. As in previous years, disbursement will be conditioned on economic reforms related to trade and investment, financial, fiscal, and legal reforms, and privatization. Local currency generated by cash transfers supports mutually programmed development priorities.

Jordan Achievement of Market-Friendly Initiatives and Results Program (AMIR 2.0) (\$18,000,000 ESF). The AMIR 2.0 Program is an integrated set of activities dedicated to supporting private sector-led and broad-based growth through expanding competitiveness, productive trade and investment, and employment generation. AMIR 2.0 is client-centered and demand-driven. Principal Contractor: Chemonics International.

Aqaba Technical Assistance Support Project (ATASP) (\$3,000,000 ESF). ATASP supports the creation and development of the Aqaba Special Economic Zone. This support is geared primarily toward the relevant new government authority, the Aqaba Special Economic Zone Authority (ASEZA). ATASP is designed to create a modern, efficient, transparent model of good governance reflecting the new legal and economic environment. Principal Contractor: IBM Services Group.

Executive Privatization Commission (EPC) (\$4,925,000 ESF). This grant supports the Economic Reform and Development Program, by funding consultants, goods, and operating expenditures that support the GOJ's privatization efforts. The Program is implemented by the World Bank and executed by the GOJ through the Commission.

Jordan-United States Business Partnership (JUSBP) (\$3,102,000 ESF). JUSBP concentrates directly on expanding Jordanian exports to the US via the FTA. The partnership seeks export "success stories" to

illustrate the tangible benefits of the FTA. Principal Contractor: International Executive Services Corps (IESC).

Other Institutional and Technical Support Activities (\$1,473,000 ESF). These activities include: Jordan National Competitiveness Team (\$250,000), Emerging Markets Development Program (\$250,000), the Economic Opportunities for Jordanians Youth Program (INJAZ) (\$523,295), the Jordan Poverty Alleviation Program (\$350,000), and expenses of program funded staff (\$100,000). The major objectives of these activities are to increase citizen participation and expand the benefits of economic growth.

In addition, these broad-based economic growth activities are supported by the \$15,000,000 FY 2002 ESF Supplemental.

FY 2004 Program:

Cash Transfer Program (\$113,000,000 ESF). Disbursement will be conditioned on economic reforms related to trade and investment, financial, fiscal, and legal reforms, and privatization as in previous years. Local currency generated supports mutually programmed development priorities.

Jordan Achievement of Market-Friendly Initiatives and Results Program (AMIR 2.0) (\$21,000,000 ESF). AMIR 2.0 will continue an integrated set of activities dedicated to supporting private sector-led and broad-based growth.

Aqaba Technical Assistance Support Project (ATASP) (\$3,000,000 ESF). ATASP will continue to support the creation and development of the Aqaba Special Economic Zone through capacity building activities geared primarily toward the Aqaba Special Economic Zone Authority (ASEZA).

Executive Private Commission (EPC) (\$6,000,000 ESF). This grant will continue to support the Economic Reform and Development Program. The grant funds consultants, goods, and operating expenditures supporting the GOJ's privatization program.

Jordan-United States Business Partnership (JUSBP) (\$5,000,000 ESF). JUSBP will continue to focus on expanding Jordanian exports to the US via the Free Trade Agreement (FTA).

Other Institutional and Technical Support Activities (\$2,000,000 ESF). Activities will include: Jordan National Competitiveness Team (\$500,000), Emerging Markets Development Program (\$500,000), the Jordan Poverty Alleviation Program (\$600,000), and expenses of program funded staff (\$400,000). The major objective of these activities is to increase citizen participation and expand the benefits of economic growth.

Performance and Results: During FY 2002, USAID funded the development of a private-public strategic partnership within Jordan to assist with the implementation of the US-Jordan Free Trade Agreement. A coalition of private sector business associations as well as representatives of the Government of Jordan was formed to help implement the various goals of this strategy, which include tripling two-way trade to over \$1 billion by FY 2004 as compared to under \$350 million in FY 2000. This coalition has helped focus Jordanians' attention on the US-Jordan FTA as an engine for Jordan's economic growth and prosperity.

USAID also funded the construction in Aqaba of the first privately-managed/publicly-owned industrial estate in Jordan. The Aqaba International Industrial Estate (AIIE) is open for business and is managed by the US firm Parson Brinkerhoff. It has Qualifying Industrial Zone (QIZ) status and is set to be a major factor in the development of Aqaba as a growth pole for southern Jordan.

USAID helped increase Jordan's exports through its Jordan - US Business Partnership (JUSBP) Project. JUSBP assistance allowed Jordanian enterprises to improve the quality of their products to become more compatible with U.S. and other developed markets. Products not traditionally exported from Jordan are now finding markets in the U.S. and elsewhere.

US Financing in Thousands of Dollars

Jordan

278-005 Broad-based Economic Growth	ESF
Through September 30, 2001	
Obligations	333,667
Expenditures	292,662
Unliquidated	41,005
Fiscal Year 2002*	
Obligations	163,187
Expenditures	91,371
Through September 30, 2002	
Obligations	496,854
Expenditures	384,033
Unliquidated	112,821
Prior Year Unobligated Funds**	
Obligations	23,813
Planned Fiscal Year 2003 NOA	
Obligations	175,000
Total Planned Fiscal Year 2003	
Obligations	198,813
Proposed Fiscal Year 2004 NOA	
Obligations	150,000
Future Obligations	350,000
Est. Total Cost	1,195,667

* Fiscal Year 2002 includes \$85M of FY 2002 Supplemental - ESF.

** Prior Year Unobligated Funds includes \$15M of the FY 2002 Supplemental - ESF.

Lebanon

The Development Challenge: Lebanon is still recovering from its sixteen-year civil war and making slow progress toward rebuilding its civil institutions, reestablishing the rule of law, and implementing economic reform. The United States has a strong interest in promoting a stable, independent, democratic, and economically strong Lebanon at peace with Israel and its neighboring states.

The USAID Program: Following a near termination of U.S. development assistance to Lebanon, the USG decided to revive its bilateral assistance program in 1997. Much of it was a reaction to the Israeli occupation and continued conflict in South Lebanon, as well as the widening and very apparent social and economic disparities. There was also growing recognition of Lebanon's role in building regional economic cooperation and achieving Middle East peace. USAID put in place a five-year \$60 million strategy aimed at: revitalizing and expanding economic opportunities in rural areas, through small-scale infrastructure and income-generating activities; promoting democracy and good governance, building capacity of local municipalities to plan and manage resources efficiently and transparently; and improving environmental practices, particularly community-based approaches that promote sustainable agriculture and environmental health. Over time four other activities were added: a WTO accession program to encourage trade and investment, globalization, and broad-based policy and legislative reform; an "industry cluster" program, to identify and promote productive sectors for investment; a water resource management program, to make agriculture more productive and ensure that water pricing is efficient and equitable; and a landmine action program, to make all Lebanese aware of hazardous areas and assist survivors in productive enterprises. USAID also benefited from an extra \$30 million in proceeds of USDA surplus commodity sales.

Today, it is clear that the strategy was sound and tailor-made to USAID's strengths. Indeed, USAID has built a reputation as one of the top donor programs in Lebanon, viewed by many as one of the most responsive, expansive, resilient, targeted, high-performing, and quick-disbursing - though far from the largest. This is attributable to USAID's purpose -- promoting equitable, sustainable development in Lebanon over the long-term; products -- demand-driven, people-focused, affordable, effective, appropriate, visible and accomplishable in the short-term; its partners -- PVOs, NGOs, foundations, universities, business associations, and corporations -- who together, often in partnership with the public sector, form a multi-faceted, highly talented, experienced group capable of navigating effectively at the highest governmental, corporate, and diplomatic levels, as well as at the community level; and its procedures -- user-friendly, promoting extensive collaboration with all relevant public and private entities.

Most important are the significant achievements produced by these "4 Ps," which include improving living standards among the rural poor; stimulating economic policy reform and growth-oriented industry clusters; supporting Lebanon's accession to the WTO to improve its ability to compete in world markets; strengthening municipal governance; promoting advocacy among NGOs and civil society organizations; improving environmental practices and technologies for environmental health; raising awareness of landmines and helping mine survivors and their families rebuild productive lives; and strengthening Lebanon's American educational institutions. The program has also created important spread effects with other donors and USAID programs. With a budget averaging \$15 million a year for the first three years, USAID leveraged \$60 million of World Bank and European Union funding for rural development activities modeled on its Rural Community Development Cluster (RCDC) program, bringing economic opportunities and services to disadvantaged communities often in conflict or post-conflict settings. The RCDC has been adopted and adapted by USAID in the former Republic of Yugoslavia, the West Bank/Gaza, and Jordan.

USAID's intention over the next three years (2003-2005) is to build on its current success, melding elements of the existing strategy into one that conforms to the goals and objectives of the Administration's Middle East Partnership Initiative (MEPI). This strategy will fuse expansion with integration by targeting value-added and growth-oriented sectors, geographic areas, and reforms; and promote economic and political governance, environmental health, and safety and security in ways that enhance Lebanon's overall well-being, as well as its competitiveness as a regional and global economic force.

To meet this challenge, USAID/Lebanon, in close collaboration with the USAID/Washington, Embassy and State Department colleagues, and with extensive input from a host of local experts and partners, selected six strategic areas for this next phase. Namely:

- Expanding economic opportunities -- in productive sectors and "growth poles"
- Accelerating economic reform -- through World Trade Organization membership
- Strengthening foundations for governance -- with municipalities and civil society
- Improving environment policies and practices -- for water management and sanitation
- Promoting mine awareness and victims' assistance -- for residents in South Lebanon
- Strengthening American Educational Institutions -- as key development partners

These are grounded in six anchors:

- A transition -- from alleviating poverty to creating economic opportunity
- A focus - on strengthening growth areas, both geographic and productive
- A link - between the rural and urban, inland and coastal
- An emphasis - on governance, reform, and sustainability
- An added value - from synergies within the program
- A reliance -- on new partnerships and models for economic growth

The Department of State and USAID plan to conduct a joint review of the overall strategic direction of the USAID/Lebanon portfolio and its specific programs in order to bring them in line with the goals and objectives of the Middle East Partnership Initiative. Those regional priorities include: economic reform and private sector development, increasing educational opportunity, strengthening civil society and the rule of law, and increasing the participation of women in economic and political life. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review, USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

Other Program Elements: Lebanon 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 district of Jezzine, Lebanon's most heavily-mined and casualty-afflicted area.

Other Donors: 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 European Union (training, development administration, rural development, trade), France (technical cooperation, training), U.N. organizations (broad-based development), Italy (agriculture, infrastructure, water), Canada (development administration, economic management), Japan (water) and Norway (technical cooperation, social services). Bilateral assistance accounts for 55 percent of disbursements, multilateral 38 percent, and NGOs 7 percent. USAID assistance, ranked approximately tenth in resources, is among the top three donors in aggregate spending. USAID's main donor partners are the World Bank, EU and UNDP for rural development and environmental activities; the EU, and UNDP for administrative reform and municipal development; the EU for trade (Euro-Med and WTO agreements); and France for water resource management.

Lebanon PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Development Assistance	600	600	500	500
Economic Support Fund	34,923	35,000	32,000	32,000
Total Program Funds	35,523	35,600	32,500	32,500

STRATEGIC OBJECTIVE SUMMARY

268-001 Economic Development				
DA	0	0	500	500
ESF	22,964	23,000	20,000	20,000
268-002 Promoting Democracy and Good Governance				
ESF	5,481	7,000	7,000	7,000
268-005 Improving the Environment and Preventing Landmines				
DA	600	600	0	0
ESF	6,478	5,000	5,000	5,000

Data Sheet

USAID Mission:	Lebanon
Program Title:	Economic Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	268-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$500,000 DA; \$20,000,000 ESF
Prior Year Unobligated:	\$600,000 DA; \$23,000,000 ESF
Proposed FY 2004 Obligation:	\$500,000 DA; \$20,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: This Strategic Objective aims to revitalize Lebanon's economy and community life. It is in transition from a primarily focusing on helping rural communities implement key infrastructure, environment, and income-generating activities. A focus on building the capacities of communities to become productive elements in the economy through the development of three strategic sectors: agro-industry, tourism, and information and communication technology. This objective also aims to help needy entrepreneurs, primarily women, obtain micro-enterprise loans and business services; small-scale dairy farmers improve their herds, milk production, and marketing; Lebanon join the World Trade Organization (WTO); the private sector identify and promote productive sectors for investment; landmine survivors have access to job opportunities; and American Educational Institutions (AEI) finance scholarships and core programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Melding of the Rural Community Development and Industry Clusters (\$15,000,000 ESF). Under the new strategy for 2003-2005, USAID will begin an innovative, growth-oriented program. It builds on the achievements of the old strategy by merging the two cluster components -- rural development clusters and industry clusters. This can happen by integrating and promoting productive sectors and regions with the greatest potential for growth. These sectors, which together comprise 35 percent of Lebanon's GDP, are: agri-business and light agro-industry, tourism, and information and communication technology. Five U.S. Non-Governmental Organizations (NGO) were awarded grants to implement projects in these sectors. Microfinance will continue under the new industry cluster program to expand the access of farmers, cooperatives, and artisans to microfinance loans. Prime contractors and grantees: CHF, Mercy Corps, SRI, World Vision and YMCA.

Mine Action Program (\$1,000,000 ESF). In FY2003, the mine action program will continue landmine awareness campaigns conducted all over Lebanon, with emphasis on the South and West Bekaa - the most heavily affected areas; information gathering and exchange through a comprehensive landmines victims survey; and survivors assistance program. Prime contractor: World Rehabilitation Fund

Funded by the USAID Leahy War Victims Fund (\$500,000 DA), the landmine survivors program will continue in FY 2003 with the full operation of income generating activities. This program will expose around 2,000 landmine survivors and their families to job opportunities. The development cooperative of Jezzine, located in the district with the largest number of landmine deaths and injuries, will continue activities in poultry raising and egg production, bee keeping, herb cultivation, and essential oils.

In FY 2003, USAID will revive the Small Grants Program (\$1,000,000 ESF). This program aims at building the capabilities of local organizations by providing financial support not exceeding \$50,000 to their social and economic programs. USAID will manage the implementation of this program within its current staffing level.

USAID will also continue supporting the American Educational Institutions (\$3,000,000 ESF) by providing funds for scholarship and community outreach programs. Prime contractors: American University of Beirut, Lebanese American University, International College and American Community School.

With FY2002 carryover funds, USAID's WTO efforts will concentrate on working with Parliament and advocacy groups to enact legislation for WTO membership that is expected by 2004.

FY 2004 Program:

In FY 2004, activities started in FY 2003 will continue and begin to show results. The communities' economic development program that encompasses agricultural production and processing, ecotourism, information and communication technology and access to credit is to continue with stable funding. The job-and -income oriented mine victim's assistance program is to intensify its activities by creating more linkages for marketing and production with the private sector and other NGO entities.

Performance and Results: The Rural Community Development Cluster (RCDC) program started when most of the rural communities were deprived of basic infrastructure and human presence. Largely as a result of the USAID community development program, the social and economic situation of more than 430 communities has improved. Around 200,000 beneficiary families, more than 70 percent of the rural population, of whom 110,000 live in South Lebanon, have access to improved agricultural, social, and environmental infrastructure. In FY 2002, 66,000 families were reached and an additional 2,900 hectares of land -- out of a total of 27,000 hectares-- were improved to yield high-value crops and forage for cows, which resulted in about \$100 per month savings for farmers. Municipalities and community based organizations assumed an estimated 30 percent share of project costs, ensuring efficient management. Because of the program's success, other donors (e.g. the World Bank and the EU) have adopted this approach as a major component of their assistance programs.

In FY 2002, 9,000 micro entrepreneurs benefited from \$7.5 million in small loans bringing the total volume of loans disbursed to \$36.8 million serving 47,000 clients. The program has expanded to more villages especially in South Lebanon and the Bekaa, and has strengthened its relationship with private commercial banks so an additional 26,000 loans can be disbursed.

In FY 2002, the Mine Action program was marked by two achievements: First, the landmine victims socio-economic analysis conducted by the Landmine Resource Center (LMRC) is helping the GOL and other donors identify priority areas for future assistance. As a result, a major partnership agreement was signed between the LMRC and the United Arab Emirates (\$50 million) to clear mines in South Lebanon. Second, under the landmine resource cooperative in Jezzine, a marketing deal to sell eggs produced by landmine survivors was established between the cooperative and a private industrialist. Beneficiaries will be able to earn \$300 to \$400 per month.

The enabling environment for these community-based activities is supported by USAID's technical assistance to Lebanon's accession to the WTO. Activities concentrated on building awareness of the WTO and creating a catalyst among decision makers to amend laws, policies and regulations so that they are WTO consistent. The Government of Lebanon (GOL) would like to accede to the WTO in 2004.

US Financing in Thousands of Dollars

Lebanon

	DA	ESF
268-001 Economic Development		
Through September 30, 2001		
Obligations	0	71,416
Expenditures	0	48,599
Unliquidated	0	22,817
Fiscal Year 2002		
Obligations	0	1,000
Expenditures	0	18,879
Through September 30, 2002		
Obligations	0	72,416
Expenditures	0	67,478
Unliquidated	0	4,938
Prior Year Unobligated Funds		
Obligations	600	23,000
Planned Fiscal Year 2003 NOA		
Obligations	500	20,000
Total Planned Fiscal Year 2003		
Obligations	1,100	43,000
Proposed Fiscal Year 2004 NOA		
Obligations	500	20,000
Future Obligations	500	23,000
Est. Total Cost	2,100	158,416

Data Sheet

USAID Mission:	Lebanon
Program Title:	Promoting Democracy and Good Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	268-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,000,000 ESF
Prior Year Unobligated:	\$7,000,000 ESF
Proposed FY 2004 Obligation:	\$7,000,000 ESF
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2005

Summary: The strategic objective is to thoroughly rebuild municipal capabilities and forge the course for the proper flow of national finances through effective coordination between the central and local government bodies. The program also supports local NGOs and civic initiatives to conduct impact-oriented activities that increase transparency and accountability in Lebanon's public and private sectors.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthening Foundations for Governance (\$7,000,000 ESF) program will focus on enhancing administrative and financial capabilities, expanding social services, encouraging public participation, and increasing accountability, transparency, and effectiveness. In FY 2003 USAID will continue playing a role in reducing the rampant corruption that arose to its peak during the postwar construction phase. The technical assistance provided to municipalities will simplify municipal administrative procedures, standardize municipal budget revenue and expenditures, and utilize information technology to allow municipalities to provide services to their citizens in a transparent, efficient, and accountable manner. Assistance to the Parliament and oversight agencies will continue to update decentralization laws and to enhance cooperation between the various governmental institutions, thereby encouraging democratic policies and practices. (Small grants will be awarded for activities leading to transparency and accountability.) Prime contractors: State University of New York and AMIDEAST.

FY 2004 Program:

Strengthening Foundations for Governance (\$7,000,000 ESF). This program is expected to thoroughly rebuild municipal capabilities and forge the course for the proper flow of national finances through effective coordination between central and local government bodies. Support to the Parliament and oversight agencies is to continue.

Performance and Results: USAID assistance highlights good governance, progressive administrative reform, responsive e-government, and genuine citizen participation. To enhance the financial and administrative capabilities of the municipalities, USAID installed 17 Local Area Network (LAN) servers, 290 computers and 290 printers, benefiting 230 municipalities in North, South, and Nabatieh Governorates and provided the necessary software. Based on the administrative and financial procedures newly developed, and the USAID-provided hardware, municipalities were able to prepare their own budgets. In Northern Lebanon, 97 municipalities out of 160 were able to utilize the Municipal Revenue System to generate taxpayer lists and collect funds locally. The revenues collected in FY 2002 increased by 34 percent amounting to almost \$8.5 million, as compared to \$6.4 million in FY 2001. This increase can be directly attributed to USAID assistance. As a cost sharing contribution, the Government of Lebanon and the municipalities bought more than 50 computers, 50 printers and 200 copiers for municipal use. To complement USAID's assistance, the Ministry of Municipalities and Rural Affairs is utilizing a \$100 million World Bank loan to assist Lebanese municipalities in rebuilding their infrastructure, such as retaining walls and agriculture roads. By the end of the strategy, all municipalities, governorates, and districts in Lebanon will have been provided with the administrative and financial assistance allowing

each to function properly, empowering its local civic leaders and citizens in shaping public policy, preventing continued corrupt practices and recovering additional public funds that can be used to implement more projects of public interest. Such a focus enhances the democratic nature of Lebanon's political system and improves municipalities' ability to play a greater role in the advancement and sustainability of development projects with the private sector.

The Transparency and Accountability Grants target short-term, high-impact activities. A total of 28 local projects were completed by September 2002, in such diverse sectors as health, government transactions, the environment, the private sector, professional ethics, and youth awareness. Grant funds supported activities and organizations in all regions of Lebanon; approximately 400,000 Lebanese citizens were direct beneficiaries with 14 grants benefiting citizens nationwide. Cost-sharing achieved by grantees was \$243,943, or 49 percent of grant funds. Public-private partnerships were accomplished with the Ministries of Finance, Environment, and Interior, and with several municipalities throughout Lebanon, with most of the other civic projects involving public officials as appropriate.

The Professional Training Program (PTP) sponsored 16 key leaders from the private and public sector to attend training programs related to our strategic objectives in the U.S. and other regional countries. Participants were provided with professional development opportunities to upgrade their knowledge in specific professional fields, as well as facilitating linkages with professional colleagues and institutions in the United States and throughout Lebanon. With these advancements, social and political institutions are acquiring the means to fulfill democratic objectives and boost local development initiatives, and to further the restructuring and rebuilding of public and community resources. USAID will continue its work with State University of New York and AMIDEAST.

US Financing in Thousands of Dollars

Lebanon

268-002 Promoting Democracy and Good Governance	ESF
Through September 30, 2001	
Obligations	3,580
Expenditures	867
Unliquidated	2,713
Fiscal Year 2002	
Obligations	3,085
Expenditures	4,972
Through September 30, 2002	
Obligations	6,665
Expenditures	5,839
Unliquidated	826
Prior Year Unobligated Funds	
Obligations	7,000
Planned Fiscal Year 2003 NOA	
Obligations	7,000
Total Planned Fiscal Year 2003	
Obligations	14,000
Proposed Fiscal Year 2004 NOA	
Obligations	7,000
Future Obligations	7,000
Est. Total Cost	34,665

Data Sheet

USAID Mission:	Lebanon
Program Title:	Improving the Environment and Preventing Landmine
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	268-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,000,000 ESF
Prior Year Unobligated:	\$5,000,000 ESF
Proposed FY 2004 Obligation:	\$5,000,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2005

Summary: The new USAID/Lebanon strategy for 2003 - 2005 will capitalize on the initial success of and heightened demand for environmental conservation and environmental health activities, and will further engage in the nascent water policy program through activities in collaborative water management and water pricing policies. Focusing on these three areas, USAID is filling critical gaps that neither the GOL nor other donors are addressing. Specifically, this program is helping rural communities create healthier, more environmentally-friendly living conditions, and it is helping the private sector and the GOL assess and manage water resources more efficiently.

Inputs, Outputs, Activities:

FY 2003 Program:

Environmental Management Program (\$4,000,000 ESF). In FY 2003, USAID will continue to expand the appropriate waste disposal technologies program to rural areas. Over 100,000 families currently benefit from the program. This program has demonstrated to both rural municipalities and the Environment Ministry viable alternatives to large-scale infrastructure and costly service-delivery schemes. Waste management facilities are still needed in about 600 rural communities. USAID resources will cover about 100, with World Bank and EU funds hopefully financing another 200. In addition, reforestation and ecosystem restoration will be implemented along side the waste management program. Specific activities will include implementing appropriate waste water and solid waste treatment facilities, testing and improving the efficiency and effectiveness of these pilot technologies, demonstrating new, cost effective techniques through pilot reforestation and ecosystem restoration efforts, and strengthening municipal and local community capabilities to implement environmental management plans. Prime Contractor: Development Alternatives Inc.

Water Policy Program (\$1,000,000 ESF). Launched in the third quarter of FY 2002, the new water policy program is working in parallel at the community/regional level and at the national policy level. At the regional level, the program is focusing on restructuring the South Lebanon Water Authority to improve its management procedures and help it establish a new tariff and cost system. It is also introducing collaborative planning activities by working with diverse stakeholders to build their skills on water management issues and developing mechanisms for resolving disputes over water. At the national policy level, work is focused on increasing the knowledge base of policy makers by developing best approaches and a common national vision for water authority restructuring and private sector participation. This is being accomplished through a series of seminars, briefings and study tours, in addition to discussions with various stakeholders. Prime contractor: Development Alternatives Inc.

FY 2004 Program:

In FY 2004, the program is expected to continue within the same scope. About \$4,000,000 ESF might be added to the environmental management activities, and about \$1,000,000 ESF to the water management activities. The program will start using the cost recovery scenarios and encourage the Ministry of Water to adopt a water services pricing policy.

Performance and Results: Environmental activities under the rural community development cluster program (RCDC) were successful in helping villages put in place environmental management plans and adopt technologies for environmental protection, reforestation, land terracing and reclamation, drainage, and waste management. This program increased awareness of environmental problems facing rural areas, offered solutions through a number of demonstration activities at local and national levels. This will lead to more municipalities implementing sound environmental practices and more hectares under cultivation with improved conditions and better production. To date, some 300 small-scale projects have helped around 329 villages renew, reclaim and protect over 10,000 hectares of forest and agricultural land, much of which is already yielding greater production and increasing incomes.

The waste management activities, both wastewater treatment and solid waste recycling and composting, have demonstrated quick, affordable, maintainable solutions to solve environmental problems. These pioneering waste management technologies currently serve the needs of 35 rural cluster communities and have a wider impact on 3-5 villages within each cluster. Twenty-seven plants became fully operational in FY 2002 and five more are scheduled for completion in early 2003. These small-scale solutions have already improved health and sanitation conditions in rural areas, as well as the water quality of streams and certain rivers. These activities are emerging as viable alternatives to large-scale infrastructure schemes that are too costly, time consuming, and technically inappropriate for most rural communities. The Ministry of Environment has endorsed this technology and is exploring financing to disseminate the technology to all regions.

A Memorandum of Understanding was signed in late FY2002 between the Ministry of Water and Energy and USAID. In addition, a steering committee at the Ministry of Water and a working group at the Water Authority were formed and have started implementing the program.

US Financing in Thousands of Dollars

Lebanon

268-005 Improving the Environment and Preventing Landmine	CSH	DA	ESF
Through September 30, 2001			
Obligations	300	1,100	4,304
Expenditures	300	307	3,632
Unliquidated	0	793	672
Fiscal Year 2002			
Obligations	0	600	6,000
Expenditures	0	335	4,639
Through September 30, 2002			
Obligations	300	1,700	10,304
Expenditures	300	642	8,271
Unliquidated	0	1,058	2,033
Prior Year Unobligated Funds			
Obligations	0	0	5,000
Planned Fiscal Year 2003 NOA			
Obligations	0	0	5,000
Total Planned Fiscal Year 2003			
Obligations	0	0	10,000
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	5,000
Future Obligations	0	0	5,000
Est. Total Cost	300	1,700	30,304

Morocco

The Development Challenge: Morocco has made great gains in recent years, but still faces formidable challenges. Among the most important are rising poverty, due to high levels of unemployment and a labor pool largely unprepared for today's and tomorrow's job market, and a citizenry appreciative of democratic reforms and improved governance but striving for more. This thirst is driven by the fact that Morocco's social indicators belie its lower middle-income ranking. Compared to other countries in the region, Morocco's Human Development Index (calculated by the United Nations) places Morocco closer to a low-income country (like Bangladesh) than a middle-income country (like Jordan).

Macroeconomic indicators (inflation, fiscal deficit, and foreign exchange reserves) remain excellent, despite the external shocks and low economic growth. Economic liberalization has been slow but steady, with some impressive success in telecommunications. Democracy has progressed since 1999, with fair and transparent national elections for the first time since Morocco's independence. Even more notable, these September 2002 elections increased the female membership of Parliament from one percent to ten percent, the highest percentage in the Middle East.

However the advance of democracy is offset by continuing lack of economic opportunities. Those who are employed are frequently underemployed, with university graduates being the most affected group. The search for economic opportunity drives rural dwellers to the urban shantytowns. Those lucky enough to have marketable skills head for Europe or North America through whatever means possible.

Despite macroeconomic stability and progress on economic reforms, poverty continues to grow. This growth is partially due to a poorly-performing economy which is overly dependent on rain-fed agriculture. Recurrent droughts force many people from rural to urban areas. Here, they swell the ranks of the unemployed and put greater stress on already overwhelmed public services, including education, health, housing, and transportation. For example, although the government uses more than 25 percent of its annual budget on education, the illiteracy rate is one of the highest in the Middle East, the quality of education is poor, and vocational training is not targeted to priority needs of the workplace. Thus, Moroccan citizens are not receiving the services they need, and Morocco's work force is lacking the skills needed to compete in the global economy.

The USAID Program: To help Morocco address its development challenges, USAID/Morocco's program currently implements two key strategic objectives linked to and focused on the two fundamental resource issues for Morocco's economy: 1) Increasing opportunities for domestic and foreign investment, and 2) Improving water resources management. Three special objectives address key long-term issues of health, education and democracy: 1) Promoting sustainable population, health and nutrition programs; 2) Increasing basic education attainment for girls in rural areas; and 3) Increased capability and active participation of civil society in support of citizen's rights. Particular attention is given to gender and public-private partnerships to maximize synergies across sectors.

The Department of State and USAID are conducting a joint review of the overall strategic direction of the USAID/Morocco ESF portfolio and its specific programs in order to bring them in line with the goals and objectives of the Middle East Partnership Initiative (MEPI). Those regional priorities include: economic reform and private sector development, increasing educational opportunity, strengthening civil society and the rule of law, and increasing the participation of women in economic and political life. This review will ultimately entail significant changes in the level of funding of ESF programs, projects, and activities described in this Budget Justification. After completion of the joint review USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

In parallel, USAID/Morocco is designing a new strategic plan, which is to start in FY 2004. This strategic plan will address the new international (post-9/11) and bilateral (free trade agreement) challenges. The new strategy will focus on building sustainable economic growth activities in three mutually reinforcing areas: increasing economic opportunities for all Moroccans through the engine of free trade and

investment; relevant workforce preparation for the new Moroccan economy; and responsiveness of government to the priorities of its citizens.

Other Program Elements: Currently, six Development Credit Authority (DCA) guarantee facilities have been negotiated. These have leveraged the local currency equivalent of \$17 million. The total premium (subsidy) cost for these DCA facilities is \$577,000 leveraging nearly 30 times the cost. A seventh deal is pending receipt of \$170,000 in DCA carryover funding for a \$3 million facility to finance wastewater treatment plants. The seven activities are projected to directly benefit 16,500 families, 60 communities, and four small cities.

The regional U.S. North Africa Economic Partnership (USNAEP) also has activities in Morocco. USAID assists the Ministry of Tourism, regional tourism associations, private operators and small business/service providers catering to tourists to improve the attractiveness of existing rural and/or ecology tourism sites, link them with other major Moroccan tourist destinations like Fez, Marrakech, and Agadir, and market such sites to international customers.

Other Donors: In 2000, official donor assistance (ODA) to Morocco totaled about \$419 million in loans and grants, equivalent to about 1.3% of the GDP. The largest multilateral donor programs are those of the European Union, the World Bank, and the African Development Bank. With regard to bilateral donors, U.S. assistance ranked fifth (about 8 percent of total bilateral ODA) over the 1998-2000 period, after France (49 percent), Japan (21 percent), Germany (12 percent) and Spain (8 percent).

Despite the modesty of its funding, USAID continues to play a far more significant role than its program size indicates. For many Moroccan officials and citizens, USAID remains the donor of preference. USAID/Morocco develops partnerships with other donors and non-governmental organizations, including local foundations, to create complimentary programs. In recent years, two Moroccan social development institutions became significant supporters of local development programs and USAID/Morocco was successful in partnering with them, leveraging more than \$5 million in additional resources for micro-credit and soil erosion prevention.

USAID and other donor strategies focus primarily on community development, decentralization, small and medium enterprises, agriculture and water issues, and policy reforms to improve the investment environment. The French Development Agency funds projects in rural development and potable water, with strong emphasis on participatory community development. German aid is mainly directed to potable water and environmental management. The UNDP implements integrated, crosscutting initiatives including environmental management, governance, poverty, social sectors, and gender issues. The World Bank and African Development Bank loans finance infrastructure and macroeconomic structural reforms.

Morocco PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	4,902	4,600	0	0
Development Assistance	5,685	5,766	6,713	5,400
PL 480 Title II	591	0	0	0
Total Program Funds	11,178	10,366	6,713	5,400

STRATEGIC OBJECTIVE SUMMARY				
608-005 Expanded Business Opportunities				
DA	2,685	2,038	2,891	0
608-006 Environment for Sustainable Development				
DA	1,000	2,300	2,294	0
608-007 Health Improvements for Women & Children				
CSH	3,414	4,600	0	0
DA	2,000	0	0	0
608-008 Keeping Girls in School				
CSH	1,488	0	0	0
DA	0	1,428	1,528	0
608-011 Trade and Investment				
DA	0	0	0	5,400

Data Sheet

608-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

608-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Morocco
Program Title:	Expanded Business Opportunities
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,891,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: This program seeks to improve policies, laws, and regulations governing the private sector and to strengthen the capacity of public and private institutions to foster private enterprise. USAID is assisting public sector institutions, such as commercial courts and regional investment centers, and private organizations, such as microfinance providers and business associations, to create a better investment climate. The program supports the reforms expected to be required to effectively implement the free trade agreement between Morocco and the United States.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID will use the requested funds to provide expatriate and local expertise, and information technology, for legal, regulatory, and judicial reform, investment climate improvement, tourism development, and microfinance industry strengthening.

Judicial Reform (\$1,840,000 DA). The program will: update trade and investment-related laws and regulations, such as the company code, bankruptcy act, and intellectual property laws; improve the operations of the commercial court system; and improve the quality and timeliness of court decisions. Funds will be used for expatriate and local legal expertise, for the training of judges, prosecutors, clerks and administrators, and installation of improved management information systems, including a new judicial statistics system at the national level and caseload management software in commercial courts. Assistance will reduce court backlog and improve the quality of court decisions. The principal contractor is Financial Markets International.

Investment Climate Reform (\$751,000 DA). Funds will be made available for the expertise and systems needed to make recently established Regional Investment Centers (RICs) responsive to the needs of private investors. The RICs will help to: decentralize government decision-making related to investments; reduce the bureaucratic obstacles to business creation, start-up, and operation; develop public-private partnerships, in areas such as technology and human resource development; and create a more business friendly environment. The contract is not yet awarded.

Microfinance Industry Strengthening (\$300,000 DA). Building on its very successful experience in establishing the first microfinance institution in Morocco, USAID plans to expand its support to other microfinance organizations. Funds will be combined with monies made available by the Office of Microfinance in Washington to fund an institutional contractor. The latter will work with the Federation of Microfinance Associations and the national regulatory bodies to establish a credit reference bureau; develop new products and services, such as housing loans; and strengthen industry standards and supervision. The contract is not yet awarded.

Rural Tourism Development. This activity is part of the regional U.S. North Africa Economic Partnership (USNAEP). USAID will assist the Ministry of Tourism, regional tourism associations, private operators and small business/service providers catering to tourists to improve the attractiveness of existing rural

and/or ecology tourism sites, link them with other major Moroccan tourist destinations like Fez, Marrakech, and Agadir, and market such sites to international customers. Funds will pay for foreign and local expertise. Expected impacts include an increase in the number of foreign visitors, and increased jobs and incomes, especially in rural areas that may be negatively affected by a free trade agreement. The principal contractor is Chemonics International.

FY 2004 Program:

No new obligations are planned under this strategic objective in FY 2004. Beginning in FY 2004, USAID plans to start a new Country Strategic Plan (2004-2008) under which all new funds are to be obligated under a new Economic Growth Strategic Objective "Increased Trade and Investment" (see separate data sheet). Support for the negotiation and implementation of the free trade agreement between Morocco and the U.S. will be central to the new SO.

Performance and Results: Since its inception in FY 2000, this program has made significant progress in instituting reforms in policies, laws, and regulations at the national level, as well as strengthening a variety of public and private institutions that directly support business development. The January 2002 announcement by King Mohammed VI of important new delegations of investment authorities to the regional level was in part inspired by the reform work being funded by USAID. Furthermore, the April 2002 announcement of the intention of Morocco and the United States to begin negotiations on a free trade agreement is a tangible positive result of the investment reforms being carried out by the government with USAID assistance. In FY 2002, important progress was achieved in policy and legal reform; improving the responsiveness of public agencies to private sector needs; strengthening the performance of key business sectors and enterprises; and increasing the access of the poorest segments of the economy to jobs and financial services. For example, the time required to register a new business with all government authorities decreased from six weeks to less than two days in the pilot region assisted by USAID. The average time required to complete a legal process in the pilot commercial court assisted under this program has also been reduced, from 227 days to 144 days. Direct support for microenterprises also progressed significantly in FY 2002, as the three USAID-assisted microfinance organizations reached a total of 80,000 outstanding loans, exceeding the 2002 target by more than 20 percent.

If progress continues, results should include: reductions in the time to do business with the government; time savings to litigants in commercial courts, enhanced revenues for business associations; an expansion of microcredits to rural enterprises; and commercial laws that reflect best international practice. Over the longer term the program should result in increased investment, expansion of employment, and economic growth.

US Financing in Thousands of Dollars

Morocco

	DA	ESF
608-005 Expanded Business Opportunities		
Through September 30, 2001		
Obligations	17,911	1,025
Expenditures	12,476	0
Unliquidated	5,435	1,025
Fiscal Year 2002		
Obligations	2,024	1,434
Expenditures	1,991	791
Through September 30, 2002		
Obligations	19,935	2,459
Expenditures	14,467	791
Unliquidated	5,468	1,668
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,891	0
Total Planned Fiscal Year 2003		
Obligations	2,891	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	22,826	2,459

Data Sheet

USAID Mission:	Morocco
Program Title:	Environment for Sustainable Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,294,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID/Morocco's water program is developing a model for sustainable water management in the Souss-Massa River Basin - a model that will be replicated by the GOM and other donors in other regions of the country. This involves the development of a public/private water management agency; water policy reform; development and dissemination of improved water management technologies; and greater involvement of NGOs and women in Integrated Water Resources Management (IWRM).

Inputs, Outputs, Activities:

FY 2003 Program:

FY 2003 funds will contribute to the USG's overall program of economic growth and engaging Morocco in world markets. This will be done by strengthening the decision-making process in water management in the Souss-Massa River Basin - an economically important region threatened by water shortage. In addition, dissemination of wastewater reuse and erosion control technologies will help strengthen this strategic regional economy, as well as provide a template for water management in other river basins. The main areas of FY 2003 assistance are described below:

-- Develop a Sustainable Water Management Agency and Enhance Water Policy Reform (\$500,000 DA). USAID will develop tools for strategic planning and management for the Souss-Massa River Basin Agency (RBA). Fifteen people will participate in a study tour on coastal zone management, to be followed by a workshop to identify specific solutions to coastal water pollution that will be addressed through a pilot project. This component, funded under the Field Support account, will also assist the RBA to develop its capacity to monitor wastewater pollution and foster national cooperation in IWRM. To make the RBA as fully functional as possible, communications and financial management training plans will be implemented. The Souss-Massa RBA results will be presented to other regions. The principal contractor is Development Alternatives, Inc. Sub-contractors are U.S. and Moroccan companies, universities and NGOs.

-- Develop and Disseminate Best Practices in Water Resource Management (\$1,250,000 DA). The Souss-Massa Integrated Water Management (SIWM) project is working with various stakeholders to implement six pilot projects. Priority in FY 2003 will be to advance at least three pilot projects to the point where they become models for replication throughout the country. This includes the development of a telemetry system for drinking and irrigated water management. The system will be installed and users trained in its use. Priority will also be on the installation of a drip irrigation system for a water users association. This system will demonstrate cost-effective water savings technologies to make smallholder irrigated agriculture more competitive. SIWM will also develop an inventory of water pollution sources in the Souss-Massa region to be used for water quality protection for agriculture and the tourist industry. The SIWM project will continue to provide state of the art data collection tools and information on optimal water use. The website for sharing this data will be further developed this year. The principal contractor is Development Alternatives, Inc.

-- Improve Non-governmental Participation and Gender Integration in Water Resource Management (\$250,000 DA). USAID will ensure that gender issues continue to be incorporated in sustainable water resources management. SIWM will initiate a small grants program for community-based water NGOs. At least 10 grants will be awarded in FY 2003. Gender will be a focal point in selecting grant recipients. USAID will also work with community groups and women's associations on income-generating activities in the Abdelmoumen and Nakhla watersheds. The principal contractor is Development Alternatives, Inc.

-- Implement water component of the integrated community development project in the Souss-Massa-Draa region (\$294,000 DA). This project works across sectors (Environment, Education, Democracy & Governance, and Economic Growth) to build communities capacity to organize and promote their own development. This work will be managed by local NGOs with training and technical assistance from international NGOs including three U.S. PVO grantees: Catholic Relief Services, Near-East Foundation, and Hellen Keller International.

FY 2004 Program:

No funding is requested for this SO.

Performance and Results: USAID is making considerable progress towards the adoption of a better approach to managing surface and ground water resources in the Souss-Massa river basin. For example, the GOM provided funding for the river basin agency (RBA), allowing it to initiate strategic planning and staff development. Effective work of a regional interagency oversight committee and eight technical working groups established a solid basis for multidisciplinary and integrated water resource management in the basin. USAID implemented several pilot projects, including a telemetry system for collecting and disseminating surface and ground water data; a more efficient drip irrigation system; and dissemination of information to farmers on optimal water application by crop. A USAID-developed model wastewater treatment plant is being replicated in other cities in the region. Finally, a watershed protection methodology, successfully tested in the northern region of Morocco, is also being adapted and replicated in the Souss-Massa river basin.

US Financing in Thousands of Dollars

Morocco

608-006 Environment for Sustainable Development	DA
Through September 30, 2001	
Obligations	4,703
Expenditures	1,583
Unliquidated	3,120
Fiscal Year 2002	
Obligations	2,059
Expenditures	1,258
Through September 30, 2002	
Obligations	6,762
Expenditures	2,841
Unliquidated	3,921
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,294
Total Planned Fiscal Year 2003	
Obligations	2,294
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	9,056

Data Sheet

USAID Mission:	Morocco
Program Title:	Health Improvements for Women & Children
Pillar:	Global Health
Strategic Objective:	608-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$500,000 CSH
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2003

Summary: Morocco has had great success in reducing fertility and maternal and child deaths with USAID assistance over the past several decades. This Special Objective supports the maintenance of high levels of family planning, immunizations, and other priority public health services while phasing out USAID support to the sector. USAID is working to promote effective local management by public health officials; foster collaboration among public health officials, NGOs, community associations, and the private sector in the delivery of quality maternal and child health services; increase access to reproductive and child health products and services in the private sector; and assist the Ministry of Health to adapt its organization to better serve the Moroccan people.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve health management and quality of care in the two focus regions (\$500,000 CSH Prior Year Unobligated). By the end of FY 2003, USAID expects the overall quality of healthcare to improve in the focus regions, with increasing use of family planning and maternity services. Many of the pilot approaches will be used in other regions of the country, without direct USAID assistance. USAID activities will include developing program management capacity of regional health staff; ensuring systematic use of quality assurance in public health clinics and hospitals; and promoting additional joint projects between public health officials and civil society or local authorities.

To influence the shift of clients of the public health system who are able to pay for health services to the private sector, USAID will fund mass media campaigns to promote affordable contraceptives, train private general practitioners to increase their skills in the provision of preventive health care, and develop strategies to sustain this effort beyond the end of USAID assistance. USAID activities will graduate the "Al Hilal" brand name of the socially marketed contraceptive products; raise awareness of available products and services at affordable costs; launch the group family medicine practice, providing procedures manuals for private general practitioners; introduce the continuing medical education curriculum of family medicine in one of the four faculties of medicine in Morocco (the end of FY 2003 will see the graduation of the first group of 30 private general practitioners in family medicine in Morocco); and institutionalize the quality assurance concept in the continuing medical education curriculum. An impact evaluation of private health services is planned for the end of FY 2003.

USAID will participate in the funding of the Demographic and Health Survey that will be conducted in Morocco in 2003. The survey, which will be implemented by the Ministry of Health, will be co-funded by USAID and the UNFPA. It will help determine the population-based indicators needed to evaluate the impact of the program.

The principal contractors are John Snow, Inc, Deloitte Touche and Tomatsu, International Science and Technology Institute, Macro/DHS+, and CEDPA. The sub-contractors are University Research Corporation, Harvard School of Public Health, Abt Associates, Population Services International, and Meridian.

FY 2004 Program:

No funding has been requested for this SO. USAID/Morocco assistance to the health sector ends in September 2003. Only close-out activities of this Special Objective are planned after FY 2003.

Performance and Results: To ensure that health improvements in Morocco are durable, and will not depend on continued USAID assistance, USAID supports innovations that increase the availability and effectiveness of quality health care while steadily reducing direct financial support. Improving quality assurance for health services - including care techniques and program management - was the priority this year at the central level and the two focus regions of the Ministry of Health. To integrate the management of quality assurance with the strengthening of decentralization and improved management capacity, USAID organized a successful conference on health quality. More than 250 participants representing all levels of the health sector, both public and private, learned about critical issues related to the main determinants of quality care. Consensus was reached to revitalize the national quality assurance plan to make it into a more reference inclusive framework bringing together all quality-focused activities in the health sector.

In FY 2002 USAID organized a private sector working group forum to increase the public/private partnership and understanding of the role of the private sector in the provision of reproductive health services. Results of a legal study on the establishment of private group practice were discussed in that forum, and disseminated among private general practitioners. With USAID support, the private sector, in partnership with one of four Moroccan faculties of medicine signed an agreement to institutionalize a curriculum on continuing medical education in family medicine, for interested private general practitioners who usually go overseas for this type of training. In addition to the launch of the continuing medical education activity, promotional efforts have increased sales of socially marketed contraceptive products leading to a potential shift of clientele from the public sector.

USAID funded the promotional campaign for the launch of micronutrient enriched foods and provided technical support to introduce the fortification of wheat flour with iron, salt with iodine, and vegetable oil with vitamins A and B. Through policy reforms and with USAID assistance, the national strategy on micronutrient deficiency control program developed regulations related to flour fortification. In collaboration with government authorities, USAID was a key player in institutionalizing flour fortification by orchestrating the signing of an agreement between the Ministry of Health and the National Federation of Millers. USAID mobilized members of the Moroccan Association for Oil and Fats on the importance of vitamin A oil fortification as a means to accelerate reduction in micronutrient deficiencies. With USAID support the Ministry of Health has put into use a new integrated calendar of supplementation by health professionals, and launched a national micronutrient week that will be held twice a year. A total of 7,200 health professionals were trained nationwide to promote and implement the new calendar. By the end of FY 2003 micronutrient-enriched foods will be available throughout the country.

US Financing in Thousands of Dollars

Morocco

	CSH	DA
608-007 Health Improvements for Women & Children		
Through September 30, 2001		
Obligations	4,493	3,496
Expenditures	150	1,059
Unliquidated	4,343	2,437
Fiscal Year 2002		
Obligations	4,025	0
Expenditures	3,669	1,325
Through September 30, 2002		
Obligations	8,518	3,496
Expenditures	3,819	2,384
Unliquidated	4,699	1,112
Prior Year Unobligated Funds		
Obligations	500	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	500	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	9,018	3,496

Data Sheet

USAID Mission:	Morocco
Program Title:	Keeping Girls in School
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,528,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2003

Summary: The objective of this program is to increase the attainment of a basic education for girls in selected provinces in rural Morocco. This is achieved in two phases. Phase I (completed in FY 2001) designed and tested 18 guides for training of school personnel, parent-teacher associations (PTAs), and education managers in pilot provinces, which involved working with schools and communities at the pilot school level. Phase I began in five provinces and three additional provinces were added in year four. Phase II (FY 2002-2003) focuses on testing, completion, and national diffusion of the training guides and the USAID approach and experience in partnership with the Ministry of National Education (MNE).

Inputs, Outputs, Activities:

FY 2003 Program:

National adoption of training guides for the education sector (\$1,528,000 DA). In FY 2003 under the Morocco Education for Girls (MEG) Contract, USAID will provide technical assistance (TA) to finalize the MEG-developed training guides for integration into national training programs for teachers, school directors, education planners and PTAs. While most of the 18 training guides are in the final testing and completion phase, some will require additional TA for revisions based on field evaluations. Funds will also be used to continue conversion of the "traditional" training guides to a computer-based format for access through the USAID-designed web site (www.ibtikar.ac.ma), also accessible via the official MNE web site (www.men.gov.ma <<http://www.men.gov.ma>>). The principal contractor is Creative Associates International, Inc. The sub-contractors are Management Systems International and Save the Children. Limited support is being provided to Catholic Relief Services, the Near East Foundation, and Helen Keller International in the Souss-Massa-Draa region. The principal grantee is the Ministry of National Education.

FY 2004 Program:

No new obligations are planned under this strategic objective in FY 2004. Beginning in FY 2004, USAID will start a new Country Strategic Plan (2004-2008), which is expected to include an education component under the Economic Growth Strategic Objective "Increased Trade and Investment" (see separate data sheet).

Performance and Results: By the end of FY 2003, USAID will have achieved MNE adoption and national diffusion of the training guides that were developed and tested during the earlier phases of this project.

The guides strengthen the quality of teaching, and enhance community involvement in schools and decentralized management of the education system. By the end of FY 2003, USAID expects that at least 14 of the 18 USAID-financed training guides will be adopted by the MNE at the national level, i.e., used at all of Morocco's 34 teacher training colleges and other national training institutions. To date, 11 modules have already been adopted by the MNE. These guides will assist the MNE to implement policy changes required by the National Charter for Education and Training. Guide themes include, (1) equity in the school environment, (2) school management from a partnership perspective, (3) student-centered

teaching methodologies, (4) social mobilization, (5) PTA institution building, (6) strategic planning and performance monitoring, and (7) computer skills for educational purposes.

USAID expects successful nationwide use of the training guides, provided that upcoming MNE organizational changes do not lead to the replacement of all department heads. To date, their leadership and decision-making have allowed USAID and the MNE to make important progress in advancing the status of girls' primary education. In sum, the Moroccan education context is highly favorable to change, as "useful education" is one of the highest priorities of the King and there is strong commitment to implement the policies set out by the National Charter for Education and Training.

Continuing in FY 2003 will be the implementation of the Girls' scholarship program by a local NGO. Through a public-private partnership USAID is providing one seventh of total costs for a program which will provide scholarships for 300 Moroccan girls to attend three years of Middle School. Private sector donations, in-kind GOM, and NGO support finance the bulk of this program.

USAID is designing a new Country Strategic Plan to begin in FY 2004. Together with State, USAID is developing a plan that is consistent with the goals of the Middle East Partnership Initiative. In that regard, the new plan is expected to include an education component that will build upon the successes of the Keeping Girls in School Special Objective.

US Financing in Thousands of Dollars

Morocco

	CSH	DA
608-008 Keeping Girls in School		
Through September 30, 2001		
Obligations	5,984	2,310
Expenditures	2,733	2,237
Unliquidated	3,251	73
Fiscal Year 2002		
Obligations	0	1,383
Expenditures	2,797	137
Through September 30, 2002		
Obligations	5,984	3,693
Expenditures	5,530	2,374
Unliquidated	454	1,319
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	1,528
Total Planned Fiscal Year 2003		
Obligations	0	1,528
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	5,984	5,221

Data Sheet

608-009: No Summary and/or Pillar information entered for this SO.

Data Sheet

608-010: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Morocco
Program Title:	Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-011
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,400,000 DA
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: USAID will implement a program focused on three mutually reinforcing priorities: increased economic opportunities for all Moroccans through the engine of free trade and investment, relevant workforce preparation for the new economy, and responsiveness of government to the priorities of its citizens.

The first element is expected to support directly the implementation of a Free Trade Agreement (FTA) between Morocco and the United States, which should expand trade and investment, increase economic growth, and create jobs. USAID plans to help the Government of Morocco to implement the requirements of the agreement, such as improved enforcement of existing laws on intellectual property rights, labor, and the environment, and the drafting of new laws and regulations. USAID also plans to assist the Moroccan private sector, including agriculture, industry, and services, in making the transition to a more open trading environment, and taking full advantage of the new opportunities the FTA offers.

The second element will help create an educated and skilled workforce, essential for the successful implementation of the FTA. Its specific goal is workforce preparation through skills training related to the new FTA-driven job market, as well as through improvements in primary school effectiveness, which will form the basis for a trainable workforce. Particular attention is to be given to providing educational opportunities that enable girls and young women to obtain the skills they need to participate fully in and contribute positively to the economic growth and development of Morocco.

Increased responsiveness of the government to citizens' needs is the focus of the third element. USAID plans to help local government and civil society organizations improve service delivery through partnerships; and encourage ethical and transparent public service delivery. This improvement in Morocco's municipal environment will also encourage domestic and foreign private sector investment.

Inputs, Outputs, Activities:

FY 2003 Program:

N/A. This program will begin in FY 2004.

FY 2004 Program:

Activities are expected to be grouped under the major themes critical to the success of the proposed bilateral FTA, creating jobs and improving the overall investment climate.

Trade and Investment Climate Improvement (\$2,400,000 DA). USAID plans to fund foreign and local expertise needed to assist the Moroccan Government in meeting its FTA commitments, including those related to the enforcement of intellectual property rights, labor code, and the environment. These interventions are to be linked with previously initiated activities that support commercial justice improvements and the decentralization of government investment decision-making authority through regional investment centers. Expected results include improved services to local and foreign investors, and stronger protection of the natural resources environment.

USAID plans to also assist in the structural adjustments in agriculture and the rural economy that are expected as a result of tariff reductions on agricultural imports. Expatriate and Moroccan technical assistance is planned for the Ministry of Agriculture (MOA), rural authorities, and the private sector to modernize agriculture, reinforce rural economic development opportunities, and make better use of scarce natural resources. Efforts are to be made to shift labor and capital from traditional and cereals-based agriculture into higher value and more productive modern agriculture, and to create new rural non-agricultural jobs. USAID assistance may also help Morocco in its efforts to shift from water dependent to more appropriate agriculture in view of climate variability and water shortages. This component is expected to increase investment and job creation in rural areas.

Finally, USAID intends to use funds to support selected industry and service sectors (e.g. electronics, automobile components, agro-processing, tourism, and financial services) in the development and marketing of products and services that take full advantage of the opportunities afforded by the FTA. Funds are expected to support development of local expertise in business planning, market research and promotion, product development and product standards, and appropriate production technologies. Assistance is expected to be provided in collaboration with local business associations and local service providers.

Development of an education for success program (\$2,000,000 DA). Although the development of this new program is not complete, USAID's planned program will have skills training and school leadership improvement components. USAID will expand the girls' scholarship program, as girls education is a high priority under the Middle East Partnership Initiative. The skills training component of the education program may engage the Ministries of National Education, Labor, Commerce and Industry, and private-sector business associations to assess and implement a responsive and up-to-date program. USAID will carry out a detailed analysis of the workforce needs in FTA-affected sectors in close coordination with the other donors. As a necessary first step to any skills training program, a primary education component will be developed. The objective would be to demonstrate ways to improve the effectiveness of primary schools in both rural and urban areas, giving students the basic tools to begin job-related training. By the beginning of the third quarter of FY 2004, USAID expects to have completed the competitive bidding process for contractor selection and to have mobilized a field team.

Improved capacity of local government to respond to citizens needs (\$1,000,000 DA). USAID plans to design and start implementing activities with national and local level entities that encourage partnerships among public, private, and civil society organizations. Such partnerships will help build the capacity of newly elected officials in governance, conflict resolution and management; support budget transparency and anti-corruption initiatives; create regular fora to increase citizen participation in local government planning and decision-making; and deliver improved services responsive to community needs. As a result, these well-run municipalities will attract business investment, further enhancing citizens' lives.

Performance and Results: N/A.

US Financing in Thousands of Dollars

Morocco

608-011 Trade and Investment	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	5,400
Future Obligations	32,500
Est. Total Cost	37,900

West Bank and Gaza

The Development Challenge: As seen daily in the news, the conflict in the West Bank and Gaza remains volatile and unpredictable. Already on the decline, the economic and health situation of the Palestinian population took a rapid turn for the worse in April 2002, after a series of terrorist incidents in Israel resulted in retaliatory military action in several West Bank cities and towns. Tens of thousands of Palestinians were cut off from food supplies, medical care, employment and essential services, as closures became more permanent.

Unemployment has increased to more than 50 percent. Some 70 percent of the people in the West Bank and Gaza are living under the official poverty rate of \$2 per day, almost double the percentage reported in last year's Annual Report. A USAID-funded Rapid Nutritional Assessment exposed alarming rates of acute and chronic malnutrition among Palestinian women and children. Palestinian families, meanwhile, report a 51.9 percent decrease in the amount of food they consume and approximately 50 percent of the population require external food assistance to help meet their daily caloric intake.

The incidence of low birth weight has increased, while births attended by skilled health workers have decreased. The incidence of diarrhea is growing due to poor water quality and risk of disease outbreaks remains high because national immunization schedules have been interrupted by curfews, closures, and electricity outages. And, preliminary findings of a USAID-funded Birzeit University survey confirm that the exposure to death, injury, and violence in all its forms plus widespread deprivation are leaving psychological scars, especially among Palestinian children.

The most important challenge that USAID confronts is meeting the immediate and on-going emergency humanitarian needs of Palestinians while not losing focus on medium to long term development goals. Some 73 percent of the Mission's obligations during the last two years were for activities that address urgent and critical needs. As explained in two recent UN reports, the humanitarian situation, deriving principally from the continuation of curfews and closures, is mainly a political problem. Given the continued political stalemate, and the growing humanitarian crisis, USAID anticipates providing vital emergency and humanitarian assistance for at least another 12-18 months. At the same time, USAID is pursuing a robust medium to longer term development program focused on private sector revitalization, political and economic reform consistent with the policy priorities of the administration, and water infrastructure to meet this basic human need. Despite the difficulties, significant results continue to be achieved in all areas.

The USAID Program: The Program Data Sheets cover the six strategic objectives for which USAID is requesting funds. The most costly objectives are increasing water resources and community services, both of which respond directly to problems faced by ordinary Palestinians. The other objectives contain both emergency response and longer-term development components. The Mission will use FY 2003 and FY 2004 funds to implement projects to: ensure efficient development of the private sector, develop new water resources, improve democracy, governance, and the rule of law, increase access for mothers and children to higher quality health care, deliver emergency humanitarian assistance to combat malnutrition, provide basic community services, and ensure access to higher education and training for a broad range of Palestinians. Working closely with State Department and other international donors, USAID has expanded support for major Palestinian reform programs and continues to play a significant role in reform efforts.

Despite the violence and other challenges associated with the situation, the Mission has achieved meaningful results during the past year, has helped avoid a more serious humanitarian crisis from emerging, and has laid the basis for the advancement of important U.S. foreign policy goals such as promoting stability in the region. Because of close cooperation with implementing partners (mostly U.S. Private and Voluntary Organizations (U.S. PVO), and U.S. companies) and intensive coordination with the Israeli government, USAID's strategic focus has been maintained and oversight responsibilities have been uncompromised.

The Department of State and USAID plan to conduct a joint review of the overall strategic direction of the USAID/West Bank/Gaza portfolio and its specific programs in order to ensure that USG funds are most effectively used to encourage Palestinian reform. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review, USAID will notify Congress through established procedures prior to obligating funds for any revised efforts.

Other Program Elements: At this time, there are no other programs active in the West Bank and Gaza managed by the Pillar nor Regional Bureaus. All programs are funded through the West Bank and Gaza Mission, and are detailed in this Annual Report.

Other Donors: Following a drastic decline in domestic revenue collections (from \$973 million in 2000 to \$250 million in 2002) the Palestinian Authority (PA) has relied on the Arab world and the European Union (EU) for budgetary support. These two donor sources have made combined contributions of nearly one billion dollars over the past two years. Smaller contributions to the PA budget have also been made by the World Bank and Norway. Overall donor funding to the West Bank and Gaza has increased dramatically since the beginning of the Intifada (commitments have doubled from \$973 million in 2000 to an estimated \$2 billion in 2002), with the bulk of the increase going to budgetary support for the PA and humanitarian/emergency relief efforts. USAID's principal donor partners are the EU (emergency response, private sector revitalization, reform of PA institutions, infrastructure projects and Israeli interactions) and the United Nations (employment generation, micro-credit, food assistance). Donor coordination in the West Bank and Gaza is highly developed, with several layers of donor coordination mechanisms. A Task Force on Project Implementation, which includes representatives from USAID, the European Union, the United Nations and the World Bank, works closely with Israeli government officials to facilitate project implementation and field access for the delivery of humanitarian and emergency assistance. The Ad Hoc Liaison Committee (AHLC) is a forum which brings together top level decision makers from all of the key donor organizations who meet regularly to discuss broad policy issues. In 2002, to respond to the unfolding humanitarian crisis, the donors formed the Humanitarian Task Force for Emergency Needs (HFTEN), which provides continual monitoring and analysis of the situation for the benefit of donors, the Palestinians and the Israelis. In July 2002, the Quartet (U.S., EU, UN, Russia) formed the International Task Force on Reform to coordinate donor assistance and monitor progress on Palestinian civil reforms.

West Bank and Gaza PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	84,813	72,000	75,000	75,000
Total Program Funds	84,813	72,000	75,000	75,000

STRATEGIC OBJECTIVE SUMMARY				
294-001 Private Sector Development				
ESF	3,752	13,601	10,000	10,000
294-002 Water Resources Development				
ESF	60,384	27,725	30,100	50,036
294-003 Democracy and Governance				
ESF	10,580	11,375	10,150	9,996
294-005 Higher Education and Training				
ESF	5,007	205	2,812	2,968
294-007 Family Health				
ESF	5,090	1,369	21,300	1,250
294-008 Community Services Program				
ESF	0	17,725	638	750

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Private Sector Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,000,000 ESF
Prior Year Unobligated:	\$17,601,000 ESF
Proposed FY 2004 Obligation:	\$10,000,000 ESF
Year of Initial Obligation:	FY 1994
Estimated Completion Date:	FY 2007

Summary: USAID's private enterprise development program is working to expand economic opportunities for Palestinians in the West Bank and Gaza. The program aims to: increase access to financial services both through microcredit programs, and bank and non-bank financial services to the "missing middle"; provide technical assistance to improve access to markets by Palestinian businesses; and provide focused technical assistance to selected economic regulatory institutions, including the Palestinian Monetary Authority, the Ministry of Finance's Internal Audit Department, and the planned Capital Markets Authority. Programs revolve around two major themes, private sector revitalization and reform of Palestinian economic institutions. In particular, assistance to the PA Ministry of Finance's internal audit capability, thereby increasing the level of transparency and accountability in PA finances, and advancing this key area of Palestinian institutional reform.

Inputs, Outputs, Activities:

FY 2003 Program:

Increased Access to Financial Services (\$2,000,000 ESF). USAID will provide funding for two cooperative agreements with Non-Governmental Organizations (NGO) which are providing much needed emergency financial services to microenterprises. Save the Children and CHF. A program of technical assistance to the microfinance industry will continue until September 2003. The principal implementing partner is: Chemonics International.

Increased Access to Markets (\$7,000,000 ESF). Incremental funding will be provided for three contracts. One contract is supporting industrial estate development and investment promotion through technical assistance to develop an information and communication technology incubator in the West Bank and foster linkages between Palestinian firms and potential partners in the United Arab Emirates. Another contract is working to strengthen critical business associations in the areas of organizational development, services delivery and policy advocacy. The business associations assisted are those sectors vital to recovery of the Palestinian economy, including construction services and information technology. A third contract is supporting business revitalization through firm level technical assistance focusing on crisis management and turnaround strategies and providing improved access to financing through a financial facilitation component. The principal implementing partners are: The Services Group (TSG), Development Alternatives, Inc. (DAI), the U.S. Department of Agriculture (USDA), and the Palestinian Trade Center (Paltrade).

Effective Operation of Selected Economic Regulatory Institutions (\$1,000,000 ESF). USAID will continue support for institutions regulating non-bank financial services, including institutional support to a proposed Capital Markets Authority and potential support for the Land Authority in improving opportunities for mortgage finance. In furtherance of reform efforts, USAID will support, through technical/material assistance and training, a restructuring of the newly consolidated Ministry of Economy, Trade and Industry, improved governmental capacity to undertake internal audits and protect against money laundering, and financial markets legal and development initiatives. The principal implementing partners are: Financial Markets International (FMI), Barents/BearingPoint, and Deloitte Touche Tohmatsu (DTT).

FY 2004 Program:

Increased Access to Financial Services (\$600,000 ESF). Incremental funding will be provided to support a microcredit program being implementing through an international PVO in cooperation with a local NGO.

Increased Access to Markets (\$7,500,000 ESF). USAID will provide incremental funding to support business revitalization programs and the further development of business associations supporting business recovery efforts. Further, USAID will stimulate the continued development of the information and communication sector through the issuance of an Annual Program Statement to solicit innovative proposals.

Effective Operation of Selected Economic Regulatory Institutions (\$1,700,000 ESF). USAID will provide incremental funding for financial markets reform through legal and institutional initiatives.

Staff, evaluations, and studies (\$200,000 ESF). In addition to program implementation, FY 2004 will be used for program-funded staff, evaluations and studies.

Performance and Results: USAID programs are continuing to increase the supply of financial services to microenterprises. Beginning in 1996 and through the end of 2002, USAID programs supported the provision of micro loans through both banks and NGO's to 45,000 enterprises valued at \$33 million. For the period 2003 through 2005, another 20,000 enterprises will be assisted through the provision of \$9.2 million in credit. USAID support has created vibrant business associations in the stone and marble industry, pharmaceutical industry, information technology sector, trade/export promotion, and the food and furniture industries. These organizations are achieving self-sustainability and providing valued member services including in the area of policy advocacy. Continued support to trade organizations in the construction services sector, information technology sector and tourism industry, as well as support for the Palestinian Standards Institute will further strengthen economic self-regulatory institutions which are playing a critical role in moving the Palestinian economy toward World Trade Organization (WTO) standards. Major initiatives in business revitalization promise to leverage a minimum of \$50 million in financing for Palestinian businesses. Continued work with economic regulatory institutions are already bearing fruit with new tax regulations in the leasing arena and innovative solutions in mortgage finance and new tools for financial restructuring as an alternative to business liquidation.

US Financing in Thousands of Dollars

West Bank and Gaza

294-001 Private Sector Development	ESF
Through September 30, 2001	
Obligations	61,908
Expenditures	41,229
Unliquidated	20,679
Fiscal Year 2002	
Obligations	14,650
Expenditures	15,888
Through September 30, 2002	
Obligations	76,558
Expenditures	57,117
Unliquidated	19,441
Prior Year Unobligated Funds	
Obligations	17,601
Planned Fiscal Year 2003 NOA	
Obligations	10,000
Total Planned Fiscal Year 2003	
Obligations	27,601
Proposed Fiscal Year 2004 NOA	
Obligations	10,000
Future Obligations	10,000
Est. Total Cost	124,159

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Water Resources Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$30,100,000 ESF
Prior Year Unobligated:	\$157,125,000 ESF
Proposed FY 2004 Obligation:	\$50,036,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2007

Summary: USAID's program to improve water resources in the West Bank and Gaza includes the construction of wells, pipelines and water distribution systems, including a village water and sanitation program in the West Bank; the construction of a desalination plant and a regional water pipeline in Gaza; the construction of a wastewater treatment plant in Hebron in the West Bank; training and technical assistance in water system and environmental 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 1,100,000 residents of Gaza and over 500,000 residents of the West Bank.

Inputs, Outputs, Activities:

FY 2003 Program:

West Bank Water Program (\$26,669,000 ESF). USAID will provide incremental funding for change orders arising from the ongoing construction of water infrastructure, including the drilling of wells in the central and northern West Bank. Change orders are normal in infrastructure construction and are caused by changes in topographical conditions, delays, and other unforeseen circumstances. Funds will also be used for the construction of wells and pipelines to add on to previous USAID funded water systems and will include maintenance facilities in the southern and central West Bank. These facilities will house equipment and trained staff to repair and maintain water infrastructure.

USAID will use FY 2003 funds to complete design work for a wastewater treatment plant near Hebron. When completed, this plant will treat industrial and municipal sewage from Hebron and surrounding towns and villages for the first time. Treated effluent will be used to irrigate surrounding lands, improving agricultural production. This plant is highly desirable for the Palestinian residents of the area and also for Israeli residents of towns and cities, principally Beersheva, who live downstream of the Hebron watershed into which untreated effluent currently flows. USAID will complete the design of the plant, and will incrementally fund work on its construction over 2004-2006.

USAID will use FY 2003 funds to complete the design and begin construction of an extensive series of transmission lines, wells, and booster stations that, within 16 to 18 months of inception, will bring potable water to thousands of people living in villages in the southern and western West Bank near Hebron. This integrated water supply and end use project will include village-level training efforts to increase awareness of the environment, the impact water use has on it, better and healthy water use practices, and environmentally sound water reuse. The principal implementing partner is: CH2MHill. Others are to be determined (TBD).

Gaza Water Projects (\$3,431,000 ESF). USAID will fund the rehabilitation of approximately half the wells in Gaza City - major sources of drinking water for residents. Building on the results of a USAID-funded survey, USAID and the World Bank will strengthen the sustainability of Gaza municipalities by installing agricultural water meters in all farms in Gaza. These meters will allow municipalities to charge for water

in a transparent and equitable fashion, improve the monitoring and control of water extracted from the aquifer, and promote water efficiency through market mechanisms.

As previously notified to Congress, USAID will award two contracts for the construction in Gaza of a desalination plant and a regional water carrier. These two large water infrastructure projects will bring potable water to the more than 1,100,000 residents of the Gaza Strip for the first time. These projects will have a monumental impact on the daily lives of people in Gaza, not least of which will be availability of clean water to all. FY 2003 and prior year funds will pay for construction management activities for oversight and management of these construction contracts. The principal implementing partner is: Metcalf and Eddy. Others are to be determined.

FY 2004 Program:

West Bank Water Program (\$48,981,000 ESF). Funds will be used to support construction of new well facilities, booster stations, and pipelines to complement work currently being undertaken near Bethlehem, Beit Sahour, Hebron, Halhoul and south in the West Bank. To support this, construction management funds will also be needed.

USAID will use FY 2004 New Obligating Authority (NOA) to incrementally fund work on the Hebron Wastewater Treatment Plant. FY 2004 funds also will be used to continue construction of the extensive transmission system that will bring potable water to the houses of thousands of residents of the area south of Hebron. This will be coupled with extensive village-level training on environmentally sound end use of water and sanitation methods.

Gaza Water Projects (\$1,055,000 ESF). Construction management of the two large Gaza water infrastructure projects, the desalination and regional water carrier, will continue with incremental funding in FY 2004.

Performance and Results: In the West Bank, USAID provided funds for the repair and replacement of key elements of the damaged West Bank's water system. Speedy USAID-funded repairs allowed hundreds of thousands of West Bank residents - already suffering from chronic drought conditions - to receive reliable supplies of water. In Bethlehem and Hebron, USAID completed drilling 3 large production wells, finalized 7 monitoring wells, inaugurated 2 major pumping stations, and laid approximately 95% of the transmission lines required under its major West Bank water program. As a result of these achievements, residents of Hebron and Bethlehem will benefit from more than 6 million cubic meters per year in additional water resources, almost doubling their water supply and thus bringing much of the population there in line with the World Health Organization (WHO) water consumption recommendations.

USAID produced a Gaza aquifer model allowing scientists to better understand where the greatest damage to the aquifer has taken place, set up a monitoring system to help prevent over-pumping, supported the rehabilitation of existing wells to ensure that they produce clean water, and developed a large infiltration basin that injects an additional 10 million cubic meters of "harvested" rain water each year into the aquifer. USAID partners completed the designs of a desalination plant and a 135 kilometers (83 miles) "backbone" water carrier that will mix and transport water throughout Gaza. USAID programming, in concert with other donors, has expanded the amount of wastewater treatment available to Gazans, significantly improving health and hygiene and promoting the reuse of treated wastewater for agriculture.

US Financing in Thousands of Dollars

West Bank and Gaza

294-002 Water Resources Development	ESF
Through September 30, 2001	
Obligations	245,089
Expenditures	188,265
Unliquidated	56,824
Fiscal Year 2002	
Obligations	23,436
Expenditures	40,190
Through September 30, 2002	
Obligations	268,525
Expenditures	228,455
Unliquidated	40,070
Prior Year Unobligated Funds	
Obligations	157,125
Planned Fiscal Year 2003 NOA	
Obligations	30,100
Total Planned Fiscal Year 2003	
Obligations	187,225
Proposed Fiscal Year 2004 NOA	
Obligations	50,036
Future Obligations	50,036
Est. Total Cost	555,822

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	294-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,150,000 ESF
Prior Year Unobligated:	\$9,469,000 ESF
Proposed FY 2004 Obligation:	\$9,996,000 ESF
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2007

Summary: USAID West Bank and Gaza supports a program of broad-based democratic development through: financial and technical assistance for Palestinian Civil Society Organizations (CSO) 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 the curriculum and teaching practices of Palestinian law schools. As with all other USAID-funded activities in the West Bank and Gaza, consistent with legislative requirements, no financial assistance, including budget support or cash is given to the Palestinian Authority or the PLO.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthen local CSOs to ensure proper oversight of public institutions (\$6,150,000 ESF). These funds will be used in FY 2003 to improve local CSO capacity in the areas of policy analysis, communication, leadership skills, strategic planning, financial management, and conflict resolution. Assistance will include direct grants to local CSOs, workshops, and consultative meetings. These interventions support the Palestinian reform process, promote discourse in public decision-making, and strengthen local CSO capacity to oversee public institutions. USAID support will also be provided to strengthen the political leadership skills of Palestinian women. The principal implementing partners are: Chemonics International, the Academy for Educational Development (AED), Search for Common Ground (SCG), the International Republican Institute (IRI), the Palestinian Academic Society for the Study of International Affairs (PASSIA), and the Consortium for Election and Political Process Strengthening (CEPPS).

Improve the capacity of the Palestinian Legislative Council (\$500,000 ESF). USAID will assist the Council to draft, review and approve legislation, provide oversight of the Executive Branch, improve constituent relations, and strengthen internal administration. Although USAID will cease technical assistance to the Palestinian Legislative Council in the second quarter of FY 2003 -- pending the outcome of Palestinian elections -- the Mission will design a next phase program to support a future Palestinian legislative body. During a projected gap in assistance in the second and third quarters of FY 2003, USAID may provide up to \$1 million in previous year ESF for ad hoc support to the Palestinian Legislative Council to support specific reform initiatives. The principal implementing partner is: the Associates in Rural Development (ARD).

Strengthen the rule of law to promote Palestinian reform, an independent judiciary, and broad-based economic growth (\$3,000,000 ESF). These funds will be used in FY 2003 to improve the rule of law by building management and administrative capacity within the judicial system, increasing professionalism of the legal community, improving the curriculum and teaching capacity in law schools, and providing support for alternative dispute resolution centers. The principal implementing partner is: DPK Consulting.

Support for a decentralized local government structure (\$250,000 ESF). USAID may provide limited assistance to strengthen the management capacity of local government officials and village leaders in FY 2003 through training and workshops and other programs to further decentralize local government decision-making. USAID's implementing partner has yet to be selected.

Support for free and fair Palestinian elections (\$250,000 ESF). USAID will strengthen a recently appointed independent elections commission, promote political party development, and ensure elections monitoring for free and fair elections. The principal implementing partners are: the National Democratic Institute (NDI), the International Republican Institute (IRI), and the International Foundation for Electoral Systems (IFES).

FY 2004 Program:

Strengthen local CSOs to ensure proper oversight of public institutions (\$8,100,000 ESF). USAID will provide incremental funding to the TAMKEEN project for grants to local CSOs in support of broadened public discourse on proposed Palestinian reforms - including elections.

Improve the capacity of a new Palestinian Legislative Council (\$300,000 ESF). Pending the outcome of elections for a new Palestinian Legislative Council (PLC), it is envisioned that USAID will provide technical assistance in FY 2004 to strengthen the new PLC's capacity to develop legislation and oversee the executive branch.

Strengthen the rule of law to promote Palestinian reform, institutional transparency, and broad-based economic growth (\$1,596,000 ESF). In FY 2004, USAID will provide incremental funding to its on-going rule of law program to: improve prosecutorial capacity, make more efficient Palestinian courts, increase the use of alternative dispute resolution methods, and improve the administration and teaching at Palestinian law schools. USAID will also provide support to specialized bar groups to improve their ability to advocate for legal and regulatory reform.

Performance and Results: USAID has provided significant assistance to Palestinian CSOs to strengthen the role of public discourse in the decision-making process and increase the capacity of CSOs to provide oversight of public institutions. Over the past twelve months, USAID has provided 75 grants to local CSOs. Specific results include the introduction of civic education in the Palestinian curriculum, the promotion of conflict resolution skills for youth, and improved financial management systems and strategic planning capabilities of local CSOs. USAID has also provided significant support to the PLC to promote key elements of the reform process. USAID assistance and training has established a comprehensive legislative structure, improved outreach to constituents, and systematized record-keeping. Over the past twelve months, USAID assistance supported eight Legal Committee workshops that proposed changes to the National Elections Laws and a pre-election assessment conducted by three prominent U.S. PVOs. USAID support to strengthen the rule of law includes activities focused on improving the law schools, the judicial system and legal profession. Assistance to Palestinian courts has resulted in the development of a second phase automated case-tracking system. This system will be used in up to eight pilot courts in the West Bank and Gaza. The system gives law students and professors access to a specialized database on Palestinian law. USAID supported judicial training for more than 27 recently appointed judges and several new prosecutors to promote a civilian judicial system that is fair and efficient. Two alternative dispute resolution centers have been opened with USAID support and are currently receiving commercial cases.

US Financing in Thousands of Dollars

West Bank and Gaza

294-003 Democracy and Governance	ESF
Through September 30, 2001	
Obligations	69,051
Expenditures	44,972
Unliquidated	24,079
Fiscal Year 2002	
Obligations	13,185
Expenditures	14,722
Through September 30, 2002	
Obligations	82,236
Expenditures	59,694
Unliquidated	22,542
Prior Year Unobligated Funds	
Obligations	9,469
Planned Fiscal Year 2003 NOA	
Obligations	10,150
Total Planned Fiscal Year 2003	
Obligations	19,619
Proposed Fiscal Year 2004 NOA	
Obligations	9,996
Future Obligations	9,996
Est. Total Cost	121,847

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Higher Education and Training
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,812,000 ESF
Prior Year Unobligated:	\$25,232,000 ESF
Proposed FY 2004 Obligation:	\$2,968,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2007

Summary: USAID's higher education program is working to increase higher education and training opportunities for Palestinians in the West Bank and Gaza. The program's new Higher Education and Support Initiative (HESI) aims to respond to critical and immediate needs, as well as on-going difficulties affecting local universities and colleges, and provide training for students, academics, and professionals. The U.S. and Palestinian University Linkage activity (UPLINK), which includes seven partnerships between U.S. and West Bank and Gaza universities, and the independent Utah State-Arab American University in Jenin Linkage, aim to assist local higher education institutions in capacity development partnerships. The proposed Scholarship Endowment is scheduled to begin sending talented West Bank/Gaza scholars to the U.S. for master's level study in fall 2004 in fields of study critical to the development of a viable Palestinian state.

Inputs, Outputs, Activities:

FY 2003 Program:

Higher Education Support Initiative (HESI) (\$2,812,000 ESF). Through a contract with the Academy for Educational Development (AED) from August 2002 to August 2005, USAID is managing this new multi-faceted activity that will support increased access to higher education and training through several components:

-- HESI will maintain 81 masters degree candidates studying in the U.S. through May 2005. It will also focus on providing in-depth reentry follow on, mentoring, and job placement support for scholars returning to the West Bank and Gaza.

-- HESI will strengthen West Bank/Gaza institutions of higher learning and help maintain enrollments by providing local scholarship assistance to talented and needy students in fields that meet immediate and critical needs such as physical therapy, psychology, social work, nursing, information technology (IT), Teachers of English as a Second Language (TESL), environmental sciences, and more. During 2003 and 2004, at least 300 local undergraduate students will benefit from up to four semesters of tuition only scholarships at Palestinian universities. Approximately 80 vocational/community college students will receive up to two semesters of tuition assistance at two-year institutions in the West Bank and Gaza. All students will be asked to contribute 30 hours per semester of volunteer community service to their respective institutions in addition to maintaining good GPAs in order to be eligible to renew their scholarships.

-- Based on the success of similar training opportunities last year, together with the continued need for training in IT and other sectors critical to the economic development of the West Bank/Gaza, the Higher Education Support Initiative will also provide an estimated 150 IT and ten local short-term needs based training opportunities to potential private and public sector leaders, managers, academics, and technical professionals. This training will take place primarily in the West Bank/Gaza, although occasional third country, short-term training may be offered when appropriate and cost effective.

-- To assess long-term local higher education and training needs and help formulate planning for future training activities, HESI will conduct an in depth needs assessment survey from January to August 2003. Three higher education consultants (one U.S., two Palestinian) will conduct the research and submit results and recommendations to USAID.

U.S.-based scholarships (\$24,988,000 ESF Prior Year Unobligated). In FY 2003, USAID will develop an endowment mechanism that will provide multi-year funding for U.S.-based scholarships for Palestinian graduate students.

FY 2004 Program:

Higher Education Support Initiative (HESI) (\$2,968,000 ESF). USAID will provide funding to continue to: maintain approximately 67 masters degree candidates currently in the U.S. through May 2005, and provide reentry follow on, mentoring, and job placement support for those students returning to West Bank/Gaza during FY 2004; support the strengthening of local institutions of higher education by providing undergraduate and community college tuition scholarships to talented and needy two and four year Palestinian students; and support approximately 150 local IT and ten primarily local short term training opportunities.

Performance and Results: USAID programs are continuing to increase access to higher education and training for Palestinian scholars and professionals. Through the end of 2002, USAID provided master's scholarships to 90 Palestinian talented graduate scholars for study in the U.S. Thirty percent of these scholars were women. Almost all scholars have adapted well and excelled in their programs, with GPAs from 3.2 to 4.0. Many have received honors, awards, participated in community outreach, internships, and are establishing professional linkages. Most have become resources, spokespersons, and student ambassadors on their U.S. campuses and in their adopted communities to help promote better understanding between the two cultures. Another 122 professionals received advanced short-term training in their fields: 72 trained in IT in the West Bank and Gaza, and 50 participated in business internships and short - term training mainly in the U.S. The seven U.S.-Palestinian university partnership linkages (UPLINK) continued to work toward their targets, with some modifications in approaches and timelines to accommodate on the ground challenges.

USAID programs are providing Palestinian scholars and professionals with unique opportunities at a crucial time for the West Bank and Gaza. They have been able to interact with U.S. counterparts and academics, either virtually or in real time, and to make tangible contributions on and outside their campuses and workplaces. They are gaining skills that will strengthen their communities and institutions. The intangible impact of this program is the hope for a better future, the enthusiasm, courage, leadership, and determination to succeed that our scholars and trainees have shown in spite of daily political, logistical, and other challenges faced.

US Financing in Thousands of Dollars

West Bank and Gaza

294-005 Higher Education and Training	ESF
Through September 30, 2001	
Obligations	108,229
Expenditures	95,524
Unliquidated	12,705
Fiscal Year 2002	
Obligations	9,408
Expenditures	7,824
Through September 30, 2002	
Obligations	117,637
Expenditures	103,348
Unliquidated	14,289
Prior Year Unobligated Funds	
Obligations	25,232
Planned Fiscal Year 2003 NOA	
Obligations	2,812
Total Planned Fiscal Year 2003	
Obligations	28,044
Proposed Fiscal Year 2004 NOA	
Obligations	2,968
Future Obligations	2,968
Est. Total Cost	151,617

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Family Health
Pillar:	Global Health
Strategic Objective:	294-007
Status:	
Proposed FY 2003 Obligation:	\$21,300,000 ESF
Prior Year Unobligated:	\$1,369,000 ESF
Proposed FY 2004 Obligation:	\$1,250,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2007

Summary: USAID's health program in the West Bank and Gaza is working to improve and sustain the overall performance within the primary health care system. The program aims to improve the quality of maternal and child health and nutrition services, improve the knowledge, attitudes, and practices related to maternal and child health, nutrition and well-being, improve the local capacity to meet health, nutrition, and psycho-social needs arising from the on-going crisis through sub-grant programming, and to provide health and food commodities. An integrated maternal and child health and nutrition program focuses on establishing pilot maternity homes, physically upgrading and equipping clinics, improving the clinical performance and counseling of service providers, providing sub-grants to Palestinian health NGOs, conduct research, and develop and communicate information for priority health concerns. Emergency health programming, another major component of USAID's health portfolio, includes community psychosocial support initiatives, procurement of emergency medical equipment, supplies, and pharmaceuticals, training in emergency medical and trauma case management as well as training of social workers, teachers, and parents to provide quality psychosocial programming and counseling, operational support for food assistance programs, sub-grants to Palestinian NGOs, monitoring, assessing, and distribution of health and nutrition indicators, and procurement of vaccines and supplies. Women, children, and youth are the key beneficiaries of this program.

Inputs, Outputs, Activities:

FY 2003 Program:

Maternal and Child Health and Nutrition (\$4,861,000 ESF). Incremental funding will be provided for the Mission's flagship primary health care contract to improve the availability of quality maternal and child health and nutrition services, including procurement of medical equipment, supplies, vitamins and minerals, the management of Palestinian NGOs and institutions to meet maternal and child health and nutrition needs, and the adherence to treatment and counseling standards, practices and procedures. The principal implementing partners are: IBM and formerly PricewaterhouseCoopers. All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Emergency Medical Assistance (\$8,000,000 ESF). USAID will continue support to improve the Palestinians' capacity to meet emergency health and nutrition needs arising from the crisis. This will include training, health and 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. Pending a mid-term assessment, USAID may provide additional funds to an existing cooperative agreement or issue a request for applications for a Phase II emergency medical assistance program. The principal implementing partner is: CARE International.

Food Security and other Emergency Assistance (\$8,194,000 ESF). Based on findings from an upcoming Food Security Assessment and forthcoming appeals, USAID will continue its support for the distribution of basic food parcels and vouchers to the most vulnerable non-refugees and families in dire need. USAID's

contributions cover operational expenses rather than actual food procurement. The principal implementing partners are: the World Food Program (WFP), the International Committee of the Red Cross (ICRC), and other UN Agencies as appropriate.

Staff, evaluations, and studies (\$245,000 ESF). In addition to program implementation, FY 2003 funds will be used for program funded staff, evaluations and studies.

FY 2004 Program:

Maternal and Child Health and Nutrition. A two year option period will be negotiated allowing for incremental funding by the Mission towards this flagship primary health care contract to improve the availability of quality maternal and child health and nutrition services, including procurement of medical equipment, supplies, vitamins and minerals, the management of Palestinian NGOs and institutions to meet maternal and child health and nutrition needs, and to improve the adherence of treatment and counseling standards and practices and procedures.

Emergency Medical Assistance. Should the current political situation remain status quo or worsen in FY 2004, USAID will continue support through a cooperative agreement mechanism to improve the Palestinians' capacity to meet emergency health and nutrition needs. Health and nutrition monitoring and research would continue with an additional focus of integrating monitoring systems into a PA institution for sustainability. Based on need, the procurement of medical equipment, supplies, and pharmaceuticals and sub-grants to Palestinian organizations will continue.

Community Psychosocial Support. Should the current political situation remain status quo or worsen in FY 2004, USAID will continue support through a cooperative agreement mechanism to respond to psychosocial support needs of children and youth. Based on the findings of an evaluation of the current psychosocial support program, continued support to the existing implementer or a request for applications would be issued.

Food Security and other Emergency Assistance (\$1,000,000 ESF). Should the current political situation remain status quo or worsen in FY 2004, USAID will continue support through a grant mechanism to respond to food requirements of the most vulnerable non-refugee populations. USAID's contributions would continue to cover operational expenses rather than actual food procurement unless implementers choose to procure food from the U.S.

In addition to program implementation, \$250,000 ESF of FY 2004 funds will be used for program funded staff, evaluations and studies.

Performance and Results: USAID's health programs continue to improve and sustain performance in the health system (utilization, coverage, and continuity of care), even in the midst of a disastrous humanitarian crisis. Through the end of FY 2002, USAID procured medical equipment, supplies, and pharmaceuticals valued at approximately \$5.25 million supporting over 100 of the most utilized clinics and hospitals throughout the West Bank and Gaza. Included in the equipment were 50 maternity kits and 100 delivery kits for home deliveries and rural-based deliveries ensuring safe home deliveries and quality of care to approximately 550 mothers and newborns that could not access urban-based birthing centers. An internationally recognized nutritional assessment was undertaken revealing critical rates of malnutrition amongst children ages 6 - 59 months and anemia in women of childbearing age. The results of this assessment lead to the development of a first ever PA nutritional strategy as well as policy changes in feeding programs by the international community. Over 16,000 Palestinian children were beneficiaries of play and art therapy, while over 4,000 parents, teachers, and other caregivers benefited from group sessions and training on how to meet children's basic psychosocial needs. An estimated 15,000 children benefited from 100 USAID-sponsored summer camps. Approximately 17,000 MT of food commodities were distributed to approximately 470,000 persons through the assistance of USAID financing.

US Financing in Thousands of Dollars

West Bank and Gaza

294-007 Family Health	ESF
Through September 30, 2001	
Obligations	10,377
Expenditures	253
Unliquidated	10,124
Fiscal Year 2002	
Obligations	24,860
Expenditures	8,077
Through September 30, 2002	
Obligations	35,237
Expenditures	8,330
Unliquidated	26,907
Prior Year Unobligated Funds	
Obligations	1,369
Planned Fiscal Year 2003 NOA	
Obligations	21,300
Total Planned Fiscal Year 2003	
Obligations	22,669
Proposed Fiscal Year 2004 NOA	
Obligations	1,250
Future Obligations	1,250
Est. Total Cost	60,406

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Community Services Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$638,000 ESF
Prior Year Unobligated:	\$17,214,000 ESF
Proposed FY 2004 Obligation:	\$750,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

Summary: USAID's Community Services Program (CSP) aims to improve the quality and delivery of public services while increasing critically needed income through the creation of immediate short-term employment opportunities. Grants are provided to U.S. PVOs, Public International Organizations (PIO) and local NGO partners to implement labor-intensive infrastructure programs in sectors such as education, health, water and sanitation. USAID also supports humanitarian relief efforts through grants to the UN Relief and Works Agency (UNRWA) and support to local NGOs.

Inputs, Outputs, Activities:

FY 2003 Program:

Employment Generation Grants (\$638,000 ESF). In FY 2003, the remaining Community and Rural Services Program (CRSP) grants will be closed, and three of seven Villages Service Program (VSP) grants, four of six Emergency Employment Generation Program (EEGP) grants and USAID's current support to UNRWA will also end. Implementation of VSP and EEGP activities will, however, continue throughout the year. All nine Job Opportunities through Basic Services (JOBS) Program grants awarded at the end of FY 2002 will mobilize. Community Services Program partners include: ANERA, Catholic Relief Services, Cooperative Housing Foundation, Save the Children, World Vision, UNDP, CARE, Mercy Corps, YMCA, International Orthodox Christian Charities, International Youth Foundation and United Palestinian Appeal.

While no new money will be obligated to the following four activities, they will continue in FY 2003 with \$17,214,000 ESF Prior Year Unobligated resources:

-- Improved Physical Infrastructure. USAID's partners will continue to implement small to medium size infrastructure programs, which include but are not limited to the construction, expansion or renovation of local infrastructure such as classrooms, youth centers, roads and health clinics. Partners will work closely with municipalities to ensure that new and improved infrastructure will fit within community priorities and long-term plans and will be appropriately maintained. With the emphasis on labor intensive approaches, infrastructure projects are expected to yield significant employment opportunities besides other tangible improvements such as reduced overcrowding in schools, new playgrounds, potable water and cleaner, healthier environs.

-- Improved Delivery of Community Services. Through technical assistance, training and public awareness campaigns, municipal workers, local councils and members of the public will acquire planning, management and maintenance skills for the delivery of quality community services. Beneficiaries will receive hands on experience in participatory governance, economic development planning, contracting services and project oversight skills. Further, the capacity of local governments to engage capable professional NGOs as service providers will be strengthened.

-- Improved Income Generation. USAID will continue to monitor and support activities that focus on increasing the employability of the workforce and introducing emergency employment opportunities.

Approximately 85,000 trainee hours of vocational training will be provided to enhance skills of job seekers in the private sector. Labor intensive activities are expected to yield and estimated 170,000 person/days of employment.

-- Enhanced Access to Humanitarian Relief. USAID will continue to support humanitarian activities implemented by UNRWA and ARD. UNRWA supports the refugee population in the West Bank and Gaza through provision of basic services including food and medical care, and short-term employment opportunities to the rapidly growing number of people who have lost their sources of income. The RAFEED project managed by Associates in Rural Development (ARD) provides humanitarian and emergency assistance to Palestinians through local NGOs. USAID's grant agreement with UNRWA will terminate December 2002.

FY 2004 Program:

Employment Generation Grants (\$450,000 ESF). In FY 2004, the remaining VSP and EEGP grants will come to a close, as will five of the nine JOBS grants. The emphasis will remain on employment generation through the delivery of improved community services. Several U.S. PVOs and one PIO are implementing JOBS programs including: the Cooperative Housing Foundation (CHF), World Vision, Mercy Corps, Catholic Relief Services, the YMCA, the United Nations Development Program (UNDP), American Near East Refugee Aid (ANERA), and Save the Children.

Staff, evaluations, and studies (\$300,000 ESF). In addition to program implementation, FY 2004 resources will be used for project staff funding, evaluations and studies.

Performance and Results: USAID's CSP continues to improve community services in rural and urban areas of the West Bank and Gaza, despite delays in program implementation due to closures, curfews and difficult conditions caused by military incursions. With some adjustments, CSP partners have come close to meeting targets set prior to the military operations that began in March 2002. For example, through FY 2002, 213 kilometers (132 miles) of roads were constructed exceeding the planned figure of 191 kilometers (118 miles). Sixty-seven youth centers were renovated exceeding the planned figure of 65. However, in other sectors, results fell short of expectations. Three hundred and seventeen classrooms were constructed/renovated rather than the planned 468 classrooms. A total of 74,250 trainee-hours in short-term vocational training courses were conducted of the 82,953 trainee-hours planned. Overall, despite severe impediments, the CSP performed better than expected.

US Financing in Thousands of Dollars

West Bank and Gaza

294-008 Community Services Program	ESF
Through September 30, 2001	
Obligations	100,830
Expenditures	6,431
Unliquidated	94,399
Fiscal Year 2002	
Obligations	95,497
Expenditures	59,989
Through September 30, 2002	
Obligations	196,327
Expenditures	66,420
Unliquidated	129,907
Prior Year Unobligated Funds	
Obligations	17,214
Planned Fiscal Year 2003 NOA	
Obligations	638
Total Planned Fiscal Year 2003	
Obligations	17,852
Proposed Fiscal Year 2004 NOA	
Obligations	750
Future Obligations	750
Est. Total Cost	215,679

Yemen

The Development Challenge: Since unification in May 1990 of the Yemen Arab Republic (North) and the People's Democratic Republic of Yemen (South), and despite facing a subsequent civil war and a declining economy in the mid-1990s, over the past five years Yemen has made progress in both democratic and economic reform. It has established a basic legal and constitutional framework, developed foundations for its governmental and political institutions, and encouraged a nascent civil society through multiparty elections of a parliament and local councils. However, compared to other Middle East and North Africa ANE countries, Yemen has:

- the highest under 5 mortality rate (76 per 1000 live births) and the lowest life expectancy (56 years);
- the highest illiteracy rate (55 percent) and the lowest rate of girl's enrolment in elementary school (44 percent); and
- the lowest Gross National Income per Capita (US\$370)

According to the World Bank, GDP grew at nearly six percent per year during the 1990s, and exceeded the average growth rates for other low-income countries in the Middle East and North Africa. Most of this growth can be explained by transient growth in oil production, which is expected to begin declining next year. In spite of the country's impressive growth rates, overall impact on per capita incomes was dampened by population growth of approximately four percent per year during the same period.

In the near term, the U.S. will continue expanding its engagement and support for the Government of Yemen given its support in the war on terrorism and our improved understanding that countries with weak economies in which large segments of the population have only limited access to social services and economic opportunities provide fertile ground for furthering terrorist objectives.

The USAID Program: In response to US foreign policy priorities and interests, USAID re-engaged in Yemen in 2002 after a seven year hiatus, and will reopen an office in Sanaa in 2003. The Yemen program's objective is to help develop a healthy and educated population with access to diverse economic opportunities. The program focuses on three interlinked program areas: (1) improving literacy and access to quality education, especially for girls; (2) expanding economic opportunities and capacity to generate income; and (3) improve the delivery of quality reproductive health services. The program will concentrate activities in five governates - Marib, Sa'ada, Shabwa, Amran, and Al Jawf.

The State Department and USAID are conducting a joint review of the overall strategic direction of the USAID/Yemen portfolio and its specific programs in order to bring them in line with goals and objectives of the Middle East Partnership Initiative (MEPI). This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review, USAID will notify Congress through established procedures prior to obligating funds for any revised efforts.

Other Program Elements: Although USAID closed its Mission to Yemen in the mid-1990s, the U.S. Government remained one of Yemen's largest bilateral donors by virtue of 416 (b) food aid programs administered by the US Department of Agriculture. In addition, USAID provided limited support for Yemen's democratic reform process.

Other Donors: Working with the World Bank and the IMF on donor coordination, the Yemen government created a number of funds to help with its decentralization program. These funds include the Social Fund for Development, the Social Welfare Fund, and the Public Works Program. Of these, the Social Fund is of most interest to USAID. Created in June 1997, the Social Fund for Development is a demand-driven program financing development projects supported by a number of donors. It aims to reduce poverty in Yemen by improving living conditions and providing income generation opportunities to the poor in rural and urban communities. To date, the fund has received a total resource commitment of \$81 million and has supported more than 1,000 projects, including improvement of community social and education

facilities, microfinance and income generating activities, and capacity building of operational partners including NGOs, the World Bank and the IMF.

In addition to the above funds, the World Bank's current program focuses on the health sector and on providing food to children, upgrading urban water supply and sanitation services in densely populated communities, privatization, macroeconomic reforms, legal and judicial development in support of the economy, and the expansion of microfinance networks.

Arab Bilateral and Multilateral Funds commit approximately \$200 million per year. Saudi Arabia recently signed a \$340 million soft loan and the Islamic Bank is reportedly negotiating a \$55 million soft loan for education and sanitation and water projects. Other soft loan projects with Kuwait and the Arab Fund for Economic and Social Affairs include the rehabilitation of the Sana'a Airport (\$97 million) and a road link with Oman.

The European Union focuses its approximately 20 million Euro per year assistance program on enhancing food security through strengthening agriculture, improving the management of water resources, and promoting export diversification. In its most recently drafted country strategy for Yemen, 2002-2006, the EU identified four areas of focus: W.T.O. accession, food security, poverty reduction, and civil society.

Other European bilateral donors include Germany (whose Euro 24 million annual program focuses on health, water and education), the Dutch (whose Euro 30 million annual program focuses on these same sectors plus agriculture); and Italy, France, and the United Kingdom, which provide Euro 2 -5 million each in annual assistance for small projects in health, cultural preservation, and improved tax collection and customs services.

United Nations. The average annual commitment, provided largely through the United Nations Development Program (UNDP) and the World Food Programme (WFP), is approximately \$40 million.

Yemen PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	3,991	5,000	10,000	15,000
Supplemental--ESF	0	3,000	0	0
PL 480 Title II	0	395	0	0
Total Program Funds	3,991	8,395	10,000	15,000

STRATEGIC OBJECTIVE SUMMARY

279-004 Community-based Health and Education				
ESF	3,991	8,000	10,000	15,000

279-004 includes \$3M of the FY 2002 Supplemental-ESF.

Data Sheet

USAID Mission:	Yemen
Program Title:	Community-based Health and Education
Pillar:	Global Health
Strategic Objective:	279-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,000,000 ESF
Prior Year Unobligated:	\$8,000,000 ESF
Proposed FY 2004 Obligation:	\$15,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	Continuing

Summary: USAID re-engaged in Yemen in 2002, and plans to open an office in Sanaa in 2003. USAID plans to expand the program significantly in response to US foreign policy priorities. The Yemen program's goal is to help develop a healthy and educated population with access to diverse economic opportunities. The program addresses the Middle East Partnership Initiative priorities, and focuses on three interlinked program objectives: (1) improved literacy and access to quality education, especially for girls; (2) expanded economic opportunities and capacity to generate income; and (3) improved delivery of quality reproductive health services. The program will concentrate efforts in five governates - Marib, Sa'ada, Shabwa, Amran, and Al Jawf.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved Literacy and Access to Quality Education (\$3,500,000 ESF). Education efforts link to the Government of Yemen's planned "Education For All" program, and focus on improving literacy in the targeted governates, especially for girls and women. At a national level, only two-thirds of the male and one-third of the female populations are literate. As demonstrated in other countries, low literacy leads to weak support for public education, and is closely linked to poor health and limited economic opportunities. Improving literacy is key to achieving USAID's broader program goal. Activities will support: (1) teacher training, both pre-service and in-service; (2) technical assistance to rehabilitate schools, especially to make them more suitable for girls; (3) grants to local NGOs' efforts to engage and partner with local communities to improve enrolment rates and strengthen support for education; and (4) technical assistance to strengthen the Government's existing capacity to deliver distance education to more remote areas of the country.

FY 2003 funding will support training and technical assistance to Yemen's basic educational programs by: (1) strengthening the capacity of female teachers and school administrators to implement and teach newly adopted school curricula; (2) helping organize and establish parent committees to find ways to increase enrollment of girls in their schools; and (3) supporting literacy training for adults and youths. Activities will be carried out in 20 communities in eight districts.

Expanded Economic Opportunities and Capacity to Generate Income (\$3,000,000 ESF). Economic growth activities will provide technical assistance and training to strengthen economic governance, and improve the overall environment for investment and business development. This project is currently being designed.

Improved Delivery of Quality Reproductive Health Services (\$3,500,000 ESF). Health activities will focus on lowering the fertility rate and the maternal and child mortality rates in the targeted governates. Based on current statistics, the average woman in Yemen has seven children. More than one-third of these children, however, die before their fifth birthday. To address this tragic situation, USAID will finance training and technical assistance to promote health outreach and awareness activities, mobilize and train community organizations that address women's health issues, build the capacity of rural health centers to

deliver quality reproductive and primary health services, and help equip these health centers to better meet health needs.

In FY 2003, the Health program will support a number of activities. One is the establishment, assessment of needs, and the strengthening of district health systems in the eight districts through technical assistance, operational support, and purchase equipment. Another is basic training of community midwives. At least 25 midwives per governate will be trained. Community-based participatory models for reproductive health/family planning is also emphasized as part of the outreach strategy. Training of community women's organizations will be made to improve the delivery and effectiveness of health information to women, and to support information campaigns to increased community and national awareness and acceptance of family planning and other reproductive health services. Furthermore, USAID will support an experiment with the use of a mobile clinic to provide services in communities without health facilities. Training sessions for management of reproductive health and family planning programs will be conducted at all administrative levels. These and other proposed activities under the Health program will cost approximately \$3-\$7 million over a three year period (FY 2003-FY 2005).

Prior Year Unobligated funds (\$5,000,000 ESF, \$3,000,000 ESF Supplemental) will be obligated budget to the current cooperative agreement with the Adventist Development and Relief Agency (ADRA) in basic health and education. In addition, it will be used to fund new activities in three interlinked program areas: (1) improving literacy and access to quality education, especially for girls; (2) expanding economic opportunities and capacity to generate income; and (3) improve the deliver of quality reproductive health services.

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

FY 2004 Program:

Improved Literacy and Access to Quality Education (\$5,000,000 ESF). The education project will be expanded to encompass more communities. Lessons learned from the first year of operations will be incorporated into the expanded program.

Expanded Economic Opportunities and Capacity to Generate Income (\$5,000,000 ESF). Specific activities and expected results for the economic growth project will be defined in the design that will be completed by March 2003.

Improved Delivery of Quality Reproductive Health Services (\$5,000,000 ESF). The health project will continue and expand the activities outlined in the FY 2003 program above.

Performance and Results: Activities in Yemen either just began or are under design. No results can be reported at this time.

US Financing in Thousands of Dollars

Yemen

279-004 Community-based Health and Education	ESF
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	1,995
Expenditures	0
Through September 30, 2002	
Obligations	1,995
Expenditures	0
Unliquidated	1,995
Prior Year Unobligated Funds*	
Obligations	8,000
Planned Fiscal Year 2003 NOA	
Obligations	10,000
Total Planned Fiscal Year 2003	
Obligations	18,000
Proposed Fiscal Year 2004 NOA	
Obligations	15,000
Future Obligations	0
Est. Total Cost	34,995

* Prior Year Unobligated Funds includes \$3M of the FY 2002 Supplemental - ESF.

Data Sheet

279-XXX: No Summary and/or Pillar information entered for this SO.

Data Sheet

279-YYY: No Summary and/or Pillar information entered for this SO.