



U.S. Agency for
International
Development

FISCAL YEAR

2004

Budget Justification to the Congress

Annex III

Europe and Eurasia

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 2004 BUDGET JUSTIFICATION**

BUREAU FOR EUROPE AND EURASIA

ANNEX III

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EUROPE AND EURASIA

DEVELOPMENT CHALLENGE

The Foreign Policy Context

The United States seeks cooperative relations with Europe and Eurasia (E&E) countries¹ in fighting international terrorism, opening markets, and tackling cross-border issues such as the spread of HIV/AIDS and trafficking in persons. Regional stability in Southeast Europe and the Eurasia sub-regions remain one of the underlying principles of USAID engagement in this part of the world.

The Central Asian Republics and the Caucasus countries are U.S. allies in the global war on terrorism and, as such, will continue to receive significant resources in FY 2004 to promote domestic stability, economic growth, and democracy. Bolstering the independence and transition of all Eurasian countries is also based on the premise that a prosperous and stable neighborhood will reinforce Russia's growing relationship to the Euro-Atlantic community and improve U.S. economic opportunity in that part of the world, including commercial access to oil and gas reserves.

The European transition countries are preparing for membership in regional institutions such as the North Atlantic Treaty Organization (NATO). Three countries (Hungary, Poland, and the Czech Republic) gained entry to NATO in 1999. Seven more (Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia) are poised to enter by the end of 2004. The European countries are also working toward meeting the requisite criteria for accession to the European Union, in part with USAID assistance.

Foreign policy priorities are influencing USAID's funding levels and role in the region. Continued progress in reforms in some of the Southeast Europe countries will permit significant cuts over the next several years. As the U.S. Government leaves this sub-region, it will look increasingly to the Europeans to support the integration of Southeast Europe into regional institutions. In Eurasia, funding has increased for the Central Asian Republics, partially as a result of their support for the war on terror. Levels for Russia will decline as the U.S.-Russian partnership in global matters continues to mature and economic assistance becomes less central to Russian and U.S. objectives. The high levels allocated to Ukraine during the 1990s will continue to decrease as a result of disappointing political developments in that country and in preparation for eventual closeout.

Transition Status and Obstacles

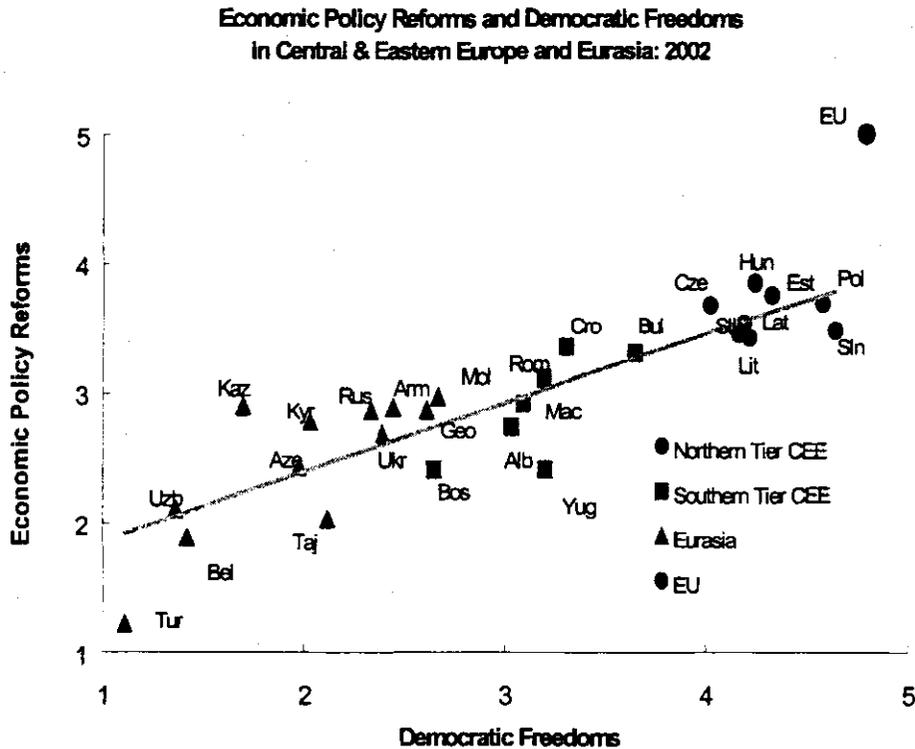
Extraordinary changes have occurred since the post-communist transition to market democracy began in 1989. Region-wide, the private sector now accounts for 62% of Gross Domestic Product (GDP) and Freedom House ranks 12 of the 27 former authoritarian states as free and 9 as partly free. Since 2000, the region has recorded positive economic growth, despite a downturn in the global economy.

Nevertheless, progress across the region has been uneven. The following graph compares the advancement of E&E countries in democratic and economic reforms. The northern tier countries are the transition leaders. They are integrating into international markets and organizations and

¹ The transition countries of Europe are in two geographical zones. The northern tier includes Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, and Slovakia. Southeast Europe includes Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro, and the Province of Kosovo. The transition countries of Eurasia include the Russian Federation; Ukraine, Belarus, and Moldova; the Caucasus countries of Armenia, Azerbaijan, and Georgia; and the Central Asian Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. USAID also provides economic support assistance to Ireland, Cyprus, and Turkey.

no longer require USAID bilateral assistance, although they still face challenges related to EU accession.

In Southeast Europe, reconstruction of war torn areas is near completion following a decade of ethnic violence. With some exceptions, these countries now appear to be following the transition path charted by the northern tier, although they are well behind the reform targets achieved by the northern tier countries when they graduated from USAID assistance. Weak labor markets in general, combined with large youth populations and poor human capital in select countries, pose special challenges. Corruption remains an issue across the sub-region. Frozen, but unresolved ethnic clashes could easily re-emerge without mechanisms for inter-ethnic understanding and cooperation, particularly given the scheduled decline in donor assistance to these countries.



Ratings of democratic freedoms are from Freedom House, Nations in Transit 2002 (2002) which cover events through December 2001 and are updated through 2002 by Freedom House, Freedom in the World 2002 (December 2002). Economic policy reform ratings are from EBRD, Transition Report 2002 (November 2002), and cover events through September 2002. Ratings are based on a 1 to 5 scale, with 5 representing most advanced.

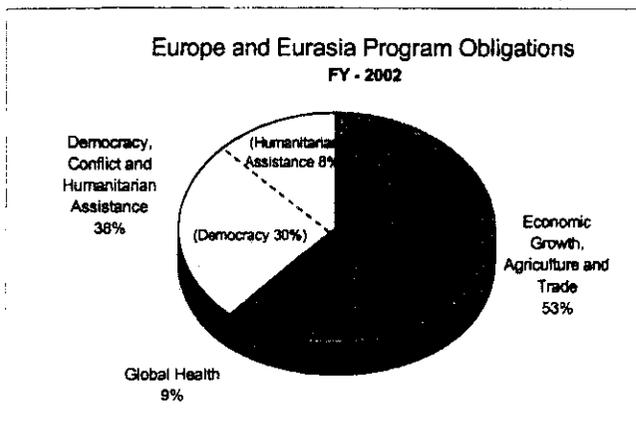
In Eurasia, the picture is more complex. While economic growth for the sub-region has been positive, social conditions are dismal and trends in democratic freedoms are unfavorable. Despite policy reform progress in some of the largest economies (such as Russia, Azerbaijan, Kazakhstan) income inequality is increasing and long-term growth does not yet appear sustainable. Eurasian economies are highly dependent on primary commodities and Russia dominates the economic links within the sub-region. Depletion in human capital is a major concern given the decades-long deterioration of health and education systems. Lackluster reform in several countries has increased their economic and political isolation. With widespread corruption and an incomplete reform process, public trust in government and private institutions continues to deteriorate.

E&E Strategy and Linkages to USAID's Four Pillars

The E&E strategy, both regional and bilateral, focuses on three core areas: economic restructuring and growth, democracy and governance, and the social dimensions of transition. In addition, USAID develops cross-sector approaches to address critical obstacles and changing circumstances in the region. During FY 2003 – FY 2004, these include: raising the profile of values inherent in transition programs; systematically addressing conflict and corruption in program analysis and design; and further developing social sector initiatives to broaden the benefits of reform and thereby sustain public support for it.

To be successful, reform efforts must be grounded in essential values. Such values require citizens to exercise civic and moral responsibility and to demand protection of inalienable human rights. When embraced, these values insist on an equitable and fair market economy, and help overcome the irrational passions, hatred, and bitterness which ignite and fuel conflict. With eight Muslim-dominated countries in the region and strong Muslim minorities in several other countries, USAID will promote opportunities to positively engage Islam and bridge the growing divide between Islamic and Western society. Successful economic and political reforms will help eliminate fertile soil for Islamic radicalism, as will dialogue which makes clear that the Islamic traditions in Central Asia and the Balkans are not consistent with political and radical Islam. The E&E strategy also provides an integrated approach to combating corruption, looking at the key elements of transparency, accountability, awareness, prevention, and enforcement across the program portfolio.

Economic Growth, Agriculture and Trade: About 53% of USAID E&E resources were targeted to economic and related reforms during FY 2002. The program's focus is on the development of market systems, and performance in this area is strong. Fifteen of the 27 countries have achieved full membership in the World Trade Organization. In addition, per capita foreign investment flows have improved overall, although they have been 10 times higher in the European northern tier than in Eurasia. Land reform continues to make a significant contribution to agricultural development in the E&E region and agribusiness development is becoming more prominent in countries possessing a comparative advantage in agriculture.



An emerging theme in the economic growth area is increased competitiveness, in which macroeconomic reforms and microeconomic foundations for business growth are pragmatically developed and linked to local markets. The economic rubric also includes activities related to anti-corruption and business ethics as well as programs aimed at mitigating the adverse impacts of transition. These programs include, for example, social insurance reform, employment generation, and education reform.

Democracy, Conflict Prevention and Humanitarian Assistance: About 38% of USAID resources to the region were allocated to this pillar during FY 2002. The E&E strategy focuses on the development of full democracies rooted in the rule of law and based on elections, constitutionalism, a vibrant civic culture, guaranteed human rights, religious freedom, independent and responsible press, and limited government responding to the will of the people. USAID integrates conflict prevention modules into strategies for at-risk countries, such as Macedonia, Georgia, and the republics of Central Asia.

Global Health: In FY 2002, about 9% of USAID resources were allocated to health priorities in the region, including HIV/AIDS, infectious disease control, and maternal-child health. According to UN statistics, the steepest rise in new HIV infections worldwide took place in the former Soviet Union, most of it linked to intravenous drug use. The introduction of community-based, primary health care practices has upgraded the clinical skills of family physicians, achieved cost-efficiencies, saved lives, and reduced the number of abortions.

Public-private Alliances: Currently, public-private alliances operating in the region include Enterprise Funds, the American International Health Alliance, the Baltic American Partnership Fund, the Balkan Children and Youth Foundation, and a new initiative with the German Marshall Fund to support democracy and governance in Southeast Europe. Building on these experiences, USAID will continue to develop new ways to engage present and potential partners.

External Debt

Trends in external debt have varied widely in the transition region. Overall levels, while increasing, remain below those found in most developing countries. Total debt was roughly 142% of exports in the transition region in 2001; in the developing countries in 2000, it was 173%. Some transition countries have successfully reduced debt burdens, including Yugoslavia, Russia, and Ukraine in 2001. Nevertheless, external debt remains an issue even for some of the more advanced transition countries. Four of the ten European countries exceeded the Maastricht debt ceiling of 60% of GDP in 2001: Bulgaria (76%); Latvia (71%); Hungary (69%); and Estonia (61%). Of greatest concern, however, are high debt burdens of five relatively poor Eurasian countries: Kyrgyzstan; Georgia; Tajikistan; Armenia; and Moldova. Kyrgyzstan's debt burden is highest (2001 external debt is 288% of exports; debt service is 29% of exports). Debt service is also high in Tajikistan (22%) and Moldova (20%). Total external debt as a percent of exports in Georgia and Armenia is close to levels in Kyrgyzstan.

PROGRAM AND MANAGEMENT CHALLENGES

In light of shifting foreign policy goals and funding trends, USAID must find ways to maximize the impact of the E&E program while systematically planning for graduation and closeout of targeted bilateral programs. In Southeast Europe, Croatia and Bulgaria are on a glide path for graduation and, in Eurasia, strategies for the graduation in several years of Russia and Ukraine will be developed and implemented. Of greatest concern is the slow pace of democratization in Eurasia. In fully functioning democracies, citizens will demand and work on the changes needed to expand economic opportunity and well-being. Where democratic processes and institutions remain fragile, reversals in the transition process are possible.

Lower resource levels in FY 2004 and beyond require considerable adjustments to USAID's regional and bilateral transition programs. Given the need to accelerate reform progress in Eurasia, especially on the democracy front, USAID will develop strategies to preserve reform gains as well as promote continuing progress toward broad-based economic growth, democratic culture, and good governance. The need for innovative post-presence initiatives will be explored for countries targeted for graduation or closeout, in order to safeguard the U.S. assistance investment already made. These initiatives may include wrap-up activities that complete work already underway, legacy mechanisms (such as endowments, local institutions, etc.) that can carry assistance into the future without relying on a local USAID mission, and instruments for humanitarian relief in event of emergencies.

Funding increases in Central Asia pose a different challenge. There USAID is managing a greater magnitude of assistance resources with limited staff who manage activities in five countries. The program challenge is to continue pressing for progress in democracy and human rights within the context of high budget levels resulting from their cooperation in the war on terror.

OTHER DONORS

Principal partners include the European Union's programs for technical assistance to transition countries in Europe (PHARE) and Eurasia (TACIS), the World Bank, European Bank for Reconstruction and Development (EBRD), European bilateral donors, and Japan. Based on the latest available information for official development assistance, the United States stands out as the largest bilateral donor in Eurasia, followed by Japan and Germany. USAID also collaborates with the Asian Development Bank on activities in the Central Asian Republics. In Europe, the European Union is the largest donor, with a contribution about three times that of the United States. The U.S. has been the single largest bilateral donor to Europe countries, followed by Germany, France, Austria, and the Netherlands. In 2003, policy dialogue with European donors and the European Union regarding assistance to Southeast Europe will be a foreign policy priority for the U.S. Government.

FY 2004 PROGRAM

The FREEDOM Support Act (FSA) request level for Eurasia totals \$576 million to fund programs of USAID and other agencies supporting economic and democratic transition and the war on terrorism. This represents a reduction of nearly 10% from FY 2003, after accounting for the separate FY 2004 appropriation for Economic and Cultural Affairs under the U.S. Department of State.

The Assistance for Eastern Europe and the Baltic States Act (AEEB) request level totals \$435 million, a reduction of 12% from FY 2003.

Under the Agency's Economic Growth, Agriculture and Trade area, USAID proposes \$157.3 million under AEEB and \$311.4 million under FSA to foster the emergence of competitive, market-oriented economies in which the majority of economic resources is privately owned and managed. USAID programs will emphasize competitiveness, assistance to small and medium enterprises, agribusiness development, anti-corruption initiatives, and social reform. Energy and environment programs are also included under this rubric. In addition, \$200 million in Economic Support Funds (ESF) is proposed to Turkey for debt servicing in support of its economic recovery.

Under the Agency's Democracy, Conflict and Humanitarian Assistance area, USAID proposes \$262.9 million in AEEB funds and \$197.7 million under FSA to support transparent and accountable governance, the rule of law, and the empowerment of citizens through democratic political processes, civil society, freedom of information, and human rights. Funds will also promote inter-ethnic dialogue and cooperation, and, as needed, facilitate the transition from emergency relief to more traditional development programs in times of crisis. USAID proposes \$12.5 million in ESF for Ireland and \$7.5 million in ESF for Cyprus to promote reconciliation and conflict resolution.

Under the Agency's Global Health area, USAID proposes \$14.9 million in AEEB funds and \$66.9 million under FSA to fight the spread of infectious diseases, including HIV/AIDS and tuberculosis, and improve primary health care practice, with a special focus on mothers and children.

Proposed AEEB and FSA funding under the economic growth and democracy and conflict prevention areas include other USG agencies participating in technical cooperation programs through inter-agency transfers from USAID, such as the Environmental Protection Agency and the Departments of State, Justice, Energy, Treasury, Agriculture, and Commerce.

The E&E bureau is requesting \$10.4 million in non-emergency P.L. 480 funds in the FY 2004 request year for Tajikistan.

**Europe and Eurasia
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	598,679	621,000	495,000	435,000
Supplemental - AEEB	75,659	0	0	0
Child Survival and Health Programs Fund	6,782	131	0	0
Economic Support Fund	44,901	45,000	44,000	220,000
Supplemental - ESF	0	200,000	0	0
FREEDOM Support Act	808,218	784,000	755,000	576,000
Emergency Response Fund - FSA/NIS	0	64,000	0	0
Supplemental - FSA/NIS	0	110,000	0	0
PL 480 Title II	59,057	31,115	0	10,400
Total Program Funds	1,593,296	1,855,246	1,294,000	1,241,400

Assistant Administrator,
Kent R. Hill

**Europe
PROGRAM SUMMARY**

(In thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Albania				
Asst. for E. Europe and the Baltic States	35,255	35,250	28,000	28,000
Total Albania	35,255	35,250	28,000	28,000
Bosnia and Herzegovina				
Asst. for E. Europe and the Baltic States	79,924	65,005	50,000	44,000
Total Bosnia and Herzegovina	79,924	65,005	50,000	44,000
Bulgaria				
Asst. for E. Europe and the Baltic States	35,123	34,100	28,000	27,000
Total Bulgaria	35,123	34,100	28,000	27,000
Croatia				
Asst. for E. Europe and the Baltic States	30,032	44,000	30,000	25,000
Supplemental - AEEB	14,593	0	0	0
Total Croatia	44,625	44,000	30,000	25,000
Cyprus				
Economic Support Fund	14,967	15,000	15,000	7,500
Total Cyprus	14,967	15,000	15,000	7,500
Europe Regional				
Asst. for E. Europe and the Baltic States	86,081	74,139	60,000	52,000
Child Survival and Disease Programs Fund	770	0	0	0
Total Europe Regional	86,851	74,139	60,000	52,000
Ireland				
Economic Support Fund	29,934	30,000	29,000	12,500
Total Ireland	29,934	30,000	29,000	12,500
Kosovo				
Asst. for E. Europe and the Baltic States	149,670	118,000	85,000	80,000
Child Survival and Health Programs Fund	0	131	0	0
Total Kosovo	149,670	118,131	85,000	80,000
Macedonia (FYROM)				
Asst. for E. Europe and the Baltic States	33,126	49,506	50,000	39,000
Total Macedonia	33,126	49,506	50,000	39,000
Montenegro				
Asst. for E. Europe and the Baltic States	54,878	60,000	25,000	18,000
Supplemental - AEEB	17,462	0	0	0
Total Montenegro	72,340	60,000	25,000	18,000
Romania				
Asst. for E. Europe and the Baltic States	38,414	36,000	29,000	27,000
Total Romania	38,414	36,000	29,000	27,000
Serbia				
Asst. for E. Europe and the Baltic States	56,176	105,000	110,000	95,000
Supplemental - AEEB	43,640	0	0	0
PL 480 Title II	33,978	1,738	0	0
Total Serbia	133,758	106,738	110,000	95,000
Turkey				
Economic Support Fund	0	0	0	200,000
Supplemental - ESF	0	200,000	0	0
Total Turkey	0	200,000	0	200,000
Total Program Funds	753,987	867,869	539,000	655,000

**Europe
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	598,679	621,000	495,000	435,000
Supplemental - AEEB	75,659	0	0	0
Child Survival and Health Programs Fund	770	131	0	0
Economic Support Fund	44,901	45,000	44,000	220,000
Supplemental - ESF	0	200,000	0	0
PL 480 Title II	33,978	1,738	0	0
Total Program Funds	753,987	867,869	539,000	655,000

Acting Deputy Assistant Administrator,
Paula Feeney

**Eurasia
PROGRAM SUMMARY**

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Armenia				
FREEDOM Support Act	90,811	90,200	70,000	49,500
PL 480 Title I	742	911	0	0
Total Armenia	91,553	91,111	70,000	49,500
Azerbaijan				
FREEDOM Support Act	38,350	43,510	46,000	41,500
PL 480 Title I	2,501	2,239	0	0
Total Azerbaijan	38,851	45,749	46,000	41,500
Belarus				
FREEDOM Support Act	11,879	10,572	9,500	8,000
Total Belarus	11,879	10,572	9,500	8,000
Central Asia Regional				
FREEDOM Support Act	7,567	7,850	9,000	6,000
Emergency Response Fund - FSA/NIS	0	6,000	0	0
Total Central Asia Regional	7,567	13,850	9,000	6,000
Eurasia Regional				
Child Survival and Health Programs Fund	550	0	0	0
FREEDOM Support Act	55,254	54,831	58,000	49,000
Total Eurasia Regional	55,804	54,831	58,000	49,000
Georgia				
FREEDOM Support Act	95,361	89,807	87,000	75,000
PL 480 Title I	9,205	0	0	0
Total Georgia	104,566	89,807	87,000	75,000
Kazakhstan				
Child Survival and Health Programs Fund	200	0	0	0
FREEDOM Support Act	48,596	45,815	43,000	32,000
Supplemental - FSA/NIS	0	1,500	0	0
Total Kazakhstan	48,796	47,315	43,000	32,000
Kyrgyzstan				
FREEDOM Support Act	32,594	35,489	36,000	40,000
Emergency Response Fund - FSA/NIS	0	3,500	0	0
Supplemental - FSA/NIS	0	33,000	0	0
Total Kyrgyzstan	32,594	71,989	36,000	40,000
Moldova				
FREEDOM Support Act	45,072	35,946	32,500	23,000
Total Moldova	45,072	35,946	32,500	23,000
Russia				
Child Survival and Health Programs Fund	3,543	0	0	0
FREEDOM Support Act	183,477	159,083	148,000	73,000
Total Russia	187,020	159,083	148,000	73,000
Tajikistan				
FREEDOM Support Act	18,805	19,372	22,500	35,000
Supplemental - FSA/NIS	0	37,000	0	0
PL 480 Title II	12,831	28,227	0	10,400
Total Tajikistan	29,436	82,599	22,500	45,400
Turkmenistan				
FREEDOM Support Act	6,145	7,398	7,000	6,000
Supplemental - FSA/NIS	0	4,000	0	0
Total Turkmenistan	6,145	11,398	7,000	6,000

**Eurasia
PROGRAM SUMMARY**

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Ukraine				
Child Survival and Health Programs Fund	1,019	0	0	0
FREEDOM Support Act	172,997	154,937	155,000	94,000
Total Ukraine	174,016	154,937	155,000	94,000
Uzbekistan				
Child Survival and Health Programs Fund	700	0	0	0
FREEDOM Support Act	25,310	29,190	31,500	42,000
Emergency Response Fund - FSA/NIS	0	54,500	0	0
Supplemental - FSA/NIS	0	34,500	0	0
Total Uzbekistan	26,010	118,190	31,500	42,000
Total Program Funds	839,309	987,377	765,000	576,000

Bureau for Europe and Eurasia
EUROPE
Budget Justification to the Congress
Notification Levels for FY 2003

Program/ SO Number	SO Titles	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
Albania				
182-0130	Growth in Number of Self-Sustaining Private Enterprises	AEEB	5,763,000	0
		AEEB co	2,685,601	0 *
182-0210	Increased Involvement of Civil Society in Economic and Political Decision-Making	AEEB	4,327,000	0
		AEEB co	1,808,785	0 *
182-0220	Legal Systems That Better Support Democratic Processes and Market Reforms	AEEB	2,280,000	2,280,000
		AEEB co	1,200,000	0 *
182-0320	Improved Selected Primary Health Care Services at Targeted Sites	AEEB	3,000,000	0
		AEEB co	1,860,000	0 *
182-0410	Special Initiatives	AEEB	3,720,000	2,220,000
		AEEB co	1,397,000	0 *
182-0420	Cross-Cutting Programs	AEEB	2,500,000	0
		AEEB co	1,341,484	0 *
Bosnia-Herzegovina				
168-0130	Accelerated Development of the Private Sector	AEEB	10,158,000	0
		AEEB co	14,465,430	0 *
168-0210	A More Participatory, Inclusive Democratic Society	AEEB	11,624,000	0
		AEEB co	9,466,456	0 *
168-03110	Sustainable Minority Returns in Support of Creation of a Multi-ethnic Society	AEEB	8,273,000	5,573,000
		AEEB co	843,513	0 *
168-0420	Cross-Cutting Programs	AEEB co	42,323	0 *
Bulgaria				
183-0130	Accelerated Development and Growth of Private Enterprises in a Competitive Environment	AEEB	7,500,000	7,500,000
		AEEB co	942,732	0 *
183-0140	A More Competitive and Market-Responsive Private Financial Sector	AEEB	2,960,000	2,960,000
		AEEB co	237,484	0 *
183-0210	Increased, Better-Informed Citizens' Participation in Public Policy Decision-Making	AEEB	3,750,000	3,750,000
		AEEB co	1,105,449	0 *
183-0220	An Improved Judicial System that Better Supports Democratic Processes and Market Reforms	AEEB	3,200,000	3,200,000
		AEEB co	663,294	0 *
183-0230	Local Governments are Making Responsive Choices and Acting on them Effectively and Accountably	AEEB	3,100,000	3,100,000
		AEEB co	579,111	0 *
183-0410	Special Initiatives	AEEB	620,000	620,000
		AEEB co	1,121,929	0 *
183-0420	Cross-Cutting Programs	AEEB	1,700,000	1,700,000
		AEEB co	1,112,810	0 *
Croatia				
160-0130	Growth of a Dynamic and Competitive Private Sector	AEEB	11,085,000	0
		AEEB co	7,211,158	0 *
160-0210	More Effective Citizen Participation and Improved Governance	AEEB	5,140,000	115,000
		AEEB co	1,740,009	0 *
160-0310	Accelerated Return and Sustainable Reintegration of War-Affected Populations	AEEB	5,835,000	0
		AEEB co	835,415	0 *
160-0340	Mitigation of Adverse Social Conditions and Trends	AEEB	3,105,000	55,000
		AEEB co	1,055,789	0 *
160-0420	Cross-Cutting Programs	AEEB	685,000	0
		AEEB co	950,000	0 *

Bureau for Europe and Eurasia
EUROPE
Budget Justification to the Congress
Notification Levels for FY 2003

Program/ SO Number	SO Titles	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
Cyprus				
233-0410	Special Initiatives	ESF	15,000,000	0
		ESF co	1,065,714	0 *
Serbia and Montenegro (Includes Montenegro, Serbia and Kosovo)				
Serbia				
169-0130	Accelerated Development and Growth of Private Enterprise	AEEB	27,000,000	0 **
		AEEB co	3,000,000	0 *
169-0200	More Effective, Responsive, and Accountable Democratic Institutions	AEEB	11,500,000	0 **
169-0210	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	AEEB	51,749,000	0 **
169-0420	Cross-Cutting Programs	AEEB	3,000,000	0 **
		AEEB co	999,003	0 *
Montenegro				
170-0130	Accelerated Development and Growth of Private Enterprise	AEEB	7,900,000	2,140,000
		AAEB co	584,113	0 *
170-0200	More Effective, Responsive, and Accountable Democratic Institutions	AEEB	5,571,000	3,391,000
170-0210	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	AEEB	6,619,000	0
		AEEB co	1,061,614	0 *
170-0420	Cross-Cutting Programs	AEEB	2,000,000	0
		AEEB co	1,466,711	0 *
Kosovo				
167-0130	Establishment of an Economic Policy and Institutional Framework	AEEB	16,150,000	0
		AEEB co	120,528	0 *
167-0210	Accountable and Transparent Governance	AEEB	8,950,000	0
		AEEB co	2,706,797	0 *
167-0310	Restored Normalcy in Living Standards and Opportunities	AEEB	4,400,000	4,400,000
		AEEB co	999,744	0 *
167-0410	Special Initiatives	AEEB	2,250,000	2,250,000
		AEEB co	3,398	0 *
		CSH co	131,000	0 *
167-0420	Cross-Cutting Programs	AEEB	850,000	0
		AEEB co	1,228,808	0 *
Macedonia (FYROM)				
165-0130	Accelerated Growth and Development of the Private Sector	AEEB	12,505,000	755,000
165-0200	More Legitimate Democratic Institutions	AEEB	15,845,000	330,000
		AEEB co	175,514	0 *
165-0340	Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracy	AEEB	6,730,000	0
		AEEB co	613,982	0 *
165-0410	Special Initiatives	AEEB	4,560,000	760,000
		AEEB co	120,000	0 *
165-0420	Cross-Cutting Programs	AEEB	4,410,000	0
		AEEB co	1,268,588	0 *

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Program/ SO Number	SO Titles	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
Northern Ireland and Ireland				
International Fund for Ireland				
190-0410	Special Initiatives	ESF	25,000,000	0
		ESF co	25,000,000	0 *
Irish Visa Program				
190-0410	Special Initiatives	ESF	4,000,000	0
Romania				
186-0130	Accelerated Private Sector Growth by Supporting a Market-Driven Environment	AEEB	11,650,000	0
		AEEB co	3,182,752	0 *
186-0230	Improved Democratic Governance at the Local Level	AEEB	7,500,000	0
		AEEB co	324,890	0 *
186-0340	Improved Effectiveness of Selected Social and Primary Health Care Services for Targeted Vulnerable Groups	AEEB	7,050,000	1,050,000
		AEEB co	288,812	0 *
186-0420	Cross-Cutting Programs	AEEB co	7,562	0 *
Turkey				
277-0410	Special Initiatives	ESF-CT co	91,672	0 *
Central and Eastern Europe Regional				
180-0120	Increased Soundness of Fiscal Policies and Financial Management Practices	AEEB	248,000	0
		AEEB co	108,343	0 *
180-0130	Accelerated Development and Growth of Private Enterprise	AEEB	1,968,075	145,000
		AEEB co	730,698	0 *
180-0140	A More Competitive and Market Responsive Private Financial Sector	AEEB	694,000	0
		AEEB co	202,524	0 *
180-0150	A More Economically Sustainable and Environmentally Sustainable Energy Sector	AEEB	3,363,000	0
		AEEB co	1,010,749	0 *
180-0160	Increased Environmental Management Capacity to Support Sustainable Economic Growth	AEEB	2,861,000	1,066,000
		AEEB co	778,568	0 *
180-0210	Increased Better-Informed Citizens' Participation in Political and Economic Decision-Making	AEEB	3,150,000	466,000
		AEEB co	2,309,329	0 *
180-0220	Legal Systems that Better Support Democratic Processes and Market Reforms	AEEB	862,000	0
		AEEB co	434,776	0 *
180-0230	More Effective, Responsive and Accountable Local Governance	AEEB	508,000	0
		AEEB co	677,716	0 *
180-0320	Increased Health Promotion and Access to Quality Health Care	AEEB	2,516,000	438,000
		AEEB co	227,086	0 *
180-0340	Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies	AEEB	232,000	0
		AEEB co	37,751	0 *
180-0410	Special Initiatives	AEEB co	250,000	0 *
180-0420	Cross-Cutting Programs	AEEB	4,808,000	0
		AEEB co	3,645,842	0 *

* Previously Notified

** Separate Notification Required

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Program/ SO Number	Title	Account	FY 2003 Total Planned Budget	FY 2003 Notification by FY 2004 CBJ
Armenia				
111-0130	Growth of a Competitive Private Sector	FSA	14,306,000	0 **
		FSA c/o	6,714,107	0 *
111-0150	A More Economically and Environmentally Sustainable Energy Sector	FSA	6,524,000	0 **
		FSA c/o	2,665,249	0 **
111-0160	More Sustainable Water Management for Enhanced Environmental Quality	FSA	2,190,000	0 **
		FSA c/o	2,312,307	0 *
111-0210	More Transparent, Accountable and Responsive Democratic Governance	FSA	6,757,000	0 **
		FSA c/o	4,010,203	0 *
111-0340	Mitigation of the Adverse Social Impacts of the Transition	FSA	9,973,000	0 **
		FSA c/o	2,094,013	0 **
111-0411	Households Living in Inadequate Shelter as a Result of the 1988 Earthquake Reduced	FSA	2,563,000	0 **
		FSA c/o	680,515	0 **
111-0420	Cross-Cutting Programs	FSA	4,287,000	0 **
		FSA c/o	1,890,436	0 *
Azerbaijan				
112-0130	Accelerated Development and Growth of a Small and Medium Enterprises in Targeted Areas	FSA	13,800,000	0
		FSA c/o	4,230,052	1,000,000
112-0210	Civil Society Better Organized and Represented	FSA	6,000,000	0
		FSA c/o	842,068	0 *
112-0310	Reduced Human Suffering in Conflict-Affected Areas	FSA	7,500,000	0
		FSA c/o	3,036,736	0 *
112-0420	Cross-Cutting Programs	FSA	5,750,000	0
		FSA c/o	2,588	0 *
Belarus				
113-0210	Better-Informed Citizen Participation in Political and Economic Decision-Making	FSA	3,900,000	0
		FSA c/o	2,526,508	497,804
Georgia				
114-0130	Accelerated Development and Growth of Private Enterprises	FSA	14,700,000	0 **
		FSA c/o	4,244,312	0 *
114-0150	A More Economically Sustainable and Environmentally Sound Energy Sector	FSA	8,850,000	0 **
		FSA c/o	5,932,170	0 *
114-0220	Legal Systems that Better Support Implementation of Democratic Processes and Market Reforms	FSA	4,025,000	0 **
		FSA c/o	322,597	0 *
114-0230	More Efficient and Responsive Local Governance	FSA	5,375,000	0 **
		FSA c/o	2,050,983	0 *
114-0310	Reduced Human Suffering in Targeted Communities	FSA	10,250,000	0 **
		FSA c/o	5,760,516	0 *
114-0420	Cross-Cutting Programs	FSA	8,650,000	0 **
		FSA c/o	504,376	0 *

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Kazakhstan				
115-0131	An Improved Environment for the Growth of Small and Medium Enterprises	FSA	13,680,000	480,000
		FSA c/o	1,070,000	0 *
115-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	2,450,000	0
		FSA c/o	1,453,456	0 *
115-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	5,750,000	450,000
		FSA c/o	784,476	0 *
115-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	6,500,000	0
		FSA c/o	1,079,289	0 *
115-0420	Cross-Cutting Programs	FSA	3,970,000	0
		FSA c/o	159,516	0 *
Kyrgyzstan				
116-0131	Improved Environment for the Growth of Small and Medium Enterprises	FSA	11,735,000	335,000
		FSA c/o	1,625,000	0 *
116-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	1,700,000	0
		FSA c/o	945,500	0 *
116-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	5,600,000	200,000
		FSA c/o	1,249,427	0 *
116-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	5,458,000	1,858,000
		FSA c/o	2,630,434	0 *
116-0420	Cross-Cutting Programs	FSA	3,107,000	0
		FSA c/o	10,408,603	1,900,000
Moldova				
117-0131	Private Enterprise Growth Creates Jobs and Generates Income	FSA	18,400,000	1,450,000
		FSA c/o	6,233,676	0 *
117-0230	Local Democratic Institutions More Effective, Responsive and Accountable	FSA	4,000,000	750,000
		FSA c/o	4,391,094	3,616,423
117-0340	Social Safety Net Reached Vulnerable Groups	FSA	2,000,000	100,000
		FSA c/o	2,812,184	0 *
Russia				
118-0131	Small and Medium-size Enterprise Sector Strengthened and Expanded	FSA	10,165,000	0 **
		FSA c/o	325,199	0 *
118-0141	Market-Oriented Reforms Developed and Implemented in Selected Sectors	FSA	5,850,000	0 **
		FSA c/o	650,000	0 *
118-0161	Environmental Resources Managed More Effectively to Support Economic Growth	FSA	6,400,000	0 **
118-0211	A More Open, Participatory Society	FSA	13,792,000	0 **
		FSA c/o	300,000	0 *
118-0221	Legal Systems Strengthened	FSA	4,046,000	0 **
		FSA c/o	230,000	0 *
118-0231	Local Governance Made More Responsive and Accountable	FSA	3,742,000	0 **
118-0321	Use of Improved Health and Child Welfare Practices Increased	FSA	15,250,000	0 **
		FSA c/o	200,000	0 *
118-0410	Special Initiatives	FSA	20,000,000	0 **
118-0420	Program Support	FSA	14,325,000	0 **
		FSA c/o	73,261	0 *

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Tajikistan				
119-0131	Improved Environment for the Growth of Small and Medium Enterprises	FSA FSA c/o	5,090,000 1,700,982	1,790,000 0 *
119-0161	Improved Management of Critical Natural Resources, Including Energy	FSA FSA c/o	1,400,000 1,093,836	0 0 *
119-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA FSA c/o	3,495,000 1,439,117	295,000 0 *
119-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA FSA c/o	3,450,000 2,284,948	0 0 *
119-0420	Cross-Cutting Programs	FSA FSA c/o	4,415,000 7,728,863	0 0 *
Turkmenistan				
120-0131	An Improved Environment for the Growth of Small and Medium Enterprises	FSA FSA c/o	645,000 120,001	45,000 0 *
120-0161	Improved Management of Critical Natural Resources, Including Energy	FSA FSA c/o	400,000 250,000	0 0 *
120-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA FSA c/o	1,100,000 100,000	300,000 0 *
120-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA FSA c/o	1,185,000 153,965	185,000 0 *
120-0420	Cross-Cutting Programs	FSA FSA c/o	670,000 793,609	0 0 *
Ukraine				
121-0120	Increased Soundness of Fiscal Policies and Fiscal Management Practices	FSA c/o	214,806	0 *
121-0130	Accelerated Growth and Development of Private Enterprise	FSA c/o	4,788,932	0 *
121-0132	Growth of Small and Medium Enterprise and Agriculture	FSA	21,761,000	0 **
121-0140	A More Competitive and Market-Responsive Private Financial Sector	FSA c/o	50,156	0 *
121-0141	Improved Investment Climate	FSA	10,290,000	0 **
121-0150	A More Economically Sustainable and Environmentally Sound Energy Sector	FSA c/o	1,160,584	0 *
121-0160	Increased Environmental Management Capacity to Promote Sustainable Development	FSA c/o	77,089	0 *
121-0210	Increased Better-Informed Citizens' Participation in Political and Economic Decision-Making	FSA c/o	2,111,681	0 *
121-0213	Citizenry Increasingly Engaged in Promotion of Their Interest and Rights	FSA	13,919,000	0 **
121-0220	Legal Systems that Better Support Democratic Processes and Market Reforms	FSA c/o	251,296	0 *
121-0224	Effective, Transparent and Accountable Local Government	FSA	9,004,000	0 **
121-0230	More Effective, Responsive and Accountable Local Government	FSA c/o	1,189,363	0 *
121-0320	Increased Promotion of Good Health and Access to Quality Health Care	FSA c/o	679,716	0 *
121-0325	Improved Social Conditions and Health Status	FSA	12,594,000	0 **
121-0340	Mitigation of Adverse Social Transition to Market-Based Democracies	FSA c/o	100,000	0 *

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Ukraine cont.				
121-0416	Increased Environmental Protection	FSA	1,113,000	0 **
121-0420	Cross-Cutting Programs	FSA c/o	2,926,120	0 *
121-0427	Cross-Cutting Initiatives	FSA	6,779,000	0 **
Uzbekistan				
122-0131	An Improved Environment for the Growth of Small and Medium Enterprises	FSA	5,149,000	2,349,000
		FSA c/o	1,575,626	0 *
122-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	1,889,000	0
		FSA c/o	2,745,668	0 *
122-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	4,270,000	0
		FSA c/o	3,086,830	0 *
122-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	5,256,000	0
		FSA c/o	1,141,487	0 *
122-0420	Cross-Cutting Programs	FSA	3,236,000	0
		FSA c/o	6,930,547	0 *
Central Asian Republic Regional				
176-0131	Improved Environment for the Growth of Small and Medium Enterprises	FSA	1,050,000	0
		FSA c/o	105,000	0 *
176-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	3,150,000	0
		FSA c/o	1,043,507	0 *
176-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	550,000	0
		FSA c/o	188,300	0 *
176-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	1,050,000	0
		FSA c/o	382,400	0 *
176-0420	Cross-Cutting Programs	FSA	2,300,000	1,300,000
		FSA c/o	161,000	0 *
Eurasia Regional				
110-0120	Increased Soundness of Fiscal Policies and Fiscal Management Practices	FSA	351,000	0
		FSA c/o	205,000	0 *
110-0130	Accelerated Development and Growth of Private Enterprise	FSA	557,000	0
		FSA c/o	530,698	0 *
110-0140	A More Competitive and Market Responsive Private Financial Sector	FSA	402,000	0
		FSA c/o	394,597	0 *
110-0160	A More Economically Sound and Environmentally Sustainable Energy System	FSA	1,458,000	683,000
		FSA c/o	47,116	0 *
110-0180	Increased Environmental Management Capacity to Support Sustainable Economic Growth	FSA	391,000	0
		FSA c/o	780,692	0 *
110-0210	Increased Better-Informed Citizens' Participation in Political and Economic Decision-Making	FSA	571,000	0
		FSA c/o	395,896	0 *
110-0220	Legal Systems that Better Support Democratic Processes and Market Reforms	FSA	1,410,000	460,000
		FSA c/o	799,500	100,000
110-0230	More Effective, Responsive and Accountable Local Governance	FSA	508,000	0
		FSA c/o	802,695	0 *
110-0320	Increased Health Promotion and Access to Quality Health Care	FSA	5,640,000	1,148,000
		FSA c/o	5,531,418	175,000

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Eurasia Regional cont.				
110-0340	Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies	FSA FSA <i>c/o</i>	340,000 97,639	0 0 *
110-0420	Cross-Cutting Programs	FSA FSA <i>c/o</i>	6,372,000 4,128,985	1,466,000 495,704
123-0310	Strengthened Humanitarian Response to Crises	FSA	2,000,000	0

* Previously Notified

** Separate Notification Required.

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Albania			
182-0130	Growth in Number of Self-Sustaining Private Enterprises	AEEB	6,528,000
182-0210	Increased Involvement of Civil Society in Economic and Political Decision-Making	AEEB	4,327,000
182-0220	Legal Systems That Better Support Democratic Processes and Market Reforms	AEEB	2,280,000
182-0320	Improved Selected Primary Health Care Services at Targeted Sites	AEEB	3,000,000
182-0410	Special Initiatives	AEEB	2,500,000
182-0420	Cross-Cutting Programs	AEEB	2,955,000
Bosnia-Herzegovina			
168-0130	Accelerated Development of the Private Sector	AEEB	13,207,000
168-0210	A More Participatory, Inclusive Democratic Society	AEEB	9,709,000
168-03110	Sustainable Minority Returns in Support of Creation of a Multi-ethnic Society	AEEB	3,184,000
Bulgaria			
183-C130	Accelerated Development and Growth of Private Enterprises in a Competitive Environment	AEEB	7,430,000
183-C140	A More Competitive and Market-Responsive Private Financial Sector	AEEB	2,950,000
183-C210	Increased, Better-Informed Citizens' Participation in Public Policy Decision-Making	AEEB	4,000,000
183-C220	An Improved Judicial System that Better Supports Democratic Processes and Market Reforms	AEEB	3,500,000
183-C230	Local Governments are Making Responsive Choices and Acting on them Effectively and Accountably	AEEB	2,950,000
183-C410	Special Initiatives	AEEB	300,000
183-C420	Cross-Cutting Programs	AEEB	1,700,000
Croatia			
160-0130	Growth of a Dynamic and Competitive Private Sector	AEEB	9,185,000
160-0210	More Effective Citizen Participation and Improved Governance	AEEB	5,015,000
160-0310	Accelerated Return and Sustainable Reintegration of War-Affected Populations	AEEB	5,015,000
160-0340	Mitigation of Adverse Social Conditions and Trends	AEEB	2,605,000
160-0420	Cross-Cutting Programs	AEEB	700,000
Cyprus			
233-0410	Special Initiatives	ESF	7,500,000

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Program/ SO Number	SO Titles	Account	Notification BY 2004 CBJ
Serbia and Montenegro (includes Montenegro, Serbia and Kosovo)			
Serbia			
169-0130	Accelerated Development and Growth of Private Enterprise	AEEB	17,000,000 **
169-0200	More Effective, Responsive, and Accountable Democratic Institutions	AEEB	15,000,000 **
169-0210	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	AEEB	45,000,000 **
169-0420	Cross-Cutting Programs	AEEB	3,000,000 **
Montenegro			
170-0130	Accelerated Development and Growth of Private Enterprise	AEEB	4,608,000
170-0200	More Effective, Responsive, and Accountable Democratic Institutions	AEEB	5,232,000
170-0210	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	AEEB	5,280,000
170-0420	Cross-Cutting Programs	AEEB	1,500,000
Kosovo			
167-0130	Establishment of an Economic Policy and Institutional Framework	AEEB	14,200,000
167-0210	Accountable and Transparent Governance	AEEB	7,950,000
167-0310	Restored Normalcy in Living Standards and Opportunities	AEEB	5,100,000
167-0420	Cross-Cutting Programs	AEEB	1,150,000
Macedonia (FYROM)			
165-0130	Accelerated Growth and Development of the Private Sector	AEEB	10,588,000
165-0200	More Legitimate Democratic Institutions	AEEB	12,434,000
165-0340	Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracy	AEEB	8,028,000
165-0410	Special Initiatives	AEEB	100,000
165-0420	Cross-Cutting Programs	AEEB	3,200,000
Northern Ireland and Ireland			
International Fund for Ireland			
190-0410	Special Initiatives	ESF	8,500,000
Irish Visa Program			
190-0410	Special Initiatives	ESF	4,000,000
Romania			
186-0130	Accelerated Private Sector Growth by Supporting a Market-Driven Environment	AEEB co	10,000,000
186-0230	Improved Democratic Governance at the Local Level	AEEB	9,500,000
186-0340	Improved Effectiveness of Selected Social and Primary Health Care Services for Targeted Vulnerable Groups	AEEB	5,700,000
Turkey			
277-0410	Special Initiatives	ESF-CT	200,000,000

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Central and Eastern Europe Regional			
180-0120	Increased Soundness of Fiscal Policies and Financial Management Practices	AEEB	621,000
180-0130	Accelerated Development and Growth of Private Enterprise	AEEB	553,000
180-0140	A More Competitive and Market Responsive Private Financial Sector	AEEB	826,000
180-0150	A More Economically Sustainable and Environmentally Sustainable Energy Sector	AEEB	4,140,000
180-0160	Increased Environmental Management Capacity to Support Sustainable Economic Growth	AEEB	1,133,000
180-0210	Increased Better-Informed Citizens' Participation in Political and Economic Decision-Making	AEEB	1,597,000
180-0220	Legal Systems that Better Support Democratic Processes and Market Reforms	AEEB	728,000
180-0230	More Effective, Responsive and Accountable Local Governance	AEEB	327,000
180-0320	Increased Health Promotion and Access to Quality Health Care	AEEB	2,855,000
180-0340	Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies	AEEB	150,000
180-0420	Cross-Cutting Programs	AEEB	5,070,000

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Armenia			
111-0130	Growth of a Competitive Private Sector	FSA	12,162,000 **
111-0150	A More Economically and Environmentally Sustainable Energy Sector	FSA	5,725,000 **
111-0160	More Sustainable Water Management for Enhanced Environmental Quality	FSA	2,170,000 **
111-0210	More Transparent, Accountable and Responsive Democratic Governance	FSA	6,100,000 **
111-0340	Mitigation of the Adverse Social Impacts of the Transition	FSA	7,858,000 **
111-0420	Cross-Cutting Programs	FSA	3,405,000 **
Azerbaijan			
112-0130	Accelerated Development and Growth of a Small and Medium Enterprises in Targeted Areas	FSA	14,100,000
112-0210	Civil Society Better Organized and Represented	FSA	6,000,000
112-0310	Reduced Human Suffering in Conflict-Affected Areas	FSA	8,890,000
112-0420	Cross-Cutting Programs	FSA	5,200,000
Belarus			
113-0210	Better-Informed Citizen Participation in Political and Economic Decision-Making	FSA	5,080,000
Georgia			
114-0130	Accelerated Development and Growth of Private Enterprises	FSA	14,000,000 **
114-0150	A More Economically Sustainable and Environmentally Sound Energy Sector	FSA	9,000,000 **
114-0220	Legal Systems that Better Support Implementation of Democratic Processes and Market Reforms	FSA	4,500,000 **
114-0230	More Efficient and Responsive Local Governance	FSA	6,000,000 **
114-0310	Reduced Human Suffering in Targeted Communities	FSA	10,500,000 **
114-0420	Cross-Cutting Programs	FSA	6,700,000 **
Kazakhstan			
115-0131	An Improved Environment for the Growth of Small and Medium Enterprises	FSA	11,415,000
115-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	2,421,000
115-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	4,713,000
115-0240	Conflict Prevention	FSA	519,000
115-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	5,707,000
115-0420	Cross-Cutting Programs	FSA	2,705,000

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Kyrgyzstan			
116-0131	Improved Environment for the Growth of Small and Medium Enterprises	FSA	13,640,000
116-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	2,010,000
116-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	6,621,000
116-0240	Conflict Prevention	FSA	668,000
116-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	6,217,000
116-0340	Strengthened Basic Education Sector	FSA	492,000
116-0420	Cross-Cutting Programs	FSA	2,392,000
Moldova			
117-0131	Private Enterprise Growth Creates Jobs and Generates Income	FSA	13,301,000
117-0230	Local Democratic Institutions More Effective, Responsive and Accountable	FSA	4,465,000
117-0340	Social Safety Net Reached Vulnerable Groups	FSA	2,914,000
Russia			
118-0131	Small and Medium-size Enterprise Sector Strengthened and Expanded	FSA	6,200,000 **
118-0141	Market-Oriented Reforms Developed and Implemented in Selected Sectors	FSA	3,800,000 **
118-0161	Environmental Resources Managed More Effectively to Support Economic Growth	FSA	1,590,000 **
118-0211	A More Open, Participatory Society	FSA	11,090,000 **
118-0221	Legal Systems Strengthened	FSA	2,285,000 **
118-0231	Local Governance Made More Responsive and Accountable	FSA	2,450,000 **
118-0321	Use of Improved Health and Child Welfare Practices Increased	FSA	14,500,000 **
118-0410	Special Initiatives	FSA	10,000,000 **
118-0420	Program Support	FSA	8,885,000 **
Tajikistan			
119-0131	Improved Environment for the Growth of Small and Medium Enterprises	FSA	6,149,000
119-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	2,398,000
119-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	5,645,000
119-0240	Conflict Prevention	FSA	5,139,000
119-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	5,910,000
119-0340	Strengthened Basic Education Sector	FSA	2,495,000
119-0420	Cross-Cutting Programs	FSA	2,484,000

**Bureau for Europe and Eurasia
EURASIA
Budget Justification to the Congress
Notification Levels for FY 2004**

Program/ SO Number	Title	Account	Notification by FY 2004 CBJ
Turkmenistan			
120-0131	An Improved Environment for the Growth of Small and Medium Enterprises	FSA	762,000
120-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	473,000
120-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	1,124,000
120-0240	Conflict Prevention	FSA	355,000
120-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	1,419,000
120-0340	Strengthened Basic Education Sector	FSA	168,000
120-0420	Cross-Cutting Programs	FSA	429,000
Ukraine			
121-0132	Growth of Small and Medium Enterprise and Agriculture	FSA	20,790,000 **
121-0141	Improved Investment Climate	FSA	4,991,000 **
121-0213	Citizenry Increasingly Engaged in Promotion of Their Interest and Rights	FSA	13,803,000 **
121-0224	Effective, Transparent and Accountable Local Government	FSA	8,117,000 **
121-0325	Improved Social Conditions and Health Status	FSA	10,075,000 **
121-0416	Increased Environmental Protection	FSA	474,000 **
121-0427	Corss-Cutting Initiatives	FSA	5,000,000 **
Uzbekistan			
122-0131	An Improved Environment for the Growth of Small and Medium Enterprises	FSA	6,086,000
122-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	3,476,000
122-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	7,216,000
122-0240	Conflict Prevention	FSA	302,000
122-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	8,163,000
122-0340	Strengthened Basic Education Sector	FSA	575,000
122-0420	Cross-Cutting Programs	FSA	3,222,000
Central Asian Republics Regional			
176-0131	Improved Environment for the Growth of Small and Medium Enterprises	FSA	814,000
176-0161	Improved Management of Critical Natural Resources, Including Energy	FSA	2,783,000
176-0211	Strengthened Democratic Culture Among Citizens and Target Institutions	FSA	407,000
176-0240	Conflict Prevention	FSA	341,000
176-0320	Increased Utilization of Quality Primary Health Care for Select Populations	FSA	814,000
176-0420	Cross-Cutting Programs	FSA	341,000

Bureau for Europe and Eurasia
EURASIA
Budget Justification to the Congress
Notification Levels for FY 2004

Program/ SO Number	Title	Account	Notification by FY 2004 CBJ
Eurasia Regional			
110-0120	Increased Soundness of Fiscal Policies and Fiscal Management Practices	FSA	721,000
110-0130	Accelerated Development and Growth of Private Enterprise	FSA	553,000
110-0140	A More Competitive and Market Responsive Private Financial Sector	FSA	826,000
110-0150	A More Economically Sound and Environmentally Sustainable Energy System	FSA	1,240,000
110-0160	Increased Environmental Management Capacity to Support Sustainable Economic Growth	FSA	632,000
110-0210	Increased Better-Informed Citizens' Participation in Political and Economic Decision-Making	FSA	473,000
110-0220	Legal Systems that Better Support Democratic Processes and Market Reforms	FSA	1,326,000
110-0230	More Effective, Responsive and Accountable Local Governance	FSA	327,000
110-0320	Increased Health Promotion and Access to Quality Health Care	FSA	4,505,000
110-0340	Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies	FSA	200,000
110-0420	Cross-Cutting Programs	FSA	4,127,000
123-0310	Strengthened Humanitarian Response to Crises	FSA	2,000,000

** Separate Notification Required.

Albania

The Development Challenge: In the last decade, Albania has been making the transition from 46 years of communism to multiparty democracy and a liberal economic system. Impeding Albania's democratic and economic development is the legacy of communism, crushing poverty, failed institutions, a weak rule of law, poor social conditions, and a large out-migration of people seeking jobs.

In terms of poverty, Albania remains the poorest Eastern European country and ranks 85th out of 162 countries on the 2001 Human Development Index. In absolute terms, 46.6% of all Albanians are below the poverty line of \$2 per capita per day, while 17.4% are below the poverty line of \$1 per capita per day. Poverty is most pervasive in rural areas where 53% of Albania's population resides, and four out of five poor Albanians reside.

The economy is and will remain dominated in the short to mid-term by the agricultural sector, which accounted for 60% of GDP in 1950 and 53% in 2001. Approximately two-thirds of all workers are employed in the agriculture sector. Albania's balance of trade is heavily weighted toward imports due to growing domestic demand for foreign goods as well as large increases in electricity imports. Exports are declining because of a steady contraction in industrial production from antiquated equipment and a lack of private investment. The European Bank for Reconstruction and Development (EBRD) projects that per capita foreign direct investment will only be \$66 in 2002. Finally, as of 2001, the registered unemployment rate was 14.4%.

The USAID Program: The USAID program in Albania supports economic growth and modernization of the agricultural sector, democratic development, and social stability. USAID's objectives support the U.S. interests identified in the U.S. Strategic Plan for International Affairs: promoting broad-based economic growth, increasing foreign governments' adherence to democratic practices and respect for human rights, protecting human health, and ensuring that local and regional instabilities do not threaten the security and well-being of the United States and its allies.

The Program Data Sheets provided below cover the six strategic objectives for which USAID is requesting funds. They concentrate on the following three general development topics:

- 1) economic growth and agricultural sector development by increasing private investment, improving the availability of credit to entrepreneurs, and strengthening the banking system;
- 2) democratic reform to support civil society by increasing citizen awareness of public issues, assisting in elections, strengthening legal institutions, and supporting the GOA decentralization program; and
- 3) health reform to improve primary health care by developing and implementing quality primary health care models, strengthening management capacity at the primary health care level, and encouraging community participation to ensure better health care for Albanians.

Other Program Elements: USAID also provides assistance for Albania through numerous programs that do not draw on bilateral funding. Regionally-funded activities in Albania include: support for NGOs which monitor government accountability; support for NGOs working on anti-corruption, advocacy and information sharing via the Organization for Economic Cooperation and Development's Anti-Corruption Network; provision of training for journalists, labor leaders, health professionals, bankers, and other professionals; and a group of energy activities that seek greater efficiency in power generation and distribution, as well as management of energy resources.

Other Donors: Cooperation between USAID and other donor organizations active in Albania is strong and growing. The United States is Albania's third largest bilateral donor, after Italy and Greece. Other major contributors include Germany, the World Bank (WB), International Monetary Fund (IMF), European Union (EU), European Investment Bank, European Bank for Reconstruction and Development (EBRD), Open Society Foundation, United Nations Development Program (UNDP), Food and Agriculture

Organization (FAO), and International Fund for Agricultural Development (IFAD). Key elements of donor support focus on democratization and institutional development, with an emphasis on the judiciary, political cooperation, media, local government, and civil service reform.

Albania
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	35,255	35,250	28,000	28,000
Total Program Funds	35,255	35,250	28,000	28,000

STRATEGIC OBJECTIVE SUMMARY

182-0130 Economic Restructuring and Agriculture Development				
AEEB	13,810	12,250	5,763	6,528
182-0140 Financial Sector				
AEEB	1,272	0	0	0
182-0210 Civil Society				
AEEB	4,549	5,171	4,327	4,327
182-0220 Rule of Law				
AEEB	550	2,479	2,280	2,280
182-0230 Local Government				
AEEB	1,501	0	0	0
182-0320 Health Sector Improvement				
AEEB	4,125	3,775	3,000	3,000
182-0410 Special Initiatives				
AEEB	1,991	2,900	3,720	2,500
182-0420 Cross-Cutting Programs				
AEEB	1,750	2,465	2,500	2,955
TRANSFER				
AEEB	5,707	6,210	6,410	6,410

Mission Director,
Harry Birnholz

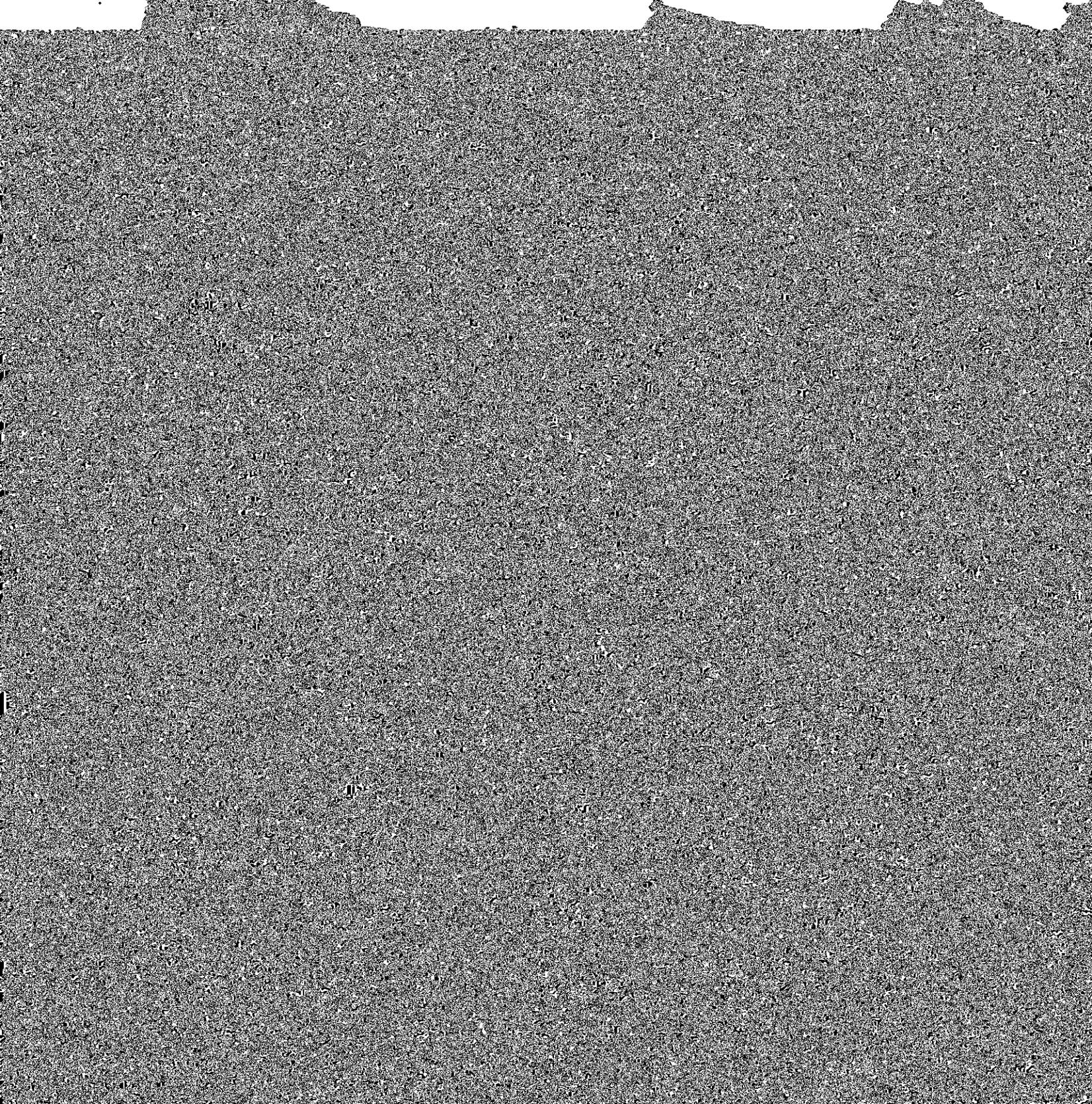
Data Sheet

USAID Mission:
Program Title:

Albania
Economic Restructuring and Agriculture
Development
Economic Growth, Agriculture and Trade

Pillar:
Strategic Objectives

100-0120



continue to support foreign market development in selected countries. Twenty USAID assisted businesses will respond to trade opportunities realized by companion USAID initiatives.

Sustainability of small and medium non-agriculture enterprises increased (\$2,528,000 AEEB). USAID plans to provide technical assistance and training in supporting the growth of innovation and entrepreneurship as the non-agriculture private sector matures. The USAID program will support partnerships or joint ventures with foreign firms to enable Albanian businesses to expand market access. About 200 Mission assisted businesses will receive loans from formal credit sources. About 70 USAID assisted businesses will achieve positive cash flows.

Financial sector responsiveness to small and medium enterprises' needs increased (\$500,000 AEEB). USAID plans to provide technical assistance and training to the Bank of Albania and to use partial guarantees to expand the availability of commercial credits and the role of international trade in business financing. About \$3,800,000 in credits will be provided to USAID assisted businesses.

Performance and Results: USAID activities achieved several important results which will contribute to the growth in the number of profitable small and medium enterprises (SMEs). These include: 1) free trade agreements were reached with Macedonia and Croatia, and three others are underway with other Balkan countries, thus gradually removing barriers to export; and 2) three additional commercial banks are now entering the SME market, increasing the overall availability of investment capital.

There were no USAID activities directed towards non-agriculture SMEs before 2002. The Small Business Credit and Assistance program began in March, 2002 to provide training and technical assistance to non-agriculture enterprises. The emphasis on SME development took on added significance as the GoA adopted the USAID assisted SME development strategy in 2002 and established the SME development agency under the Ministry of Economy. The newly adopted Growth and Poverty Reduction Strategy confirms the GoA's commitment to support investment in and growth of SMEs.

The quality of commercial lending by the banking sector dramatically improved as the percentage of standard (non concessional) loans to total loans increased from 88% to 94 %. Confidence in the banking sector continued to rise as deposits increased by 8%, providing substantial liquidity for investments. Three banks entered medium sized business credit markets as confidence in USAID supported business development programs grew. Mission clients are enjoying a 20% increase of commercial credit. The GoA formally and frequently engaged private sector agribusiness organizations on policy, legislative and regulatory issues. The maturation of agriculture associations and receptivity by the GoA to policy and trade collaboration strengthened sustainability of associations as members realized substantial economic value.

US Financing in Thousands of Dollars

Albania

182-0130 Economic Restructuring and Agriculture Development	AEEB	DA	ESF
Through September 30, 2001			
Obligations	118,996	15,289	2,300
Expenditures	99,986	15,289	2,300
Unliquidated	19,010	0	0
Fiscal Year 2002			
Obligations	16,184	0	0
Expenditures	10,242	0	0
Through September 30, 2002			
Obligations	135,180	15,289	2,300
Expenditures	110,228	15,289	2,300
Unliquidated	24,952	0	0
Prior Year Unobligated Funds			
Obligations	2,686	0	0
Planned Fiscal Year 2003 NOA			
Obligations	5,763	0	0
Total Planned Fiscal Year 2003			
Obligations	8,449	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	6,528	0	0
Future Obligations	0	0	0
Est. Total Cost	150,157	15,289	2,300

Data Sheet

USAID Mission:	Albania
Program Title:	Civil Society
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	182-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,327,000 AEEB
Prior Year Unobligated:	\$1,809,000 AEEB
Proposed FY 2004 Obligation:	\$4,327,000 AEEB
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2004

Summary: The USAID Civil Society program promotes civil society participation through: technical assistance to political operatives across political organizations; training of national, district and local election commissions; training and technical assistance to NGOs working in conflict management; assistance in the implementation of NGO law reform; training of citizens' groups to interface with government; technical assistance and training to create a professional and sustainable independent media; technical assistance to municipalities in finance, governance and corruption prevention; and technical assistance to municipalities and the GOA on decentralization issues.

Inputs, Outputs, Activities:

FY 2003 Program:

Preparation for local elections in October 2003 (costs by major theme provided below) will be a crosscutting element in USAID's civil society work.

Improvement in the organization and management of political institutions (\$1,536,000 AEEB). Political operatives will be trained in effective branch operations and more public involvement in local elections. Disaffected youth of Albania will be organized to become involved in the political process. Parliamentarians will be trained in effective legislative practices. The election commission structure (comprising 3,300 members) will receive training on their rights and responsibilities. The citizen voter registry will undergo further improvement to further enable citizens to vote. The Civic Forum program will educate over 2,000 Albanian citizens in the principles of democracy and the exercise of their democratic rights. Grantees include: International Foundation for Electoral Systems (IFES) (also utilizing funds from Italians and Dutch), the National Democratic Institute (NDI) and the International Republican Institute (IRI) (prime).

Conflict management and NGO support (\$700,000 AEEB). Training and technical assistance will be provided to a pool of over 130 NGOs throughout Albania while administering a small grants program that will financially assist over 20 NGOs. Training includes governance, management, finance, outreach and advocacy. Work continues on effective implementation of the liberal NGO law passed in May 2001. Contractors/grantees include: Partners for Democratic Change, International Center for Not-for-Profit Law (Primes).

The professional media campaign (\$600,000 AEEB). Continued support will be provided to the widely popular "Heroes of Albania" TV show (70 episodes by the end of FY 2002) wherein normal citizens are provided weekly recognition of their efforts to improve their communities and build a sense of community pride. An anti-corruption and anti-trafficking TV program will be launched, with a minimum of 12 episodes produced and aired twice a month, to build public support to stop corruption and trafficking. Individual TV stations and print media will continue to receive technical assistance to improve objectivity and profitability. Contractors/grantees include: International Research and Exchanges Board (IREX) (Prime) and the Albania Media Institute (Sub).

Local government capacity building and assistance on decentralization (\$1,491,000 AEEB). Technical assistance will be provided to municipalities to ensure their concerns on this topic are heard and addressed. Municipalities will also receive training on basic modern accounting, budgeting, taxation, and revenue collection methodologies. The pilot program on municipal anti-corruption efforts will be expanded into additional municipalities. Various GoA ministries will receive technical assistance on the devolution of central functions to local governments. This program is due to terminate at the end of FY03. A determination will be made if assistance should continue. If so, a new program will be designed and competitively let. Contractors/grantees include: Urban Institute (Prime), Institute for Contemporary Studies (Sub).

FY 2004 Program:

Improvement in the organization and management of political institutions (\$1,536,000 AEEB). The results of the October 2003 local government elections will temper the approach to be taken in building political party strengths and improving the performance of the election process. Inputs will be targeted at political leaders and the electoral commissions. Training of Parliament (legislative affairs) and Albanian youth organizations (advocacy) is planned.

Conflict management and NGO support (\$700,000 AEEB). An evaluation of the program is planned to determine future needs.

The professional media campaign (\$600,000 AEEB). The protection of intellectual property rights will be a major issue. A central TV distribution point for broadcast media will be established for the sale of intellectual property. An evaluation will be carried out during the FY to determine the need for further assistance.

Local government capacity building and assistance on decentralization (\$1,491,000 AEEB). This is based upon the premise that a new program will be in place by the end of FY 2003. The gains made in decentralization will be consolidated while efforts to increase the capacity of local governments to carry out their new mandates will focus on those areas found to be the weakest. Inputs would likely be technical assistance to the line Ministries to absorb the implications of decentralization and training to the village level governments in budgeting, expenditure control, fee setting and taxation.

Performance and Results: USAID's civil society activities began to pay dividends in FY 2002 as a result of continued improvement in Albania's political environment. A major area of advance was decentralization. USAID-supported local government activities included the development of a transparent formula for the transfer of funds from the central government to local governments, a reform that will afford greater discretion for local governments over larger budgets, as well as enable better local budget planning and, possibly, greater local citizen involvement. Election administration continued to move toward international standards; more Albanians reportedly viewed the 2001 parliamentary election results as valid compared to the four previous elections. Notwithstanding its weakness and donor dependence, the NGO sector saw advances in advocacy activities of certain organizations which have become more aggressive in setting national and local government priorities, along with gains in membership and expansion of their operations to new areas. USAID broadcast media work has helped focus public attention on the intractable issue of corruption, stimulated civic action, and engaged citizen-business partnerships in funding community improvements projects.

US Financing in Thousands of Dollars

Albania

182-0210 Civil Society	AEEB	ESF
Through September 30, 2001		
Obligations	27,677	1,250
Expenditures	22,961	1,250
Unliquidated	4,716	0
Fiscal Year 2002		
Obligations	6,162	0
Expenditures	3,785	0
Through September 30, 2002		
Obligations	33,839	1,250
Expenditures	26,746	1,250
Unliquidated	7,093	0
Prior Year Unobligated Funds		
Obligations	1,809	0
Planned Fiscal Year 2003 NOA		
Obligations	4,327	0
Total Planned Fiscal Year 2003		
Obligations	6,136	0
Proposed Fiscal Year 2004 NOA		
Obligations	4,327	0
Future Obligations	0	0
Est. Total Cost	44,302	1,250

Data Sheet

USAID Mission:	Albania
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	182-0220
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,280,000 AEEB
Prior Year Unobligated:	\$1,200,000 AEEB
Proposed FY 2004 Obligation:	\$2,280,000 AEEB
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2004

Summary: USAID's Rule of Law program promotes civil society participation and a strengthened judicial system through support to: the School of Magistrates; the National Judicial Conference; the Chancellery (Court Clerks); judicial organizations with the Ministry of Justice; the Albanian civil society coalition against corruption; and the Citizens Advocacy Office.

Inputs, Outputs, Activities:

FY 2003 Program:

Judicial institution building (\$1,030,000 AEEB). This involves several activities. For example, USAID will provide technical assistance to the School of Magistrates in its annual work plans, budgeting, and donor close-out strategy. A Secretariat for the Albanian National Judicial Conference (NJC) will be supported to ensure that the performance of the NJC continues to improve. Roundtable meetings of Albania's court chancellors will continue to improve court administration. Assistance to the Ministry of Justice will be provided to offer guidance in issues related to court management. USAID will continue the Judicial Reform Index in Albania to annually gauge the performance of the judiciary.

USAID also plans several training sessions in FY 2003. A select group of judges will be trained in legal reasoning and drafting judicial decisions, civil law and procedure, due legal process in a civil process, and contractual damage and torts to enable the judges to learn the latest on these subjects and use that knowledge in their courts. Judges and court staff will continue to receive basic training in computer use, including e-mail operations to enable further connectivity within the judicial system. Additionally, a number of budget officers will receive software training in budget preparation to ease the budgeting and reporting processes.

As part of this effort, citizen awareness activities will continue to create an information center in each court throughout Albania. Information regarding operation of the courts, court procedures, filing fees, legal rights, and procedures to report on corrupt or unethical practices will be available to citizens, NGOs and private business entities. Prior to and during Albania's National Day of Justice, brochures setting forth basic information about Albania's judicial system will be distributed to the public and the media. Contractors/grantees: American Bar Association/ Central and East European Legal Initiative (ABA/CEELI), (Financial Markets International, Inc.) FMI (prime), East-West Management Institute (EWMI) (sub). The FMI/EWMI award ends December 31, 2002 and the ABA/CEELI award ends April 30, 2003.

Anti-corruption (\$1,250,000 AEEB). The USAID sponsored Albanian Coalition Against Corruption (ACAC) will give several small grants to carry out a variety of activities aimed at combating corruption. The Judicial Observation Group, a sub-group within ACAC, will continue to monitor the efficiency and integrity of the judiciary. A Legislative Observation Group will continue to monitor Parliamentary proceedings, and a Budget Observation Group will monitor budgetary decisions. All groups report any perceived irregularities to the Citizen's Advocacy Office (CAO) for follow-on action. In addition, ACAC will sponsor monthly forums on corruption topics whereby civil society makes its concern known to the public

administration. Work with pilot local governments to make procurement and tax/fee collection transparent will continue.

The CAO, formed in November 2001 and now handling 700 cases of alleged corruption, will expand its scope and staff to review cases of alleged trafficking, to include legal and social support to victims and potential victims of human trafficking. A special session on corruption and trafficking will be conducted at a regional meeting of anti-corruption partnerships from the Europe and Eurasia region to be held in Albania in Spring 2002 to forge cross-border linkages in the battle. A special session on corruption and trafficking will be conducted at an international meeting of Citizen Advocacy Offices to be held in Albania in Spring 2003, again to forge cross-border linkages. Small grants to combat corruption and trafficking will be awarded to relevant Albanian NGOs. This program ends with FY 2003. Evaluation will be carried out, new program designed and competition decisions made and carried out. Contractors/grantees include: Management Systems International (MSI) (prime), Institute for Sustainable Communities (ISC) and Institute for Development Alternatives and Research (IDRA) (sub).

FY 2004 Program:

Judicial institution building (\$1,030,000 AEEB). The bulk of the assistance will move to the district courts which are the primary interface between the citizenry and the judiciary. Five pilot courts spanning the country will receive ongoing assistance in the administration of justice to make the courts more efficient and user friendly. Ongoing professional training for sitting judges will continue. The curriculum of the School of Magistrates will be broadened and strengthened to improve the quality of the new intake of judges. Efforts will continue to make sitting judges accountable for their actions.

Anti-corruption (\$1,250,000 AEEB). Support to the ACAC and CAO will continue, whereby the first brings civil society pressure on government for reform and the other investigates alleged corruption/trafficking cases to determine appropriate action such as: closure, referral to appropriate government body, or direct legal action. Support to NGOs to combat corruption/trafficking will continue. Regional linkages on anti-corruption and anti-trafficking will be strengthened, as both are regional issues.

Performance and Results: The rule of law in Albania is severely hampered by inefficiency, incompetence, and corruption. USAID's ROL program works toward gradual improvement in efficiency and competence and a reduction in corruption/trafficking and is attaining such. Most courts are computerized and have access to the Internet. Three classes graduated from the School of Magistrates, which brings newly trained prosecutors and judges into the system. Ongoing professional training for sitting judges continues to improve their abilities. The challenge at this point lies in making the judiciary accountable for its actions. USAID's program is aimed at addressing this challenge over time and at a pace which the Albanian court system can absorb.

The election of two judges from the National Judicial Conference to the High Council of Justices illustrates gradual improvement. Fifteen candidates placed nominations before the nominating committee, 13 were acceptable, all 13 lobbied their peers, free and transparent elections were held, and two winners were appointed to the High Council. In the past, the Chief Justice arbitrarily appointed members to the High Council. USAID was instrumental in establishing the nominating committee and shepherding this first exercise of its powers.

The reactions of the average citizen and the political elite to the anti-corruption efforts are stunning. Within 10 months of formation, the CAO received 700 cases, forcing a tripling of staff and a move to larger offices. The General Prosecutor agreed to pursue all cases forwarded to his office by the CAO. The weekly TV program on corruption sponsored by ACAC enjoys the highest viewership in its time slot. The introduction of an anti-corruption week saw President Moisiu and Leader of the Opposition MP Berisha join ACAC as private citizens. Politicians are increasingly aware that corruption is no longer an issue they can ignore.

US Financing in Thousands of Dollars

Albania

182-0220 Rule of Law	AEEB	ESF
Through September 30, 2001		
Obligations	2,435	250
Expenditures	672	0
Unliquidated	1,763	250
Fiscal Year 2002		
Obligations	1,279	0
Expenditures	1,180	130
Through September 30, 2002		
Obligations	3,714	250
Expenditures	1,852	130
Unliquidated	1,862	120
Prior Year Unobligated Funds		
Obligations	1,200	0
Planned Fiscal Year 2003 NOA		
Obligations	2,280	0
Total Planned Fiscal Year 2003		
Obligations	3,480	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,280	0
Future Obligations	0	0
Est. Total Cost	9,474	250

Data Sheet

USAID Mission:	Albania
Program Title:	Health Sector Improvement
Pillar:	Global Health
Strategic Objective:	182-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,000,000 AEEB
Prior Year Unobligated:	\$1,860,000 AEEB
Proposed FY 2004 Obligation:	\$3,000,000 AEEB
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2004

Summary: USAID/Albania's health program is focused on improving the access, use, and quality of key health services primarily utilized by women and children. These include reforming the primary health care system in its management structure, financing tools, and health information systems, while engaging the GoA's Ministry of Health in its definition of the best system for the country. Such structural changes are planned to incorporate family planning and reproductive health into a more comprehensive primary health care system, a structure that is new to this formerly communist society.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve reproductive health services (\$1,000,000 AEEB). The family planning/reproductive health work will continue to guarantee woman's access to modern methods of family planning. This basic family planning training is being complemented with a more comprehensive program that is training health professionals in a broader range of reproductive issues which includes proper ante-natal and breastfeeding training as well as updated training on treatment and prevention of sexually transmitted infections (STIs) including HIV/AIDS. Technological and management support to the national Contraceptive Logistics Management Information System (CLMIS) will ensure that the first ever national logistics management system translates into reduced contraceptive stock outs in the country. USAID will continue to strengthen the capacity of the Contraceptive Security Commission through training, meetings, and material development so that the reproductive health needs of Albanians are met. USAID will provide training to more than half of Albania's districts (20), thereby covering more than 60% of Albania's population. Principal contractor: John Snow, Inc. (prime)

Reform the primary health care sector (\$1,500,000 AEEB). USAID will continue to work on reforming Albania's primary health care sector at two different levels. The initial steps for such reform are to develop tools at the district level for both urban and rural areas. The tools that are critical to primary health care, whose design and testing will be undertaken in 2003, include a finance system, a health information system, improved management systems, and accreditable clinical practical guidelines with a supporting 'drugs-of-choice' list for the key primary health diagnoses. This system will also create a structure into which women's health and family planning demands can be better met, rather than have primary health care and family planning remain as separate concepts in separate buildings. Next, USAID will enable the Ministry of Health, local governments, and other donors to build a better understanding of the implications of decentralization on the primary health care system. This will be done by conducting regular roundtables and workshops, leading to the adherence to existing laws and the development of improved policies for primary health care. This model is expected to be replicated by the MOH. Principal contractor: Abt Associates (prime)

Improve the quality of service and health information (\$500,000 AEEB). The first ever comprehensive Reproductive Health Survey will be completed in early 2003. These results will be disseminated in 2003 and lessons will be shared as to how to use this data to improve the design and implementation of health programs for the national and local governments. Through the development and dissemination of this

survey, USAID will continue to build the national capacity of the Institute of Statistics and the Albanian Institute of Public Health. Through management and technical training, local capacity in quality service will be gained through partnerships with US and East-East partners. Principal contractors, grantees, inter-agency transfers: U.S. Department of Health and Human Services (DHHS) and U.S. Centers for Disease Control (prime).

All contracts and grants funded with resources from the Albania Primary Health Care will incorporate clauses that implement President Bush's directive on the Mexico City Policy as required.

FY 2004 Program:

Improve reproductive health services (\$1,000,000). Additional reproductive health resources are planned to ensure the proper training of the remaining sixteen districts in the country, ensuring 100% access to quality services while solidifying the MOH's commitment to family planning and reproductive health.

Reform the primary health care sector (\$1,300,000). Continued reproductive health funding and increased child survival funds will help ensure a comprehensive primary health care service with a women's health focus. This includes a scaling up of reproductive health and family planning services.

Improve the quality of service and health information (\$300,000). USAID will ensure that issues surrounding quality when providing health services, including data and information systems, are addressed and improved. Additionally, sound financial practices, critical to a sustainable health portfolio, will be developed in collaboration with the Ministries of Health, Finance, and Local Governments.

Prevent the spread of HIV/AIDS (\$400,000). New HIV/AIDS funds are planned to complete a behavioral assessment related to at-risk HIV behaviors and develop a targeted intervention. This is particularly timely since Albania has an increasing STI rate and is located in the area in world with the highest exponentially increasing rate of HIV in the world, even exceeding the worst parts of Africa.

Performance and Results: Reproductive health services continued to expand its impact and improve the quality of service. There is now a nationwide contraceptive reporting system with a 89% reporting rate, more than 90% of those reporting have fully stocked facilities. In FY2002, 1,051 health educators and family service providers received family planning, ante-natal, and STI training. For the first time, particularly influenced by the establishment of the Contraceptive Security Commission, the Ministry of Health included a line item in their budget to pay for the purchase of contraceptives by Albanians for Albanians. Couple-years of protection (CYP) have more than doubled during 2002, largely due to USAID's continued work and commitment in this sector.

During FY 2002, USAID laid the foundation for work in primary health care for women's health. This primary health care work established pilot sites, designed a health information system, and placed primary health care expertise at the local and national levels. This led USAID to influence and shape primary health care reform discussions, and to leverage World Bank funding in the sector.

Also during this period, the Reproductive Health Survey questionnaires were developed and tested. The study completed its data collection during the field work period, in a culturally appropriate manner with an approximate 90% response rate. This survey work is strengthening the capacity of local institutions in research skills, project management, and data analysis.

Continued progress in this area will guarantee a comprehensive primary health care system that also increases partners' access to modern contraceptives.

US Financing in Thousands of Dollars

Albania

182-0320 Health Sector Improvement	AEEB
Through September 30, 2001	
Obligations	12,646
Expenditures	9,016
Unliquidated	3,630
Fiscal Year 2002	
Obligations	3,515
Expenditures	2,691
Through September 30, 2002	
Obligations	16,161
Expenditures	11,707
Unliquidated	4,454
Prior Year Unobligated Funds	
Obligations	1,860
Planned Fiscal Year 2003 NOA	
Obligations	3,000
Total Planned Fiscal Year 2003	
Obligations	4,860
Proposed Fiscal Year 2004 NOA	
Obligations	3,000
Future Obligations	0
Est. Total Cost	24,021

Data Sheet

USAID Mission:	Albania
Program Title:	Special Initiatives
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	182-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,720,000 AEEB
Prior Year Unobligated:	\$1,397,000 AEEB
Proposed FY 2004 Obligation:	\$2,500,000 AEEB
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2004

Summary: The USAID program is focused on technical assistance and training to complete the implementation of targeted infrastructure and facilities, to support development and implementation of a strategic action plan for the reform of the power sector, to help manage the first land registration, and to establish a sustainable network for the return and reintegration of Albanian victims of trafficking.

Inputs, Outputs, Activities:

FY 2003 Program:

Energy sector (\$1,000,000 AEEB). USAID will provide technical assistance and training for the unbundling of the Albanian power company (KESH) into three operating units: generation, transmission, and distribution. Also, USAID will provide technical assistance and training to help create an operating unit that will provide the administrative, financial and logistical support to the unbundled units. In keeping with the terms of the Athens memorandum of understanding, technical assistance and training will enable the GoA to become an effective participant in the regional electricity program. With the increasing complexity and diversity of the power sector, technical assistance and training in the area of legal and regulatory matters will be provided to the Albanian regulatory agency (ERE). The USAID-supported partnership between ERE and the Indiana State Utility Commission will continue. Principal contractors/grantees: CORE International, Pierce Atwood (Prime). United States Energy Association, National Association of Regulatory Utility Commissioners (Sub).

Land registration (\$1,720,000 AEEB). Technical Assistance will be provided to manage the first land registration activities. Maps for 50 urban cadastral zones, 80 corridor (right-of-ways) cadastral zones, and 100 tourist cadastral zones will be produced. Principal contractors/grantees: Associates for Rural Development (Prime) and Immoveable Property Registration System (Sub).

Anti-trafficking (\$1,000,000 AEEB). Work is being developed with international and locally based organizations, including NGOs, to initially incorporate lessons learned from the relatively small and focused work completed in FY 2002 and build upon that experience. This work will not only address the needs of the women and children affected by this practice but will also serve to build the internal capacity of those organizations that are working in the area of anti-trafficking. In addition to further developing the care and support components, additional time and resources will be directed at further developing effective prevention tools as well as researching the many shady areas that no one is cognizant of at this time. Contractors/grantees to be determined.

FY 2004 Program:

Energy (\$1,000,000 AEEB). USAID plans to continue its technical assistance and training support with the unbundling of KESH and with the creation of the operating unit. Technical assistance and training is planned for assisting ERE to strengthen the legal and regulatory environments.

Anti-trafficking (\$1,500,000 AEEB). USAID plans to continue its technical assistance and training to build internal capacity of organizations serving victims of trafficking, to strengthen the care and support

components of the reintegration process, expand the prevention activities nationwide, and strengthen the reintegration network and its capabilities.

Performance and Results: USAID energy sector assistance responded to an urgent request by the World Bank to draft a major policy statement with specific commitments for energy sector reform. The policy statement was prepared with substantial government and KESH collaboration. The policy statement was presented by the GoA to donors in Brussels and approved. Subsequently, more than \$120 million in donor commitments for energy sector projects were made thanks in large part to the policy statement. Draft laws for energy sector reform and regulations and practical training in the US for ERE staff and energy commissioners was provided. Progress in the unbundling of KESH was made as an advisor worked along side the Minister and senior officials during the year. Four internships were provided to KESH and 24 KESH staff received training in various aspects of unbundling the national power company.

All land expropriated by the post-communist governments for roads and highways has now been registered. For the restoration of the railroad, the GoA has shifted the emphasis from east-west to south-north as the priority direction for rail loads. This has provided a direct link through Montenegro to the large markets of Europe. A monitoring system has been developed to institutionalize construction performance and accountability, enabling the government to draw down on credits for construction of roads and water systems. A port master development plan for Durres, the main port in Albania, has been developed. Once the master plan is approved by the European Investment Bank and European Bank for Reconstruction and Development, up to \$34 million worth of construction credits will be released for construction of port cargo handling facilities.

As a result of USAID's efforts in anti-trafficking, three shelters were established and are fully functioning. This was the first time that Albanians' needs were directly addressed in their country of origin. These shelters, designed for either Albanians or third country nationals transiting Albania, reached more than 260 women and girls who were victims of trafficking and the primary interventions at the centers are long term in nature. The goal of these centers is to achieve effective reintegration of the women and girls into society. While in the shelters, all the women and girls received medical care, psycho-social counseling, and social services by the shelter. Additionally, vocational training is provided by women interested in returning to the workforce while younger women and children's educational needs were addressed in an effort to assist in their reintegration into the society. During the reintegration process, USAID and other donors, NGOs, and the public sector have worked towards establishing a reintegration support network. This emerging support network provides services ranging from care & support as found in these shelters to protection to access to legal services (e.g. in the case where those trafficked choose to prosecute).

US Financing in Thousands of Dollars

Albania

	AEEB	ESF
182-0410 Special Initiatives		
Through September 30, 2001		
Obligations	30,826	11,880
Expenditures	21,622	11,880
Unliquidated	9,204	0
Fiscal Year 2002		
Obligations	1,503	0
Expenditures	8,282	0
Through September 30, 2002		
Obligations	32,329	11,880
Expenditures	29,904	11,880
Unliquidated	2,425	0
Prior Year Unobligated Funds		
Obligations	1,397	0
Planned Fiscal Year 2003 NOA		
Obligations	3,720	0
Total Planned Fiscal Year 2003		
Obligations	5,117	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,500	0
Future Obligations	0	0
Est. Total Cost	39,946	11,880

Data Sheet

USAID Mission:	Albania
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	182-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,500,000 AEEB
Prior Year Unobligated:	\$1,341,000 AEEB
Proposed FY 2004 Obligation:	\$2,955,000 AEEB
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2004

Summary: This program is primarily focused on serving the participant training needs of all USAID-funded activities under other Strategic Objectives. A small grants program is available which is used by returning participants to implement activities related to their training. Also, an audit, evaluation and program support component provides resource for designs, evaluations, and program support.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID will obligate (\$2,500,000 AEEB) to implement its cross-cutting programs. Activities under this strategic objective benefit all Mission activities. USAID will continue its training efforts in support of the growth of private enterprise, strengthening citizen participation and the rule of law, and improved health care. Over 800 participants will be trained this year.

In support of the growth of private enterprise, several training events and follow-on grants are planned to improve the ability of institutions to better implement land registry, provide insurance, serve the real needs of small and medium enterprises, whether to access credit, address issues of corruption, or improve their production and marketing strategies. It is expected that at least 115 people will receive training in the private enterprise sphere. In the field of agriculture, several programs will assist producers of herbs and vegetables as well as agricultural cooperatives and agricultural vocational schools. In total, 135 people will receive training in agriculture-related activities.

USAID will work on strengthening citizen participation and legal systems by providing training or grants to assist: local governments with revenue collection, anti-corruption efforts, solid waste management; political parties with party strengthening; and local election officials with the opportunity to observe election procedures. Over 155 participants will be trained under this rubric. The judiciary will be assisted with training or grants to improve court administration as well as skills in court room advocacy, especially related to trafficking of humans. Over 155 participants will be trained in judicial related activities.

Training programs and grants will be utilized to improve primary health care in selected areas, while improved health care information management systems and awareness of family planning options will be expanded into remote rural areas. Approximately 240 participants will receive training for health related activities.

The Audit, Evaluation and Program Support (AEPS) program serves as the principal resource for activity design, evaluation and program support. AEPS continues to fund Foreign Service National Personal Service Contractor (PSC) and USPSC positions in support of specific strategic objectives. The Mission also uses these funds to train staff and implement the Agency's performance based management policies. In addition, these funds will be used for the lease and other services related to the relocation of USAID offices.

FY 2004 Program:

USAID plans to continue its training and small grants programs (\$2,955,000 AEEB). Work in private enterprise is planned to support next step efforts in small and medium enterprise development and access to credit. Training programs and small grants in support of informed citizen participation and strengthened legal systems in FY 2004 are planned to strengthen the ability of institutions and organizations to fight corruption, conduct free and fair elections, and offer improved services to citizens at the municipal level. Training resources are also targeted on strengthening the quality of primary health care and access to family planning.

Performance and Results: Eighteen training programs were organized in direct support of USAID's strategic objectives. Two Albanians took part in a conference in the US, while another 68 took part in training programs or conferences in other Western or Eastern European countries. USAID also sponsored six in-country training programs in which 317 Albanians were trained, 54% of them women. In addition to training programs, USAID administered five grants to former training program participants to implement training related follow on activities. Whether through carrying out grant activities or in-country training programs, many inexperienced local organizations and institutions improved their ability to organize and financially manage effective training and development activities.

Among the small grants, one enabled willow producers to import a much needed hybrid type of willow that should revive the wicker industry, a traditionally labor intensive sector.

Tangible results have already been achieved via training programs conducted this period. Judges and bailiff's offices have begun to properly apply the law on secured financing, thereby increasing the likelihood of loan repayment and further lines of credit. Various towns have greatly improved their solid waste management and involvement of citizens in local government budget planning. Albania will soon have a functional legal framework for organic agriculture as well as inspectors. Olive oil processors are now able to produce quality extra virgin olive oil.

US Financing in Thousands of Dollars

Albania

	AEEB	ESF
182-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	9,161	120
Expenditures	6,557	120
Unliquidated	2,604	0
Fiscal Year 2002		
Obligations	1,873	0
Expenditures	2,897	0
Through September 30, 2002		
Obligations	11,034	120
Expenditures	9,454	120
Unliquidated	1,580	0
Prior Year Unobligated Funds		
Obligations	1,341	0
Planned Fiscal Year 2003 NOA		
Obligations	2,500	0
Total Planned Fiscal Year 2003		
Obligations	3,841	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,955	0
Future Obligations	0	0
Est. Total Cost	17,830	120

Bosnia and Herzegovina

The Development Challenge: Seven years after the end of the war, Bosnia-Herzegovina (BiH) is still struggling to overcome the political, economic and societal effects of the conflict. After two years of moderate--but ineffectual rule, many voters stayed home on election day. Although the nationalist parties lost ground in numbers of voters (compared to prior elections), the citizens who went to the polls in October 2002 put the hard-line parties back in power at the State level and in both entities. As these are the same nationalist parties that drove BiH into the war, the task of promoting cooperation and reduction of political and administrative barriers among the entities may become more challenging in the near future. It is not yet clear how the shift back to nationalism will affect the high number of minority refugees who are continuing the return to their pre-war homes. In the first nine months of 2002, over 80,000 minority returns were recorded throughout the country. Many of these returns are taking place in areas such as Srebrenica, where some of the worst wartime atrocities took place. On the economic front, BiH also faces unique challenges. Unlike many other former communist countries in the region, BiH never experienced an economic collapse until the advent of war. As a consequence, policymakers often look back to the pre-war years as a model for economic transformation rather than embracing market-driven reforms. Official figures for unemployment hover at 40%. However, some experts think the true figure is closer to 25% due to the large grey economy, which has played a vital role in keeping the country afloat and avoiding civil unrest. Most observers, however, feel that BiH is far enough along in its transition to a market economy that the grey economy has outlived its usefulness--especially since its negative effects include erosion of the government's tax base, preventing it from providing needed public services. Bureaucratic barriers to starting new businesses are so cumbersome that the Office of the High Representative (OHR) recently created a taskforce to find ways to lessen the administrative burdens. Corruption is also a problem. According to Human Rights Watch, trafficking in women and children continues to flourish. It is estimated that over 2,000 victims have been trafficked into BiH.

U.S. foreign policy priorities in BiH include: fighting corruption, terrorism, organized crime--including human trafficking; building a viable and democratic criminal justice system; building effective and integrated state-level law enforcement institutions; developing a state-level unified military eligible for membership in NATO's Partnership for Peace program; accelerating BiH's progress toward transition to a market economy; and promoting democratic institutions capable of successfully resolving political disputes, particularly those arising from ethnic differences.

The USAID Program: The U.S. assistance program strives for a stable Bosnia-Herzegovina with a functioning and dynamic free market economy and a democratic society. The Data Sheets provided below cover the three strategic objectives for which USAID is requesting funds. Since its inception in 1995, USAID's program portfolio in BiH has shifted focus from an emergency assistance program designed to restore basic living conditions and enable the restart of economic activities, to one with the following three strategic objectives: 1) accelerated development of the private sector (by supporting macroeconomic reforms, sound fiscal policies, and a viable banking system); 2) a more participatory, inclusive democratic society (by fostering a professional, independent judiciary, independent media, free and fair elections, a responsive and transparent government, and citizen advocacy coming from a robust civil society); and 3) sustainable minority returns (through the provision of community based infrastructure and services).

On the economic front, among the new programs to be established in FY 2003 are: 1) Targeted assistance to provide comprehensive technical and financial assistance to key industries that offer BiH the greatest opportunity for growth; and 2) Technical assistance to establish commercial sections in the courts, and to train judges, appraisers, lawyers and trustees in improved mechanisms to expedite commercial legal disputes.

USAID-sponsored courses dealing with credit risk and consumer lending are also helping banks to increase their lending significantly. A comprehensive assessment of banking needs directed USAID to support the creation of a movable property collateral registry which will further lift constraints to lending.

Refugee returns will be facilitated by USAID through the year with the repair of community-level infrastructure as well as provision of small income generation grants and loans to returnees.

In the fall of 2002, USAID entered into a contract for a new three-year activity that will address administrative obstacles to the rule of law at the municipal and cantonal levels, thereby providing crucial assistance in an area of reform otherwise neglected by the international community in BiH. Rule of law will also be strengthened in FY 2003 as ABA-CEELI continues to work on major reforms such as developing the bar, working with OHR on legal reforms and promoting legal advocacy.

In FY 2003, USAID plans to target resources towards assisting vulnerable segments of society. These efforts will be based on USAID's support in 2002 for a UNICEF-led assessment of children at risk in BiH. The assessment helped build the capacity of local partners in conducting participatory research with children and will be followed by a series of action plans to address the findings. USAID/BiH, through the International Organization for Migration (IOM) is providing support for safe houses that provide housing and medical care for trafficked women. The effort has assisted over 400 women to date.

In FY 2003, USAID will also continue to complement its three strategic objectives by sponsoring participant training for decision makers throughout the country. Previous training topics have ranged from international accounting standards to multiethnic governance to legislative drafting. The training strengthens the knowledge and skills of BiH professionals by offering an opportunity to examine U.S. models and approaches. Competitively selected participants are those with decision-making roles in their organizations who will have an immediate and substantial impact on effecting change in Bosnia and Herzegovina.

Other Program Elements: USAID/BiH currently manages or funds all of its ongoing programs.

Other Donors: The World Bank and European Union (EU) are the two largest donor institutions in BiH, with the U.S. being the largest bi-lateral donor. Other significant contributors include the German, Swedish, Dutch and Japanese governments, as well as the European Bank for Reconstruction and Development (ERBD). USAID works closely with the German, Swedish, and Dutch governments which support minority returns through housing reconstruction in areas when USAID funds infrastructure. USAID has worked closely with the World Bank in the water sector, and the EU has played a major role in reforming water laws and policies on the entity level. USAID also has close collaboration with other major donors in the World Bank Power III project. Partners in this project include the Spanish, Italians, Norwegians, Japanese, Canadians, and EBRD. On the economic front, USAID works closely with the European Commission, the World Bank, and the German assistance agency Society for Technical Cooperation (GTZ) in carrying out its activities. Rule of Law activities are coordinated closely with the Office of the High Representative (OHR).

**Bosnia and Herzegovina
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	79,924	65,005	50,000	44,000
Total Program Funds	79,924	65,005	50,000	44,000

STRATEGIC OBJECTIVE SUMMARY

168-0130 Economic Restructuring				
AEEB	10,667	18,297	10,158	13,207
168-0210 Multi-Ethnic Democratic Society				
AEEB	7,232	16,739	11,624	9,709
168-0310 Reduced Human Suffering and Crises Impact				
AEEB	41,455	0	0	0
168-0311 Minority Returns				
AEEB	1,054	11,783	8,273	3,184
TRANSFER				
AEEB	19,516	18,186	19,945	17,900

Mission Director,
Howard Sumka

Data Sheet

USAID Mission:	Bosnia and Herzegovina
Program Title:	Economic Restructuring
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	168-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,158,000 AEEB
Prior Year Unobligated:	\$14,465,000 AEEB
Proposed FY 2004 Obligation:	\$13,207,000 AEEB
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: USAID's program to accelerate development of the private sector includes: improved management of government expenditures through a transparent and efficient treasury function; a functioning competent commercial law regime that upholds the rule of law in business transactions and builds investor confidence; an accountable, transparent, and modern tax administration that streamlines compliance and reduces tax evasion; improved financial intermediation to entrepreneurs by commercial banks through identification of potentially profitable lending gaps and design and implementation of new products; strengthening of business advocacy groups' ability to improve the policy environment which will promote investment in BiH and increase public access to economic information affecting such policy debates.

Inputs, Outputs, Activities:

FY 2003 Program:

Fiscal policy (\$2,591,500 AEEB). USAID will use FY 2003 funds to advance an ongoing effort to modernize and strengthen all 10 Cantonal treasuries in the Federation of Bosnia-Herzegovina. This will further strengthen transparency and accountability in public finances, and enable improved budgeting processes. It will eventually produce a healthier fiscal balance. The principal contractor is Deloitte Touche Tohmatsu.

Financial sector development (\$550,000 AEEB). USAID will continue to fund the financial sector business advocacy activity, aimed at increasing financial intermediation through establishment of a group of senior banking leaders, who will work together to identify new market opportunities. The principal contractor is IBM/PriceWaterhouseCoopers.

Commercial law reform (\$6,600,000 AEEB). This major new activity to strengthen the commercial law regime will focus specifically on implementing of bankruptcy and collateral laws. It will aim to establish a sustainable commercial law training institute at which over 50 judges, 100 lawyers, and 200 trustees will be trained in liquidation and reorganization proceedings. The activity will provide those involved in bankruptcy proceedings with opportunities to work on actual pilot cases. The commercial law training institute will also train over 50 judges, 100 lawyers, and 50 appraisers in implementation of the collateral laws. Bankruptcy and collateral laws will be introduced as an integral part of law faculty curriculum in 3 universities. Participant training in activity areas will also be provided. USAID will select a new implementer for this effort.

Small and medium enterprise (SME) business support (\$417,000 AEEB). USAID will continue to work on business investment, targeting SME growth in the agribusiness, tourism and wood processing industries, and will use credit guarantees through the Development Credit Authority (DCA) to stimulate development of SMEs. In a country with 40% unemployment and a recent history of conflict, stimulating the development of SMEs is imperative to both economic growth and political stability. The principal implementers are Barents/Bearing Point, Center for International Private Enterprise (CIPE), Financial Sector Volunteer Corps (FSVC).

FY 2004 Program:

Business education (\$3,080,000 AEEB). USAID will work to improve business education and introduce modern management concepts in partnership with a western institution.

Financial sector development (\$5,550,000 AEEB). USAID intends to support development and regulation of the insurance industry and develop an environment for asset-based lending and a healthy foundation for domestic corporate debt markets. The effort to strengthen the commercial law regime will continue.

Small and medium enterprise (SME) business support (\$4,577,000 AEEB). USAID plans to continue and deepen support to SMEs through targeted assistance to sectors holding the potential for economic growth in BiH - agribusiness, wood processing and tourism. This will include further use of credit guarantees through DCA.

Performance and Results: USAID's work developing the private sector resulted in three significant results in 2002: 1) the establishment of a state-level deposit insurance agency; 2) growth in banking deposits of around 30% in both entities of BiH; 3) the implementation of new financial management systems in both entities that averted roughly \$27 million in unbudgeted commitments in the first eight months of operation.

The renewed confidence in the banking sector is particularly striking, as most Bosnian citizens lost their savings twice in the last two decades: once in the late 1980s when the socialist government seized hard currency accounts, then again during the recent war. Deposits have increased considerably, enabling greater lending. A recent positive development is that residents of the Republika Srpska (RS) are now increasingly depositing their savings in banks located in the Federation of Bosnia-Herzegovina. The establishment of a state-wide deposit insurance agency will build on that increase in citizen confidence, insuring all citizen deposits up to 5,000 KM (roughly \$2,500). A state-wide deposit insurance agency spreads the risk exposure and funding over a larger base, and offers RS banks a chance at deposit insurance that they could not have afforded on their own. All Bosnian banks must meet new deposit insurance criteria by August 2003, or lose their licenses, a provision which will further strengthen and consolidate the banking sector, again reinforcing citizen confidence.

The establishment of single treasury accounts for each entity and the state government has also greatly rationalized the budget process, improving the accountability for expenditure of public funds. Such "single window" treasury accounts prevent ministries from diverting funds to ghost employees or to favorite banks. The IMF has also praised the enormous improvement in reporting capability and the entities' capacity for production of auditable statistics now that new financial management systems have been introduced. These tools give the governments the ability to analyze their own spending, project shortfalls, and introduce a new level of transparency in the budget and expenditure systems. The establishment of single treasury accounts for each entity and the state government has also greatly rationalized the budget process, improving the accountability for expenditure of public funds.

Important future results of this program will be: 1) the establishment of a competent functioning commercial law regime; 2) transparent and streamlined budget formulation and execution in all 10 Cantons of the Federation; 3) a fully functional, transparent and accountable tax administration system that unites all three parts of BiH (Federation of Bosnia-Herzegovina, the Republika Srpska, and the Brcko District) into a single economic space; 4) increased availability of financial products appropriate to entrepreneurs; and 5) increased participation by business associations in the economic reform process.

US Financing in Thousands of Dollars

Bosnia and Herzegovina

168-0130 Economic Restructuring	AEEB
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	14,498
Expenditures	2,567
Through September 30, 2002	
Obligations	14,498
Expenditures	2,567
Unliquidated	11,931
Prior Year Unobligated Funds	
Obligations	14,465
Planned Fiscal Year 2003 NOA	
Obligations	10,158
Total Planned Fiscal Year 2003	
Obligations	24,623
Proposed Fiscal Year 2004 NOA	
Obligations	13,207
Future Obligations	0
Est. Total Cost	52,328

Data Sheet

USAID Mission:	Bosnia and Herzegovina
Program Title:	Multi-Ethnic Democratic Society
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	168-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$11,624,000 AEEB
Prior Year Unobligated:	\$9,466,000 AEEB
Proposed FY 2004 Obligation:	\$9,709,000 AEEB
Year of Initial Obligation:	2000
Estimated Completion Date:	2007

Summary: This Strategic Objective focuses on three intermediate results: 1) Increased citizen participation in political and social decision making; 2) Strengthened legal systems that promote increased access to justice; and 3) More responsive, transparent and accountable governance. The Mission's democracy portfolio has moved from a macro-level focus to a focus on the local level where changes can be effected that improve the life of the average citizen and offer them greater opportunities for participation and control over the direction their country takes.

Inputs, Outputs, Activities:

FY 2003 Program:

Legal systems (\$2,071,000 AEEB). Emphasis is placed on activities promoting greater transparency in legal institutions, improved court and prosecutor management and administrative capacities, the professionalization of lawyers, judges and administrative personnel, an independent judiciary and the creation of an effective demand for justice by citizens. This program will be expanded in FY 2003. A component also has been added to provide support for State Court operations and administration. Other donors are also active in this sector, but unfortunately poorly coordinated and with few active projects. Principle implementers are ABA/CEELI and the Center for Institutional Reform and the Informal Sector (IRIS).

Political processes (\$2,043,000 AEEB). A cooperative agreement with the National Democratic Institute (NDI) provides technical assistance and training to Bosnian political parties, and the Entity and State legislatures. A cooperative agreement with the International Foundation for Election Systems (IFES) focusing on electoral administration and training for election officials requires no additional funding. The next phase of assistance to strengthen political processes will continue the work of NDI at a reduced level. To promote more fact-based public policy debate, USAID will award a new grant mechanism to support NGOs that can undertake public policy analysis and advocate independent positions on major issues based on objective criteria. Implementers to be determined in second quarter of FY03.

Citizen participation (\$3,600,000 AEEB). USAID's program develops and nurtures a core group of NGOs capable of leading sector and social reform. USAID targets four major sectors of activity, including democracy and human rights, rule of law, economic development, and social safety nets. The Independent Media Program helps develop a more politically secure and sounder financial base that will allow the consolidation of the media sector in a free market economy and democratic society. A new activity, implementer to be determined, will provide more focused assistance on business sustainability for print and broadcast media organizations and enhance investigative journalism to expose corruption. These activities will comprise our exit strategy from the media sector. The principal implementer is the International Research and Exchanges Board (IREX).

Local governance (\$3,910,000 AEEB). USAID is promoting efficient, transparent local governance in Central Bosnia through an approach which improves services from local governments and strengthens business and homeowner associations. A second local government initiative, the Local Government

Support Activity, began in September 2002. It will allow seven municipal governments in Northern Bosnia (including Brcko District) to dramatically improve their service provision. The principal implementers are the Cooperative Housing Foundation (CHF) and PADCO, Inc.

FY 2004 Program:

Rule of law (\$2,737,000 AEEB). USAID plans to continue support to rule of law and justice sector reform in FY 2004 with added emphasis on the courts. Implementers to be determined.

Governance (\$2,111,000 AEEB). USAID will address issues pertaining to municipal elections in Bosnia-Herzegovina, with particular focus on deemphasizing ethnic divisions and towards greater emphasis on substantive local governance issues. In addition, a main challenge in FY 2004 will be disseminating best practices from its two targeted local governance activities to the nation's 150 municipal governments. Implementers to be determined

Civil society (\$2,352,000 AEEB). USAID plans to continue support to civil society groups in FY 2004, with particular emphasis on direct grants to indigenous organizations that have demonstrated the capacity to be viable NGOs providing advocacy, social services, or other forms of support to citizens. USAID will continue to provide support throughout BiH to members of the independent broadcast and print media that have demonstrated the capacity to be viable and independent sources of news and programming. In addition, USAID will continue to support the establishment of indigenous institutions responsible for enforcing balanced policy objectives related to the media sector. Implementers to be determined.

Political Processes (\$1,760,000 AEEB). USAID will continue to assist in the development of a more competitive and inclusive political process through support to political parties oriented towards democratic principles. USAID will assist political parties and parliamentary bodies in their efforts to reach out to a wider constituent base and to provide more effective representation. USAID will address issues pertaining to municipal elections in BiH, with particular focus on steering municipal politics away from ethnic issues and toward substantive local governance issues.

Children at risk (\$749,000 AEEB). USAID helped fund an assessment conducted by UNICEF of BiH's most vulnerable children and the capacity of the government and society to meet their needs. USAID plans to continue its involvement by helping to design and implement action plans based on the results of the assessment.

Performance and Results: USAID support will increase access to independent sources of information by strengthening the profitability and sustainability of print and broadcast media. A strengthened media sector will help increase the accountability of politicians and institutions between elections through use of investigative reporting that highlights problematic conduct. Access to justice will be strengthened through the increased efficiency and professionalism of judicial and administrative decision making processes. Lawyers, judges, and prosecutors will be better equipped to provide fair and just solutions to legal problems. Political processes will be made more representative, through USAID-sponsored work with political parties and legislatures. Parties will be given tools to respond better to citizens and their own membership. Grassroots input into the political process will be strengthened with technical and material assistance provided to NGOs in Bosnia-Herzegovina. NGOs and civil society organizations will gain increased credibility and stature through their advocacy and service delivery activities. Municipal governments in Bosnia-Herzegovina will be better able to serve their citizens through increased efficiencies in service delivery. Local governments will be better able to attract and keep businesses and jobs. Municipal governments will be better able to engage in long-term financial planning, and will be able to better access credit markets.

US Financing in Thousands of Dollars

Bosnia and Herzegovina

168-0210 Multi-Ethnic Democratic Society	AEEB
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	15,739
Expenditures	3,757
Through September 30, 2002	
Obligations	15,739
Expenditures	3,757
Unliquidated	11,982
Prior Year Unobligated Funds	
Obligations	9,466
Planned Fiscal Year 2003 NOA	
Obligations	11,624
Total Planned Fiscal Year 2003	
Obligations	21,090
Proposed Fiscal Year 2004 NOA	
Obligations	9,709
Future Obligations	0
Est. Total Cost	46,538

Data Sheet

USAID Mission:	Bosnia and Herzegovina
Program Title:	Minority Returns
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	168-0311
Status:	Continuing
Proposed FY 2003 Obligation:	\$8,273,000 AEEB
Prior Year Unobligated:	\$844,000 AEEB
Proposed FY 2004 Obligation:	\$3,184,000 AEEB
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's program assists minority returnees and displaced persons return to their homes, thus reestablishing multi-ethnic society. The program focuses on access to basic utilities and services, improving economic self-sufficiency, and institutional strengthening of power and water sectors for the continued delivery of basic services.

Inputs, Outputs, Activities:

FY 2003 Program:

Access to basic services (\$2,513,000 AEEB). USAID will use FY 2003 funds to benefit 4,000 households of returning minorities, currently residing in the Federal Republic of Yugoslavia, to their communities through the provision of basic services such as water and electricity, schools, health clinics and transportation services (streets, small roads, and bridges). USAID will continue leveraging its resources by entering into partnerships with other donors, or local authorities who will provide funds for housing reconstruction. Parsons of Delaware is USAID's prime contractor. Infrastructure activities will also be implemented through assistance grants with International Rescue Committee, American Refugee Committee, Catholic Relief Services, World Vision, Mercy Corp, International Orthodox Christian Charities and local contractors.

Improving economic self-sufficiency (\$5,760,000 AEEB). Strengthening economic activities in returnee communities ensures the sustainability of those who have returned. In order for these returnees to prosper and stay in their communities, USAID will support approximately 2,000 small income generation grants and 350 loans to individuals, community groups, businesses, and legal aid services, as well as linkages between producers and internal and external markets. Support will be carried out through three micro-credit providers: United Methodist Committee on Relief, American Refugee Committee and Women for Women.

FY 2004 Program:

Improving Economic Self-Sufficiency (\$3,184,200 AEEB). In FY 2004, USAID will focus on the economic sustainability of the minority returnees through the micro-credit grants and loans program. USAID will no longer provide funds for reconstruction of basic infrastructure. USAID anticipates the continued involvement of key partners including United Methodist Committee on Relief, American Refugee Committee, International Rescue Committee and local contractors.

Performance and Results: USAID's support for minority returnees is leading to higher numbers of sustainable returns. By program completion, USAID will have provided 115,000 minority returnees with the basic services necessary to reestablish life in their communities. Of those who have returned, 70% will be able to support themselves economically. This is expected to diminish the support for and strength of hard-line nationalist parties and re-establish a more representative society. USAID is on track toward achieving these goals having already provided 650 income generation loans, including social loans which require no or partial repayment, and micro loans for minority business owners seeking to re-start or expand their businesses. These loans are providing returnees with the means to achieve economic self-

sufficiency. In addition, in FY 2002, USAID restored electricity to 14,800 minority returnees, potable water to 10,112 minority returnees and reconstructed schools enabling 2,400 new students to attend classes. USAID foresees the completion of all returnee assistance by the end of FY 2005.

US Financing in Thousands of Dollars

Bosnia and Herzegovina

168-0311 Minority Returns	AEEB
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	7,494
Expenditures	616
Through September 30, 2002	
Obligations	7,494
Expenditures	616
Unliquidated	6,878
Prior Year Unobligated Funds	
Obligations	844
Planned Fiscal Year 2003 NOA	
Obligations	8,273
Total Planned Fiscal Year 2003	
Obligations	9,117
Proposed Fiscal Year 2004 NOA	
Obligations	3,184
Future Obligations	0
Est. Total Cost	19,795

Bulgaria

The Development Challenge: The transition from communism has been slow and troubled in Bulgaria. Despite the exceptional progress of the past five years, the country remains very poor by any European standard. Macroeconomic stability and democratic politics have not transformed yet into tangible economic and social improvements. Bulgarians are frustrated and angered by the influence of organized crime and endemic corruption. In a nut shell, democracy and market economy in Bulgaria are stuck in their adolescence.

The invitation to join NATO extended to the country on November 21, 2002 and the Roadmap for EU accession released by the Union in December are the two key events that will shape the development environment in the next 4-5 years. Acting already as a "de facto ally", Bulgaria becomes even more important as an anchor of stability in the region and as a development model for its neighbors. By virtue of its geographic position the country has an important role in preventing gray arms transfers, supporting the war on terrorism, and in countering significant international criminal activities including trafficking in people, drugs and weapons. The growing international importance of Bulgaria to U.S. national interests makes it crucial for them to address development constraints while proving the country as a reliable NATO partner.

Within this international context, several alarming political trends have characterized Bulgaria for the past two years: a growing gap between popular expectations and the political elite's agenda, plunging trust in the public institutions, and general disengagement from public life. In addition to this mounting political apathy, the ruling majority is further troubled by internal disagreement and poor coordination among the state institutions. Major deficiencies in enforcing the rule of law exacerbate this plummeting public trust in the state institutions. The Bulgarian judiciary remains weak, poorly administered, under-funded, and low in morale. Crime and corruption continue to be major problems, with excessive discretionary power at all levels, over-bureaucratized and ineffective administrative systems, legislative gaps, weak law enforcement, and insufficiently developed oversight mechanisms. With regard to local governance, the significant policy advances in fiscal decentralization made during the past year remain to be translated into specific legislative measures and state budgets. While the Bulgarian Government remains committed to the reform, the pace is still slow. The upcoming municipal elections in late 2003 may further delay the process.

In economic terms, Bulgaria has managed to sustain solid macroeconomic performance and sound fiscal policies. Bulgaria has enjoyed sustained 4% average real GDP growth for five consecutive years. Annual cumulative inflation declined from 579% in 1997 to 2.5% as of November 2002. Despite these favorable macroeconomic trends, overall annual economic growth for 1990-2000 is still negative. Foreign direct investment in FY 2002 was disappointingly low, marking a 37% decrease relative to the same period in FY 2001. Though improving, the overall business climate is hindered by frequent changes in the legislative framework, excessive regulation, poor contract enforcement, lack of transparency, and other administrative barriers. Access to credit for the private sector, especially SMEs, is still low; and the capital market underdeveloped. On the external market, the economy's competitiveness remains relatively low, regardless of the EU's decision to recognize Bulgaria as a functioning market economy, albeit with reservations. While second stage economic reforms continue, the restructuring of key large-scale industries remains incomplete.

With a minimum monthly wage of \$50, an average working salary of \$134, and an average pension of \$50, Bulgaria has the lowest income level in Central and Eastern Europe. Although poverty has slightly decreased in the past years, GDP per capita is only one-half the Central European average and merely one-fourth of the EU average. Unemployment, officially estimated at 17%, is among the highest of all transition countries, with long-term joblessness accounting for 60% of the registered unemployed. Every third unemployed is a young person and every fifth is aged over fifty. This dramatic deterioration of the living standards has disproportionately affected certain vulnerable groups like the elderly, children, minorities, and women, while the existing social assistance system has failed to adequately respond to

their needs. Regional disparities are growing and the demographic decline exacerbating, as a result of declining birth rates, rising mortality, and continuing emigration.

National security is the overriding U.S. national interest in Bulgaria, embodied in the goals of counterterrorism, regional stability, international crime and drugs, economic prosperity and security, and democracy and human rights.

The USAID Program: Members of United States government agencies conducted a review of the USG assistance program to Bulgaria in Washington on December 12-13, 2002. The interagency group agreed upon assistance priorities, time frame and funding levels for SEED programs. It was agreed that Bulgaria would graduate from the SEED assistance in 2007, with the last year of funding in FY 2006, in expectation that Bulgaria will achieve its development goals and be invited to join the European Union then. The interagency group concluded that steady SEED assistance through FY 2006 (\$28 million/year) could raise Bulgaria's ability to sustain reforms and overcome pervasive corruption and serious gaps in law enforcement. The U.S. government's top priorities include: (1) rule of law, crime and anti-corruption; (2) economic growth and job creation; and (3) strengthening local government. Assistance in these areas is important to U.S. interests and will be tightly conditioned in order to further speed the pace of the reforms and guarantee the Government of Bulgaria's support. Selected lower priority programs like pension and health reforms will continue to preserve the investment to date. Modest assistance to disadvantaged minorities will be provided as well. USAID/Bulgaria is working on its recommendations for a graduation strategy that will restructure and re-package current activities and will consider the launching of new ones to address the agreed upon priorities. The document will be ready for review and approval in the spring of 2003. Meanwhile, the Mission is already reshaping its program to address the three top priorities, as defined during the December review. The Program Data Sheets follow the structure of the current strategic document and cover the seven strategic objectives for which USAID is requesting FY 2003 and FY 2004 funds. Nevertheless, the funding levels of the specific program categories address the newly defined and agreed upon USG assistance priorities in Bulgaria.

In FY2003 and FY2004, USAID will address deficiencies in the rule of law area by continuing its efforts to modernize the Bulgarian court administration, improve the professionalism of the judiciary, and increase the transparency of the public administration through enhancing the internal controls and investigative capacity within the central government. The Mission will seek to improve the Bulgarian business climate, boost economic growth, and contribute to job creation by improving the legal/regulatory environment, enhancing the competitiveness of priority industry clusters, facilitating trade, providing access to credit, and supporting public-private dialogue on strategies for private enterprise growth, leading to job creation and improved living standards in the country. USAID will launch a new program in FY 2003 that will assist the establishment of a sound energy legal framework and regulatory system. Recognizing the importance of fiscal and administrative decentralization, USAID will promote the adoption of a favorable framework providing local governments with the authority to match responsibilities. The Mission will also assist in the establishment of financial tools, resources and practices for the creation of a sound municipal finance base, while continuing to build the capacity of local administrations. To mitigate the adverse social impact of transition, the Mission will continue to support crucial reforms in the areas of labor market efficiency, healthcare financing, pension reform, and inclusion of vulnerable groups. FY2003 funds will be used to implement ongoing programs in rule of law, economic and democratic development, local government, environment and social sector as described in the FY2003 Congressional Budget Justification but under a different SO structure. USAID also intends to use FY2003 funds to carry out certain new activities in response to changing circumstances.

Other Program Elements: In addition to the resources requested in the Program Data Sheets the country will benefit from two programs managed by the EGAT Bureau. First, Bulgarian experts will participate in 10 long-term academic and four short-term programs in U.S. universities and over 100 trainees will attend short-term in-country trainings under the Eastern and Central Europe Scholarship Program. Second, the work under the Rule of Law Assessment program managed by the DCHA Bureau will help the Mission to fine tune its rule of law portfolio to better address the needs of the country. Representatives from Bulgaria will also participate in several E&E managed initiatives: the Regional Infrastructure Program for Water and Transportation; the Energy Regulators Regional Association; Balkan

Regional Electricity Markets; E&E Environmental Partnerships, to mention some of them. In addition, Bulgaria will be actively involved in a number of regional initiatives. The American University in Bulgaria continues to receive USG support.

Other Donors: The EU is the largest multilateral donor, offering nearly \$300 million per year for assistance via three pre-accession instruments: PHARE (institutions building, regulatory infrastructure development, and economic/social cohesion), SAPARD (agricultural and rural development), and ISPA (environment and transport infrastructure). The EU Accession Roadmap proposed this year envisions progressive increase in assistance towards 2006. Given that increased funding is subject to the country's absorptive capacity, Bulgaria might not be able to take full advantage of this opportunity. World Bank assistance to Bulgaria has been set at \$750 million for 2002 - 2005. It is expected that the first Program Adjustment Loan (PAL 1) will be approved in 2003, aimed to advance the structural, regulatory and institutional reform in the real sector. UNDP centers its Country Cooperation Framework on good governance, job creation, information technology, and environmental protection.

USAID is among the leading bilateral donors in Bulgaria, co-chairing the GOB-established donor coordination group on business environment. The Mission participates in all other topical working groups. Other major bilateral donors include the Swiss Government (natural resources management, social services, SMEs); Dutch Government (agriculture, industry and technology, energy and environment, transport and infrastructure, civil society); German Government (agriculture, SMEs); Japanese Government (infrastructure development), and the British Know-How Fund (public sector, civil society, financial markets, social welfare). While most bilateral donors have not officially tied their support to Bulgaria's EU accession date, their timing and priorities are in line with the major accession requirements.

**Bulgaria
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	35,123	34,100	28,000	28,000
Total Program Funds	35,123	34,100	28,000	28,000

STRATEGIC OBJECTIVE SUMMARY

183-0130 Private Sector Development				
AEEB	5,675	7,575	7,500	7,430
183-0140 Financial Sector Development				
AEEB	9,123	5,100	2,960	2,950
183-0210 Vibrant Civil Society				
AEEB	5,230	3,700	3,750	4,000
183-0220 Rule of Law				
AEEB	2,315	4,000	3,200	3,500
183-0230 Local Gov't Strengthening & Municipal Development				
AEEB	4,255	3,675	3,100	2,950
183-0410 Special Initiatives				
AEEB	1,950	2,520	620	300
183-0420 Cross-Cutting Programs				
AEEB	3,150	3,325	1,700	1,700
TRANSFER				
AEEB	3,425	4,205	5,170	5,170

Mission Director,
Debra McFarland

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Private Sector Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	183-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,500,000 AEEB
Prior Year Unobligated:	\$943,000 AEEB
Proposed FY 2004 Obligation:	\$7,430,000 AEEB
Year of Initial Obligation:	1992
Estimated Completion Date:	2007

Summary: USAID assistance focuses on the development of an improved business climate that attracts foreign investment, nurtures a vibrant private sector that creates jobs, and enhances Bulgaria's potential for international trade, thus enabling the country to achieve competitiveness and global market integration. Activities include policy and advocacy strengthening, technical assistance to SME and private enterprises in competitive industry sectors, financial intermediation, trade capacity building, microfinance, and credit guarantee.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved Access to Credit (\$1,700,000 AEEB). USAID/Bulgaria will develop and negotiate a custom designed Agriculture Development Credit Authority (Loan Portfolio Guarantee) program for credit and investment facilitation in the agricultural sector. Another key assistance element of the guarantee facility will be the provision of technical assistance for business plan preparation and cash flow analyses in support of potential borrowers. In addition, USAID will continue the delivery of micro-lending services to micro and small entrepreneurs in an effort to reduce poverty, create new jobs, and increase income generation for self-employed people. Principal contractors/grantees are Opportunity International (prime) and Catholic Relief Services (prime).

Private Enterprises More Competitive (\$3,600,000 AEEB). Firm level assistance will be directed at promoting export growth, job creation, and increased competitiveness in targeted industry sectors such as Agriculture, Light Manufacturing, Information Technologies, and Tourism. Through technical assistance and business planning, USAID/Bulgaria will place a strong emphasis on SME and private sector development by pursuing follow-on activities especially related to trade capacity building, employment growth, and investment. Activities will also include a market-based approach that addresses areas of key importance for enhancing business competitiveness and improved economic performance. A coordinated set of targeted assistance will be designed to enable businesses to prosper, jobs to expand, incomes to rise, and quality of life to improve. Expert assistance will be focused towards export promotion, implementing international quality standards, improving marketing and production efficiency, increasing access to short-term and investment credit, and facilitation of joint ventures with Western companies. In addition, USAID/Bulgaria will continue its country specific competitiveness initiative and implementing its policy reform project. Assistance will be provided to improve the legal and regulatory environment by streamlining the existing business laws and regulations, strengthening the advocacy role of Bulgarian associations. These efforts will improve the business environment and create favorable climate for job creation and investment. Through targeted assistance to the trade unions in Bulgaria, USAID will continue support the tripartite dialogue in the country thus contributing to the efficiency of the labor market and increased employment. Prime contractors/grantees are the International Executive Service Corps, the University of Delaware, ACDI/VOCA, Management Systems International, and ACILS (all primes).

Improved Legal and Regulatory Environment (\$2,200,000 AEEB). Two new activities will be launched to address major barriers, which the current legal and regulatory framework poses. The Mission will

undertake an expanded and more focused effort in the area of commercial law and regulatory reform, coupled with efforts to improve the Government's capacity to analyze policy options. Through technical assistance support will be provided to simplify registration and licensing requirements, both to lower unnecessary costs and also to reduce the opportunities for corruption. Further, another priority will be to enhance enforcement of contracts by reducing or eliminating opportunities for delay and blocking of cases, and by introducing the alternative dispute resolution. In the energy sector, USAID will initiate an activity that will assist the establishment of a sound energy legal framework and regulatory system. This system will be capable of enforcing and implementing market based tariffs, accounting practices and all related regulatory functions. Two new primes will be selected.

These activities were notified in the FY 2003 CBJ but under a different SO structure based on the assumption that a revised strategy would have been operational by FY 2003. However, the Mission continues to operate under the strategy approved in 1998.

FY 2004 Program:

Improved Access to Credit (\$2,330,000 AEEB). USAID will expand its micro-lending activities to increase incomes, create new jobs, and expand business opportunities throughout the country. The Agriculture loan guarantee program will continue to deliver critical technical assistance in business plan preparation and industry analyses.

Private Enterprises More Competitive (\$3,200,000 AEEB). USAID/Bulgaria will uphold its private sector development efforts and will streamline the delivery of technical assistance to SMEs and competitive industry sectors. Additionally, various programs will emphasize trade capacity building, job creation, export promotion, and investment facilitation.

Improved Legal and Regulatory Environment (\$1,900,000 AEEB). Activities in this area will focus on improving the scope and effectiveness of commercial law in general, as well as the legal and regulatory environment for the energy sector. Initiatives will be focused on enhanced contract enforcement, improved government capacity to analyze policy options and related laws and regulations, streamlined business advocacy, and transparent and effective legal policies to prevent corruption.

Performance and Results: USAID assistance has improved target businesses capacity for market-oriented product development, increased productivity and management skills, improved market information and access to foreign markets, business planning skills, and financial management. A large number of USAID-assisted companies are now generating employment in disadvantaged and poor regions, and more than half of the targeted firms are either woman-owned or woman-managed. Some direct results of USAID assistance are reflected in a 15.3% increase in exports of assisted companies, and in established business linkages worth more than \$15 million. Micro-finance activities continued to expand and address the credit needs of small entrepreneurs, which has been one of the major constraints to economic growth and employment in Bulgaria. USAID's economic policy reform project has: (i) worked with several key economic agencies and departments on organizational change and management designed to help such institutions to better achieve economic objectives, and (ii) provided training in strategic communication skills to the press relations corps of all Ministries, the Council of Ministers, as well as to individual departments. The USAID-supported program is now actively advising the newly created Council for Economic Growth - the primary forum for public-private policy dialogue and competitiveness. The policy reform program has also nurtured cluster development in Bulgaria's IT sector, by helping key private players create a strategic plan for the sector's growth. Through ABE/CEELI programs, USAID helped establish the institutional structure for Alternative Dispute Resolution with the Labor Conciliation Institute, which provides mediation services for labor disputes.

By helping private enterprises and improved business development in the country, USAID economic programs seek to create a more favorable environment in Bulgaria that is conducive to private sector growth. The ultimate objective of USAID assistance will be to help create more jobs, increased sales, trade, and investments that, in due course, will lead to greater prosperity of Bulgaria and encourage global market integration.

US Financing in Thousands of Dollars

Bulgaria

183-0130 Private Sector Development	AEEB	DA	DCA	ESF
Through September 30, 2001				
Obligations	65,493	4,620	0	2,120
Expenditures	58,380	4,586	0	2,056
Unliquidated	7,113	34	0	64
Fiscal Year 2002				
Obligations	7,488	0	202	0
Expenditures	6,327	12	0	0
Through September 30, 2002				
Obligations	72,981	4,620	202	2,120
Expenditures	64,707	4,598	0	2,056
Unliquidated	8,274	22	202	64
Prior Year Unobligated Funds				
Obligations	943	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	7,500	0	0	0
Total Planned Fiscal Year 2003				
Obligations	8,443	0	0	0
Proposed Fiscal Year 2004 NOA				
Obligations	7,430	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	88,854	4,620	202	2,120

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Financial Sector Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	183-0140
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,960,000 AEEB
Prior Year Unobligated:	\$237,000 AEEB
Proposed FY 2004 Obligation:	\$2,950,000 AEEB
Year of Initial Obligation:	1997
Estimated Completion Date:	2007

Summary: This program seeks to develop a more competitive and market-responsive financial sector in Bulgaria. Support for banking reform strengthens banking operations, prevents future crises, and establishes procedures for the supervision of banking operations. USAID also supports key pension and health care financing reforms necessary to reduce public financing and to provide an adequate social security system for pensioners and the general public. Financial sector stability and public confidence in the system create the basis for economic growth and political stability.

Inputs, Outputs, Activities:

FY 2003 Program:

Financial sector transparency and accountability (\$1,060,000 AEEB). In FY2002, USAID will focus on institutionalizing new bank reporting requirements to meet the newly adopted International Accounting Standards. Analytical skills of onsite and off-site banking supervisors will be developed based on the new standards. These standards also require revision of internal processes that reflect improved data availability, including development of evaluation ratios, the revision of supervision manuals, and the update of the early warning system to detect negative trends within a particular bank. The deposit insurance activity will develop the Deposit Insurance Fund's oversight of trustees of failed banks, a responsibility recently added to the Fund by the Bank Insolvency Act. USAID will provide support to privatize the last remaining State-owned bank, thus successfully concluding the bank privatization effort. USAID also will provide technical assistance to the Ministry of Transport which is in the process of granting concessions at the Varna and Burgas airports. In addition, USAID will continue to support the institutional strengthening of the International Banking Institute, to build a generation of bankers better prepared to manage banks and originate credit. Principal contractor/grantee is: Barents Group of Bearing Point (prime).

Labor market efficiency and pension reform (\$1,100,000 AEEB). USAID will assist the Ministry of Labor implement new legislation, strengthen pension system regulations and improve the investment regimes and custodial banking provisions. At the request of the Ministry, USAID will expand the public education campaign to inform Bulgarians about their rights and obligations under the new pension systems, as well as to educate employers on their payment obligations. USAID's pension reform program will provide assistance to the Ministry to improve pension contribution collections. The labor market program component will develop analytical tools necessary to design sound policies for labor markets, unemployment, and related social assistance. Assistance will be provided to the National Social Security Institute to design new computerized processes that enable nationwide registration of labor contracts to ensure social contribution payments. Principal contractor/grantee is: Carana Corporation (prime).

Health finance and reform (\$800,000 AEEB). USAID will provide technical assistance to (a) health policymakers to achieve a cohesive mechanism for financing health services; (b) the National Health Insurance Fund and the Ministry of Health, in defining and costing services covered under the compulsory health insurance, to ensure financial responsibility; and (c) the Ministry of Health to increase effectiveness of inpatient health care, emphasizing accessibility, timeliness, and quality. Technical assistance will seek

to broaden public understanding of health sector reforms. USAID will assist the Parliamentary Health Commission, National Health Insurance Fund, and Ministry of Health to institutionalize National Health Accounts based on the OECD method for estimating total health expenditure and revenues. USAID will provide legal advice to the Ministry to enhance existing laws that affect the financing and provision of health care services, furthering the development of compulsory and voluntary insurance programs. Principal contractor/grantee is: Barents Group (prime).

FY 2004 Program:

Financial sector transparency and accountability (\$950,000 AEEB). The FY 2004 focus will be strengthening the bank supervision capacity of the Central Bank and furthering development of the Deposit Insurance Fund's oversight of trustees of failed banks. USAID may provide limited support to the International Banking Institute for training of the new generation of Bulgarian bankers. In non-bank privatization, continued assistance will be provided to the Ministry of Transport to finalize the concessions at the Varna and Burgas airports.

Labor market efficiency and pension reform (\$1,100,000 AEEB). Work in FY 2004 will focus on the consolidation of pension reform. USAID will continue to strengthen the pension regulator and the National Social Insurance Institute's capacity to enforce payment of social contributions. Assistance to improve the Ministry of Labor's analytical and monitoring skills will continue.

Health finance and reform (\$900,000 AEEB). In FY 2004, the Health Project will continue to focus on implementing new improved, health care-financing mechanisms, particularly in the hospital sector, and on improving the efficiency of the inpatient care sector.

Performance and Results: USAID assisted with concluding one more bank privatization. USAID was instrumental in improving the banking regulatory process and in strengthening the capacity of Bulgarian bankers. With USAID support, a new Bank Insolvency Act was passed. Under USAID leadership, comprehensive amendments to the Law on the Public Offering of Securities were passed by Parliament. A Corporate Governance Manual based on the OECD corporate governance principles was created and distributed to 360 public companies. USAID advisors developed and installed an on-line, real-time capital market surveillance system for the Bulgarian National Securities Commission. Also, amendments to the Social Code were presented to Parliament, to improve the security of the pension savings of the population and harmonize pension legislation. With USAID assistance, the legal framework for voluntary health insurance has been created. The Health project has designed a comprehensive communication strategy, under which a National Health Clearing House was established.

These activities will result in a more competitive and market-responsive private financial sector, which will stimulate Bulgaria's economic growth. Banking operations will improve and consumer confidence will grow yielding increased deposits. The potential for future banking crises, frauds and financial crimes will be greatly reduced. Public costs of providing pensions and health care will be reduced and Bulgarian citizens will benefit with more stable and secure social protection. Financial sector stability and public confidence in the system serve as the basis for economic growth and will be conducive to political stability.

US Financing in Thousands of Dollars

Bulgaria

	AEEB	ESF
183-0140 Financial Sector Development		
Through September 30, 2001		
Obligations	42,511	1,656
Expenditures	31,052	1,654
Unliquidated	11,459	2
Fiscal Year 2002		
Obligations	5,439	0
Expenditures	9,521	0
Through September 30, 2002		
Obligations	47,950	1,656
Expenditures	40,573	1,654
Unliquidated	7,377	2
Prior Year Unobligated Funds		
Obligations	237	0
Planned Fiscal Year 2003 NOA		
Obligations	2,960	0
Total Planned Fiscal Year 2003		
Obligations	3,197	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,950	0
Future Obligations	0	0
Est. Total Cost	54,097	1,656

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Vibrant Civil Society
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	183-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,750,000 AEEB
Prior Year Unobligated:	\$1,105,000 AEEB
Proposed FY 2004 Obligation:	\$4,000,000 AEEB
Year of Initial Obligation:	1992
Estimated Completion Date:	2007

Summary: USAID seeks a broad-based, representative, pluralistic, and democratic political culture in Bulgaria through supporting anti-corruption and ethnic integration efforts; strengthening non-governmental organizations (NGOs); and promoting transparent legislative processes and viable independent media. Activities include: technical assistance to introduce anti-corruption practices; community funds and social enterprise NGO development; ethnic integration initiatives; media training on reform issues; and targeted Parliamentary assistance activities.

Inputs, Outputs, Activities:

FY 2003 Program:

Anti-corruption program (\$2,250,000 AEEB). Within the Open Government Initiative, USAID will 1) support the GOB Anti-Corruption Commission, National Audit Office, Public Procurement Directorate, Public Internal Financial Control Agency, and two pilot ministries to improve their internal controls, 2) introduce anti-corruption practices, and 3) enhance transparency of the government procurement process. Thirteen NGO projects will be implemented in the area of anti-corruption, consisting of public awareness, advocacy, monitoring, and civil investigations of corruption allegations. Principal contractors/grantees are: DPK Consulting (prime) and Coalition 2000 (sub).

Conflict prevention/ethnic integration (\$600,000 AEEB). Forty-two community development projects to improve economic, educational and social opportunities for the Roma minority will be implemented in three targeted locations. They will create more than 100 new jobs for unemployed Roma and engage more than 1600 children in activities, thereby preventing school drop-outs. GOB will be assisted in development of an ethnic integration program. Principal contractor/grantee is: Partners-Bulgaria (prime).

Community funds and social enterprises (\$600,000 AEEB). The newly-founded community funds will receive training to mobilize local resources. Twenty-three social service NGOs will acquire training and technical assistance to develop social enterprises. Principal contractor/grantee is: Counterpart International (prime).

Advocacy and public awareness through media (\$200,000 AEEB). In FY 2003, USAID will concentrate on advocacy and public awareness activities for the inclusion of vulnerable groups into society in the areas of rule of law, decentralization of government, anti-corruption, increased effectiveness of the legislature, and resolution of ethnic tensions. Over 150 journalists will be trained in the USAID-supported Broadcast Training Center and on-site in seven regions of the country. The implementation of the anti-terrorism and anti-corruption investigative journalism fellowship programs will continue. Principal contractor/grantee is: IREX (prime).

Transparent political processes (\$100,000 AEEB). USAID will continue to fund the Parliamentary Internship Program to support legislative research for the Parliament.

FY 2004 Program:

Anti-corruption program (\$2,250,000 AEEB). USAID will continue ongoing efforts to improve accountability and transparency. On the NGO side, USAID will support (a) policy reform, public awareness, and corruption monitoring activities of Coalition 2000 and (b) grassroots anti-corruption activities of 13 local NGOs.

Ethnic integration (\$850,000 AEEB). The ethnic integration program may expand to new towns with significant minority populations to address economic, education, and social issues of the Roma minority. The GOB ethnic integration program design will be completed.

Community funds and social enterprises (\$600,000 AEEB). The Community Fund program will continue to receive training and technical assistance to address sustainability issues, by attracting more local resources. It may be expanded to more municipalities. Social service NGOs will receive grants to implement their business plans.

Transparent political processes (\$150,000 AEEB). USAID will continue to fund activities which enhance the transparency of the political process, including the Parliament.

Advocacy and public awareness through media (\$150,000 AEEB). USAID plans to continue advocacy and public awareness efforts to improve inclusion of vulnerable groups into society.

Performance and Results: As a result of the anti-corruption awareness campaign of the USAID-supported Coalition 2000, the Bulgarian public decreased its tolerance for corrupt practices. The fight against corruption became a priority issue for the political leadership and a Government Anti-Corruption Commission was established. USAID assistance has increased the capacity of 13 leading NGOs to provide technical and financial assistance to the civil society sector. In 2002, USAID addressed donor dependency of the NGO sector by establishing three community funds to engage the private sector, local government, and citizens. The program provided assistance to 23 social services NGOs to develop businesses that advanced the goals of these NGOs. USAID helped achieve important legal changes such as tax amendments to decrease tax burdens on NGOs and to stimulate donations. Fact-based, professionally-produced TV reporting has emerged in Bulgaria as a direct result of the USAID-funded Broadcast Training Center. Under the Ethnic Integration program, 17 projects were completed, and 42 more initiated to address social, educational, and economic problems of the Roma minority in three pilot cities with large Roma populations. The program established 2 multi-ethnic Conciliation Commissions to resolve local issues. Legislative assistance in 2002 resulted in support for the newly elected Parliament through a members' orientation conference, the publication of a parliamentary handbook, and training of the administration. The Parliamentary Internship Program gained recognition from new members of Parliament and committee chairs for the high quality of its legislative research assistance.

By the end of its program, USAID expects to see increased tolerance, employment, and school attendance of ethnic minorities in key locations with significant minority populations. A comprehensive ethnic integration program will have been implemented. A network of sustainable Community Funds programs will have been established. Social service NGOs will be providing sustainable services to vulnerable populations. Highly qualified media experts will actively advocate for reform. The TV Broadcast Training Center will offer sustainable services to private media. In anti-corruption, USAID expects increased transparency and accountability of target Bulgarian government institutions and enhanced public awareness through civil society watch-dog mechanisms.

US Financing in Thousands of Dollars

Bulgaria

	AEEB	ESF
183-0210 Vibrant Civil Society		
Through September 30, 2001		
Obligations	22,601	2,464
Expenditures	17,084	2,464
Unliquidated	5,517	0
Fiscal Year 2002		
Obligations	5,807	0
Expenditures	6,087	0
Through September 30, 2002		
Obligations	28,408	2,464
Expenditures	23,171	2,464
Unliquidated	5,237	0
Prior Year Unobligated Funds		
Obligations	1,105	0
Planned Fiscal Year 2003 NOA		
Obligations	3,750	0
Total Planned Fiscal Year 2003		
Obligations	4,855	0
Proposed Fiscal Year 2004 NOA		
Obligations	4,000	0
Future Obligations	0	0
Est. Total Cost	37,263	2,464

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	183-0220
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,200,000 AEEB
Prior Year Unobligated:	\$663,000 AEEB
Proposed FY 2004 Obligation:	\$3,500,000 AEEB
Year of Initial Obligation:	1999
Estimated Completion Date:	2007

Summary: The USAID Rule of Law program is comprised of: advocating for legal reform and access to justice; modernizing the judiciary by creating effective court administration/case management systems; and establishing professional standards for judges and court administrators. The program also supports establishing the National Institute of Justice as the public institute responsible for training judges and court administrators.

Inputs, Outputs, Activities:

FY 2003 Program:

Court administration and case management (\$1,200,000 AEEB). Assistance in modernizing the Bulgarian judiciary will focus on improving court administration/case management processes and procedures; formulating policy; promulgating regulations; providing judicial training; and solidifying the investments in model pilot courts. The pilot courts will introduce case-management software and establish improved administrative systems. At the same time, USAID will work to improve court operations by providing systematic assistance for regular court administration work. A problem identification survey will be completed to provide further support for the project. The Ministry of Justice will receive assistance to implement the Action Plan for its Judicial Reform Strategy. Collaboration will continue with the Ministry's Information Technology Department to conduct a national conference to reach agreement on automation systems' compatibility and standards. The project will complete a national court automation assessment survey. Based on this survey and lessons learned from the pilot phase of court automation, the project will make the necessary modifications to the case management system software to match the national technical standards. This will lay the foundation for an EU automation project, anticipated to begin in late 2003. USAID will continue to provide training on court administration, customer service, computer skills and technical assistance to the newly organized Bulgarian Court Clerks' Association, with the aim of improving professional standards. In addition, clerks' operational desk manuals will be prepared and position descriptions for court administrators will be drafted and used. Principal contractor/grantee is: East-West Management Institute (prime).

Magistrate training (\$800,000 AEEB). Support to the Magistrates Training Center will ensure its successful transformation from an NGO into a government-financed, public institution known as the National Institute of Justice (NIJ). This will include developing expanded training programs, as mandated by the Judicial Systems Act. USAID plans to provide resources for 55-60 courses to train 70 percent of all the judges. Over 200 judges and 600 courts personnel are expected to receive training in court automation and administration. USAID will work in collaboration with European donors who will provide training on EU laws. Owing to a serious lack of professionally trained judicial trainers, USAID will also continue to support a program to develop a cadre of sitting judges to serve as trainers at the NIJ in order to ensure the Institute's sustainability. Principal contractor/grantee is: East-West Management Institute (prime).

Rule of law advocacy and policy reform (\$1,200,000 AEEB). USAID will continue providing technical assistance and training for judicial reform activities that have shown results in the past two years.

Advocacy and policy support for judicial reform will receive special attention, since all the counterparts need to form strategic alliances and buy-in to the reforms. Furthermore, promulgating implementing regulations for the Judicial Systems Act will be critical to the judicial reform efforts of the Supreme Judicial Council and the Ministry of Justice. Work will continue on developing and enacting a Judicial Code of Conduct, in cooperation with the Bulgarian Judges' Association. Principal contractor/grantee is: East-West Management Institute (prime).

FY 2004 Program:

Court administration and case management (\$1,700,000 AEEB). Based on lessons learned from the model courts, new processes and procedures will be tested and introduced in targeted courts. USAID will refine the hiring process for court administrators and develop a training program for court administrators and judges with court administration responsibilities. USAID will develop a 'recipe' for the sustainability of court automation, based on operational and functionality reviews of automation use in the model courts.

Magistrate training (\$600,000 AEEB). In FY 2004 USAID plans to provide technical assistance to complete the transition of assistance to magistrates through the NIJ, laying the groundwork for increased assistance from other donors such as the EU.

ROL advocacy and policy reform (\$1,200,000 AEEB). Assistance in advocacy for legal reform and access to justice will continue. USAID will strengthen Bulgaria's ability to meet rule of law international standards, prepare for EU accession, promote a more stable economy, and serve as a better partner for U.S. strategic interests.

Performance and Results: USAID was integrally involved with implementing various provisions of Bulgaria's National Judicial Strategy. This included assisting the Ministry of Justice and the Supreme Judicial Council in preparing an Action Plan, drafting legislative amendments, and working on Codes of Ethics for judges and court staff. The USAID model pilot court initiative, which now has eleven courts, received wide and resounding approval from counterparts and court users. The installation of software for an automated case management system was completed in five pilot courts in 2002, thus reducing case delay. It also provided the testing ground for designing workflow templates for regional and district courts and a simplified case management system. This has resulted in faster and more efficient handling of court documents, brought about greater professionalism among the court staff, provided greater services to the public, and removed much of the administrative burden from the judges. The USAID-supported Magistrate Training Center strengthened its capacity and received such wide recognition that, at its current capacity, it has become unable to meet the demand from judges for new and expanded courses. The number of judges and court personnel trained in court automation and/or administration increased along with the number of courses.

As more legislation is passed to meet the demands of a democratic society and market economy and as Bulgaria moves closer to meeting the requirements for EU accession, the Bulgarian judiciary will require greater assistance in understanding and adjudicating these new laws. USAID expects to have completed specific tasks in legislative reform, institutional strengthening for court administration/case management, and judicial training by 2007. These tasks comprise an integrated program to implement the GOB's National Judicial Reform Strategy, endorsed by the EU as the roadmap for meeting the judicial reform requirements for EU accession.

US Financing in Thousands of Dollars

Bulgaria

183-0220 Rule of Law	AEEB
Through September 30, 2001	
Obligations	9,201
Expenditures	6,553
Unliquidated	2,648
Fiscal Year 2002	
Obligations	3,806
Expenditures	1,527
Through September 30, 2002	
Obligations	13,007
Expenditures	8,080
Unliquidated	4,927
Prior Year Unobligated Funds	
Obligations	663
Planned Fiscal Year 2003 NOA	
Obligations	3,200
Total Planned Fiscal Year 2003	
Obligations	3,863
Proposed Fiscal Year 2004 NOA	
Obligations	3,500
Future Obligations	0
Est. Total Cost	20,370

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Local Gov't Strengthening & Municipal Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	183-0230
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,100,000 AEEB
Prior Year Unobligated:	\$579,000 AEEB
Proposed FY 2004 Obligation:	\$2,950,000 AEEB
Year of Initial Obligation:	1995
Estimated Completion Date:	2007

Summary: The local government program assists national and local government entities, as well as civil society organizations focusing on local government development through: increasing local government autonomy and implementation of decentralization policy reforms; clarifying roles and responsibilities of different levels of government; developing a sound municipal finance base and improving access to municipal infrastructure finance; institutionalizing citizen participation in decision making; exchanging experience and expertise on key municipal issues between Bulgarian and cities in the United States; and developing and implementing economic development strategies in small municipalities.

Inputs, Outputs, Activities:

FY 2003 Program:

Fiscal and administrative decentralization (\$1,850,000 AEEB). USAID will continue technical assistance and training activities under the Local Government Initiative that have shown positive results under two previous phases. The focus will continue on working with the central government and the National Association of Municipalities - the statutory voice representing municipal interests - on expanding local government financial autonomy. Key areas will target implementing legislative reforms; building local governments' capacity to cope with new fiscal responsibilities; and maintaining the momentum of the reform process by institutionalizing dialogue between the local and national levels. At the regional level, USAID will establish a task force recognized as a reliable non-partisan body in regional policy formulation and regional development. Through three pilot projects, USAID will demonstrate approaches for improving collaboration among regional administration, local governments, businesses, and NGOs. In addition, USAID will clarify the relationship of the different levels of government as defined in current legislation and applied in practice. This will clarify ambiguities in the law and, through field implementation, improve the application of laws. Taking advantage of the GOB's receptivity to regional reform, USAID will also engage key stakeholders in a broad public discussion on regional policy, leading to a possible transition from the present form of national administration to the establishment of regional self-governance. USAID will continue efforts to strengthen infrastructure finance capabilities of municipalities by seeking to improve the policy framework that limits municipal borrowing authority. It will also use training to build local government capacity related to capital investments and bankable investment projects, thus heightening investor confidence in municipal creditworthiness. USAID will also disseminate model solutions and methodologies developed in the pilot phase to a wider group of municipalities. Principal contractors/grantees are: Research Triangle Institute (prime) and Management Systems Incorporated (sub).

Local government support organizations (\$800,000 AEEB). This activity will concentrate on training and awareness-building efforts on the part of civil society organizations (CSOs) to improve citizen understanding of, and access to, local government. A number of sub-grants will stimulate municipal and NGO solutions to local self-government issues and establish municipal customer service and information centers. Principal contractor/grantee is: Foundation for Local Government reform (prime).

Community level assistance (\$450,000 AEEB). USAID intends to continue the municipal twinning program which transfers technical expertise between U.S. and Bulgarian cities to stimulate and implement various innovations in municipal practices, such as marketing cities to investors or developing Geographic Information Systems. Successful practices also will be replicated. Principal contractors/grantees are: International City/County Management Association (prime) and Foundation for Local Government Reform (sub).

FY 2004 Program:

Fiscal and administrative decentralization (\$1,800,000 AEEB). USAID will continue technical assistance and training activities under the Local Government Initiative, 1) seeking further legislative reforms, 2) building local government capacity to cope with increased fiscal responsibilities, 3) establishing regional self-governance, and 4) expanding municipal authority and provision of more structured access to credit.

Local government support organizations (\$650,000 AEEB). USAID will continue supporting advocacy, lobbying, and training activities of local government support organizations that focus on the policy reform agenda, capacity building of municipal administrations, and improved transparency and responsiveness at the local level.

Community level assistance (\$500,000 AEEB). USAID intends to continue the municipal twinning program, which transfers technical expertise between U.S. and Bulgarian cities.

Performance and Results: The local government program has achieved excellent results. Bringing together for the first time representatives of NGOs and of central and local governments, a USAID-sponsored Forum established a consensus on strategic directions for fiscal decentralization reforms. The Forum subsequently incorporated its conclusions in a historic agreement between the GOB and the National Association of Municipalities, in which the GOB committed itself to specific elements of decentralization reform. Building on these conclusions, a decentralization program was developed by a working group and subsequently adopted by the Council of Ministers. The program paved the way for aggressive legislative reforms presently before Parliament. Advocacy by NGOs, such as the National Association of Municipalities, has been crucial in making changes in key legislation related to fiscal decentralization. Concrete results stemming from city-to-city twinning partnerships between 11 Bulgarian and US cities include: the development of municipal strategic plans, introduction of new budget forecasting processes, and marketing strategies to attract investment. These results, a dramatic departure from current practice and powerful models for change, are now being shared with other cities throughout Bulgaria. In 2002, resulting from USAID's local economic development activities in 35 communities, 155 development projects have been launched; 82 new businesses have been started; 101 businesses have been assisted or expanded; and 3,154 new jobs have been created for low skilled, unemployed, mostly Roma citizens.

Given the current favorable environment for implementing policy changes, USAID's local government program will continue to focus on fiscal decentralization and regional reform. By 2006/2007, key legislation to financially empower local governments will be in place, and local governments' capacity to implement the reforms will have been strengthened.

US Financing in Thousands of Dollars

Bulgaria

183-0230 Local Gov't Strengthening & Municipal Development	AEEB
Through September 30, 2001	
Obligations	32,130
Expenditures	25,046
Unliquidated	7,084
Fiscal Year 2002	
Obligations	3,276
Expenditures	7,487
Through September 30, 2002	
Obligations	35,406
Expenditures	32,533
Unliquidated	2,873
Prior Year Unobligated Funds	
Obligations	579
Planned Fiscal Year 2003 NOA	
Obligations	3,100
Total Planned Fiscal Year 2003	
Obligations	3,679
Proposed Fiscal Year 2004 NOA	
Obligations	2,950
Future Obligations	0
Est. Total Cost	42,035

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Special Initiatives
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	183-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$620,000 AEEB
Prior Year Unobligated:	\$1,122,000 AEEB
Proposed FY 2004 Obligation:	\$300,000 AEEB
Year of Initial Obligation:	1991
Estimated Completion Date:	2007

Summary: Activities funded under this program address Bulgaria's immediate needs of promoting national and regional stability. The program also provides USAID/Bulgaria with a flexible approach to respond to the needs of both the GOB and the Bulgarian society at large that are not met by USAID's other in country programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Biodiversity conservation and economic growth (\$300,000 AEEB). Funding will be provided to support efforts to establish an endowment fund for capital improvements and other projects for Bulgaria's protected areas network. Principal contractor/grantee is: ARD (prime)

Peace Corps (\$200,000 AEEB). During FY 2003, the Small Project Assistance Program will continue to support small-scale community development projects through USAID-funded direct grants to communities and organizations with direct connections to Peace Corps Volunteers. The program will assist communities acting in collaboration with Peace Corps Volunteers in identifying common community concerns and in developing strategies to address those concerns. Principal contractor/grantee is: Peace Corps (prime).

Anti-trafficking (\$120,000 AEEB). In coordination with other USG initiatives, USAID will undertake a program to address trafficking in persons problems in Bulgaria. The assistance will focus on 1) training of GOB officials and NGO representatives in the application of newly passed legislation on trafficking and 2) technical assistance to the GOB via mitigation and public awareness programs.

FY 2004 Program:

Peace Corps (\$200,000 AEEB). Working through Peace Corps Volunteers, the Small Project Assistance Program will continue to support small-scale community development projects with the aim of assisting communities in identifying common community concerns and in developing strategies to address those concerns.

Anti-trafficking (\$100,000 AEEB). In coordination with other USG initiatives, USAID will continue to address trafficking in persons problems in Bulgaria. The program may expand its focus beyond public awareness activities, depending on successes and problems encountered during FY2003.

Performance and Results: USAID assistance has resulted in the completion and initial implementation of environmental management plans for national parks and nature reserves. The Small Project Assistance Program of the Peace Corps addressed the specific needs of 26 communities in the country in FY 2002. Small grants were used for 1) infrastructure development (computer labs, community and resource centers), 2) capacity-building training for local community members and organizations (seminars, computer and language training, drug prevention education), and 3) enhancement of administrative capabilities and services offered by municipalities and NGOs.

US Financing in Thousands of Dollars

Bulgaria

	AEEB	DA
183-0410 Special Initiatives		
Through September 30, 2001		
Obligations	135,794	43
Expenditures	132,940	43
Unliquidated	2,854	0
Fiscal Year 2002		
Obligations	1,467	0
Expenditures	2,939	0
Through September 30, 2002		
Obligations	137,261	43
Expenditures	135,879	43
Unliquidated	1,382	0
Prior Year Unobligated Funds		
Obligations	1,122	0
Planned Fiscal Year 2003 NOA		
Obligations	620	0
Total Planned Fiscal Year 2003		
Obligations	1,742	0
Proposed Fiscal Year 2004 NOA		
Obligations	300	0
Future Obligations	0	0
Est. Total Cost	139,303	43

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	183-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,700,000 AEEB
Prior Year Unobligated:	\$1,113,000 AEEB
Proposed FY 2004 Obligation:	\$1,700,000 AEEB
Year of Initial Obligation:	1991
Estimated Completion Date:	2007

Summary: Activities include three components, namely 1) participant training supporting USAID's total portfolio, 2) technical assistance and training for labor market development, and 3) help in the development and implementation of USAID's other in country programmatic activities.

Inputs, Outputs, Activities:

FY 2003 Program:

Participant training (START) (1,000,000 AEEB). During FY 2003, USAID proposes to obligate funds to provide U.S.-based, in-country, and third-country training opportunities for Bulgarian officials and entrepreneurs. Small grants to individual participants may be provided for initiatives that follow on their specific training event.

Program development and support (500,000 AEEB). The program provides assistance for all ongoing USAID activities through meeting program-funded staff requirements and providing related administrative support and logistics. These resources will be used also for program-related audits, studies, assessments, and evaluations to facilitate progress across all program areas.

Water and wastewater training center (\$200,000 AEEB). Funds will be used to implement Phase I of the program aimed at the establishment of a Water and Waste-Water Training Center in Bulgaria. Activities will focus on necessary legislative changes and regulations required for operation of the Center, e.g., a legislative seminar. In addition, a short seminar will be provided to managers and engineers who supervise Water Treatment Plants; training and certification of operators is a requirement. Concurrently, a pilot program to introduce Bulgarian operators to systematic technical training required for certification will be launched. This training will include key aspects of technical topics such as microbiology, safety, operating parameters, and equipment used in the water treatment field. The pilot program will provide the format, content, and methodologies for Water/Wastewater Operator training, leading to the eventual development of a certification program in the next phase of assistance. Principal contractor/grantee is: Delaware Technical & Community College (prime).

FY 2004 Program:

Participant training (START) (1,000,000 AEEB). During FY 2004, USAID expects to obligate funds to continue to provide U.S.-based, in-country, and third-country training for Bulgarian officials and entrepreneurs.

Program development and support (500,000 AEEB). This activity will continue.

Water and wastewater training center (\$200,000 AEEB). Upon successful completion of Phase I, program funds will be used to launch the next phase, focusing on achieving financial sustainability of the center's training operations.

Performance and Results: Program support activities under this program complement the other programs within USAID's overall strategy. Development of human capacity in Bulgaria is one major theme. As a direct result of the participant training initiative, Bulgarian leaders and professionals will be equipped with skills and practical knowledge necessary to support the transition processes in the country. Upon completion of the program, the Water and Waste Water Training Center should be operational and will serve as a model for similar efforts in Eastern Europe and the Newly Independent States. The Program Development and Support Activity contributes to the full spectrum of USAID program activities by providing value added to ensure their smooth progress and successful completion.

US Financing in Thousands of Dollars

Bulgaria

	AEEB	ESF
183-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	23,026	25,000
Expenditures	18,278	25,000
Unliquidated	4,748	0
Fiscal Year 2002		
Obligations	2,743	0
Expenditures	4,443	0
Through September 30, 2002		
Obligations	25,769	25,000
Expenditures	22,721	25,000
Unliquidated	3,048	0
Prior Year Unobligated Funds		
Obligations	1,113	0
Planned Fiscal Year 2003 NOA		
Obligations	1,700	0
Total Planned Fiscal Year 2003		
Obligations	2,813	0
Proposed Fiscal Year 2004 NOA		
Obligations	1,700	0
Future Obligations	0	0
Est. Total Cost	30,282	25,000

Croatia

The Development Challenge: Croatia began its transition to democracy and a market-oriented economy in January 2000, with the election of a coalition of democratic parties to Parliament. A successful transition is important to the key U.S. foreign policy goals of achieving stability in the Balkans and managing transnational threats.

Croatia has made significant, but uneven progress, and has not yet fully consolidated democratic institutions or successfully integrated into Euro-Atlantic institutions. Until recently, the Croatian government had stayed the course toward justice on war crimes and renewal of economic ties and other forms of cooperation with former Yugoslav partners. The Croatian government's hesitance to come into compliance with its obligation to cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY) when presented with an indictment for former Chief of General Staff Bobetko demonstrates that while the current government has made a serious start on the reform process, those reforms are not irreversible. The moral suasion of the international community, especially the United States, continues to be critical for encouraging Croatia to meet its Dayton and Erdut commitments, including cooperation with the war crimes tribunal in The Hague.

United States Government assistance, the primary source of technical advice to the Government of Croatia (GOC) on economic reform and strengthening of democratic institutions, continues to influence and leverage commitments that further U.S. national interests - including the development of a free market-oriented economy, fully reformed democratic institutions, cooperation on war crimes prosecution, and closer association to the European Union (EU) and other Western institutions. Staying the course in USAID support for these processes will be essential to helping Croatia weather not only the typical "transition backlash", but also a detectable resurgence of nationalist sentiment.

The issue of minority returns to Croatia remains a major concern, with the momentum of the immediate post-2000 election period lost. The number of returns in 2002 was roughly equal to 2001, but remains down from 2000 levels by 25 percent. Few Croatian Serbs are benefiting from GOC assistance in resolving accommodation and property issues. While neighbor-to-neighbor relations at the local level continue to improve gradually, problems with property restitution, lack of access to reconstruction assistance, and the absence of economic opportunity still have a negative impact on the return process.

While the GOC has made progress on achieving macroeconomic stability, the economy continues to perform below potential. Croatia is still plagued by a high unemployment rate (16%) and low competitive capacity in international markets. The modest progress the government made over the last two years in reducing the fiscal deficit could be threatened by upcoming elections. In order for this progress to translate into faster economic growth and eventually lower unemployment, the government must accelerate privatization, reduce bureaucracy, and lower taxes. Furthermore, there is a need for increased efforts against corruption through more effective application of the rule of law, particularly improvements in the court system.

The USAID Program: The USAID assistance program is aimed at helping Croatia to continue progress toward a prominent place within the community of democratic and market-oriented nations and to become a force for stability, peace, cooperation and prosperity throughout Southeast Europe. Stronger economic and political institutions and social stability in Croatia will further peace and stability throughout the region. USAID's assistance program is structured around four programmatic areas designed to assist Croatia in accomplishing these goals, including: 1) growth of a dynamic and competitive private sector, 2) more effective citizen participation and improved governance, 3) accelerated return and sustainable reintegration of war-affected populations, and 4) mitigation of adverse social conditions and trends.

USAID-funded economic activities address privatization, enterprise promotion, international competitiveness, and energy restructuring. In early FY 2003, USAID will launch a market linkages program focused on 1) developing Croatia's agribusiness sector, consisting mostly of small and medium enterprises (SMEs), and 2) establishing domestic linkages among producer organizations, processors and

markets. USAID democratization efforts will continue to support NGO capacity building, political parties and elections, and local government reform. Assistance to further the return and reintegration of war-affected populations will continue through two programs involving infrastructure reconstruction and economic revitalization of war-affected regions. As the infrastructure component of USAID's refugee return and reintegration program ends in early FY 2004, a concerted effort will ensue on revitalizing the economies of the war-affected regions to encourage sustainable returns of young, economically active families. A market-based New Housing Solutions program through a Development Credit Authority agreement with a local Croatian Bank funded in FY 2002 will be launched in early FY 2003. USAID's social transition program addressing 1) pension reform, 2) the promotion of democratic labor organizations, 3) tripartite dialogue on social issues among labor, business and government, and 4) efforts to increase public awareness in human trafficking and HIV/AIDS will continue to be supported in FY 2003.

Other Program Elements: USAID's Regional Infrastructure Program (RIP) provides assistance to targeted Croatian cities in developing private sector participation in the provision of local utility services, with the prospects of attracting private investment in order to finance required capital improvements to local infrastructure such as water facilities. Also, USAID's EcoLinks Program, the Eurasian-American Partnership for Environmentally Sustainable Economies, links businesses, local governments and associations in Croatia with counterparts in the U.S. or other countries in the region to promote market-based solutions to environmental problems.

Other Donors: The United States and the European Union (EU) are the principle bilateral donors in Croatia. The EU recently launched its multi-year, broad-based Community Assistance for Reconstruction, Development, and Stabilization (CARDS) assistance program. The IMF and the World Bank are the primary multilateral lenders. USAID/Croatia works closely with other donors in the development and implementation of activities, especially the World Bank, the United Nations High Commissioner for Refugees (UNHCR) and the EU. USAID is implementing a technical assistance project closely linked to a World Bank automation project on commercial law reform that aims to improve the efficiency of the commercial court system, which is consistently cited by the private sector as a significant impediment to doing business. Pension reform is another area of USAID-World Bank cooperation. USAID coordinates democracy and refugee reintegration assistance with the European Union, UNHCR, the Council of Europe, Office of Security & Cooperation in Europe, and other bilateral donors, including the British, Norwegian, Dutch, German, Swedish and Canadian governments as well as with the State Department's Bureau for Population, Refugees and Migration. USAID-EU coordination on refugee return programs extends to the local level, where EU-funded housing reconstruction and USAID-financed infrastructure and economic development activities serve the same communities. Major private donors include the Open Society Institute and the C.S. Mott Foundation.

**Croatia
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	30,032	44,000	30,000	25,000
Supplemental - AEEB	14,593	0	0	0
Total Program Funds	44,625	44,000	30,000	25,000

STRATEGIC OBJECTIVE SUMMARY

160-0130 Growth of a Dynamic & Competitive Private Sector				
AEEB	15,300	14,350	11,085	9,185
160-0210 Citizen Participation & Improved Governance				
AEEB	10,550	8,059	5,140	5,015
160-0310 Return & Reintegration of War-Affected Populations				
AEEB	10,131	12,450	5,835	5,015
160-0340 Mitigation of Adverse Social Conditions & Trends				
AEEB	2,659	3,150	3,105	2,605
160-0420 Cross-Cutting Programs				
AEEB	985	950	685	700

TRANSFER				
AEEB	5,000	5,041	4,150	2,480

SO 160-0130 includes \$5,300 of FY 2001 Supplemental - AEEB.
 SO 160-0210 includes \$2,500 of FY 2001 Supplemental - AEEB.
 SO 160-0310 includes \$4,166 of FY 2001 Supplemental - AEEB.
 SO 160-0340 includes \$1,575 of FY 2001 Supplemental - AEEB.
 SO 160-0420 includes \$452 of FY 2001 Supplemental - AEEB.
 TRANSFER includes \$600 of FY 2001 Supplemental - AEEB.

Mission Director,
William Jeffers

Data Sheet

USAID Mission:	Croatia
Program Title:	Growth of a Dynamic & Competitive Private Sector
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	160-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$11,085,000 AEEB
Prior Year Unobligated:	\$7,211,000 AEEB
Proposed FY 2004 Obligation:	\$9,185,000 AEEB
Year of Initial Obligation:	FY2001
Estimated Completion Date:	FY2005

Summary: USAID/Croatia's overarching objective for the Croatian economy is growth of a dynamic and competitive private sector, to be accomplished by improving the macroeconomic environment for private sector growth and delivering direct assistance to private organizations and enterprises. The USAID economic development program has three elements, all of which focus on establishing the conditions to generate private sector employment. First, USAID programs are assisting the GOC in implementing the structural reforms necessary for Croatia to increase existing low levels of foreign and domestic investment, spur private sector growth, and reduce the high rate of unemployment (presently 16%). USAID advisors are also supporting strong financial sector regulatory systems and new independent regulatory authorities in the energy sector. Second, USAID programs are assisting Croatian businesses, especially small and medium enterprises, to acquire the skills, tools, financing, and services needed for them to compete in local, regional and global markets. Third, USAID programs are focused on accelerating the privatization process in order to move productive assets from State hands into the private sector through non-corrupt, transparent and competitive processes.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase small and medium enterprise development (\$8,200,000 AEEB): The impending breakup of several large, vertically integrated agricultural producer/processor conglomerates, along with Croatia's World Trade Organization membership, carry major implications for the competitiveness of agricultural products. In response, USAID is launching a market-linkages program focusing on developing Croatia's agribusiness sector, consisting mostly of SMEs, and on establishing domestic linkages among producer organizations, processors and markets. With EU accession on the horizon, Croatian agribusinesses face the daunting challenge of competing directly with heavily subsidized EU agriculture. Given that agriculture is one of the few possible avenues to economic development and employment generation in the lesser developed areas of Croatia -- especially war affected areas, this program is of critical importance to the United States Government (USG) strategic goal of regional stability.

In addition to this agricultural sector program, FY 2003 funding will continue to support the Croatian Enterprise Promotion (CEP) activity. Launched in September 2001, this activity works to stimulate private enterprise productivity and profitability. The activity concentrates on improving the quality and exportability of products and services originating in Croatian SMEs. The impact of USAID resources is maximized by wholesaling technical assistance through domestic channels providing business development services (BDS) for enterprises of all sizes. In order to disseminate these services to the highest number of Croatian SMEs as possible, the activity will be expanded to include those SMEs in the lesser developed areas of Croatia. The expanded enterprise development activity also will include a workforce development component to assist Croatia to effectively target retraining programs for workers displaced by enterprise restructuring and privatizations. Microfinance/SME lending activities will focus on deepening the availability of financial services in lesser developed areas and acting as a vanguard for the entry of the commercial banking sector in these areas. USAID will continue to support Croatia's efforts to increase competitiveness across the board. Principal contractors/grantees are: Deloitte, Touche

Tohatsu, Development Alternatives Inc., and JE Austin Associates (primes); FLAG Croatia and International Executive Corps (subs).

Improved investment climate (\$2,285,000 AEEB): USAID will build on the foundation that has been put in place in 2000-2002, providing additional technical assistance to Croatia in financial management systems/process improvement and fiscal decentralization. To improve financial management systems and processes, USAID will assist the Ministry of Finance (MOF) to implement modern internal audit and control processes. The aims will be to strengthen overall public management, improve debt management to support sound monetary and fiscal policy performance, reduce net interest expenses through better cash management, and provide cost savings and enhanced accountability and transparency through procurement reform. These measures, which will strengthen Croatia's capacity to competently manage its financial affairs, will increase investor confidence in the continued stability of the macroeconomic environment. In fiscal decentralization, USAID will assist the MOF to allocate resources more responsibly and provide for the more efficient delivery of public services, put in place a modern property tax that will serve as a strong revenue base for local governments, and train MOF staff involved in decentralization in hands-on fiscal policy analysis and program and performance budgeting. Principal contractor/grantee is: KPMG Barents (prime).

Privatization (\$600,000 AEEB): USAID is assisting the Croatian Privatization Fund (CPF) in the implementation of the government's aggressive privatization program to divest all State ownership in companies and assets. Current GOC plans call for the sale or liquidation of most the portfolio of assets held by the CPF by mid-to-late 2003. USAID-funded advisors are assisting the CPF with monitoring and analyzing its portfolio of assets; developing company profiles and divestiture strategies for the sale of enterprises; training its employees in valuation methodologies; improving tendering procedures for the sale of enterprises, including the introduction of bid evaluation criteria emphasizing investment and enhanced transparency; and developing pre-privatization strategies for enterprises. Principal contractor/grantee is: Price Waterhouse Coopers (prime).

FY 2004 Program:

Small and medium enterprise development (\$9,185,000 AEEB): FY 2004 resources will continue to fund several ongoing activities. These include the agriculture sector activity focused on SME development and market linkages; the Croatia Enterprise Promotion activity providing new products and services for Croatian business consultants to use in upgrading managerial skills in SMEs; and the enterprise development activity working to achieve greater workforce deployment and higher incomes at all levels.

Performance and Results: USAID assistance in privatization has resulted in the restructuring, sale, and/or liquidation of 30 enterprises sold through public tender and the sale of shares from 700 companies, generating approximately \$132 million in revenue and approximately \$70 million in investment commitments. The CPF's portfolio has been reduced by 700 enterprises, reducing the level of cash subsidies from the Croatian Treasury. USAID-funded technical assistance led to the formation of the "National Competitiveness Council" where very senior level representatives from the private sector and government are collaborating on removing impediments to Croatia's competitiveness. The Chief Executive Officers (CEOs) of some of the largest businesses in the country, key GOC officials (including the Deputy Prime Minister for Economic Affairs), national labor leaders, and the rectors of the country's most important universities are working to develop a common action agenda focused on competitiveness. With USAID support, the Council succeeded in taking the steps necessary for Croatia to be included in this year's global competitiveness report published by the World Economic Forum. In enterprise development, USAID supported the 5,000 member Croatia Employers' Association (HUP) in establishing a sustainable association for business consulting service providers, a step that will ensure quality standards for consultants. USAID helped the Association to develop internationally-accredited certification programs and to provide for marketing and financial cost controls with the aim of improving access to domestic and export markets for Croatian SMEs, in addition to the training of consultants.

Successful achievement of this program will help Croatia reach Northern Tier graduation thresholds of 1) private sector share of GDP (70%), 2) GDP as a share of 1989 GDP (100%), and 3) unemployment rate (9%).

US Financing in Thousands of Dollars

Croatia

160-0130 Growth of a Dynamic & Competitive Private Sector	AEEB
Through September 30, 2001	
Obligations	16,591
Expenditures	3,847
Unliquidated	12,744
Fiscal Year 2002	
Obligations	12,031
Expenditures	10,214
Through September 30, 2002	
Obligations	28,622
Expenditures	14,061
Unliquidated	14,561
Prior Year Unobligated Funds	
Obligations	7,211
Planned Fiscal Year 2003 NOA	
Obligations	11,085
Total Planned Fiscal Year 2003	
Obligations	18,296
Proposed Fiscal Year 2004 NOA	
Obligations	9,185
Future Obligations	0
Est. Total Cost	56,103

FY 2002 Obligations include \$1.105m of FY 2001 Supplemental AEEB.

Data Sheet

USAID Mission:	Croatia
Program Title:	Citizen Participation & Improved Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	160-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,140,000 AEEB
Prior Year Unobligated:	\$1,740,000 AEEB
Proposed FY 2004 Obligation:	\$5,015,000 AEEB
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2005

Summary: Croatia's fragile coalition government continues to face major challenges in promoting and consolidating democratic reforms. These challenges include: improving the enabling environment for civil society and media; fortifying the legislative framework; strengthening the transparency, responsiveness and accountability of governance at all levels; enhancing the capacity of local governments; and promoting judicial reform. USAID-funded activities designed to help the GOC meet these challenges include support for local government reform, NGO and civil society development, political party and legislative strengthening, and judicial reform.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase the capacity of local governments to manage the new administrative and fiscal demands brought on by decentralization (\$1,860,000 AEEB). USAID's local government reform program assists pilot local governments with "best-practices" in financial and asset management, local economic development, and citizen participation in local affairs. Expansion and dissemination of this program to over 500 local governments will effectively introduce reforms to most of the local government sector in Croatia. The project will help these governments to become fiscally responsible and accountable. Principal contractor/grantee is: Urban Institute (prime).

Improve the capacity of local civil society organizations and the overall NGO sector in Croatia (\$1,200,000 AEEB). USAID's NGO program, launched in December 2001, is providing 13 leading Croatian NGOs with the management, fund-raising, and outreach skills they need to become sustainable, helping them to reach out to grass-roots organizations through small grants. The NGOs that received USAID assistance are today the strongest in the country and are the cornerstones of the current civil society program. These NGOs cover various sectors including health, environmental protection, human rights, community development, disabled persons, youth and women. This program will also help to operationalize the GOC's Office of NGOs and help it push through a much needed law on foundations. Principal contractor/grantee is: Academy for Educational Development (prime).

Increase responsiveness and accountability of Croatia's political parties and Parliament (\$1,680,000 AEEB). USAID's programs will continue to strengthen the political party structure, enabling the parties to more accurately represent the view and goals of their constituents. In addition, at the national level, USAID's ongoing Parliamentary program will assist Members of Parliament to work more effectively in committees and caucuses in an effort to help the Parliament become a transparent and representative institution with effective internal operations. A national poll identifying the general population's priorities will be carried out to help political parties to prepare for and compete effectively in the upcoming round of elections in early 2004. A get-out-the-vote campaign will also be funded to help promote this next pivotal round of elections. Principal contractors/grantees are: International Republican Institute and National Democratic Institute (primes).

Increase Croatian judges' professional development and courtroom management (\$400,000 AEEB). Enormous case backlogs and lengthy delays in case processing are recognized as a significant constraint to citizens' access to justice in Croatia. The civil litigation process is so inefficient that it can take three to five years for one case to obtain an enforceable judgment. USAID assistance through the American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI) will work with the Croatian judiciary on alternative dispute resolution (ADR) methods that will seek to ease some of the case backlogs. In addition, ABA/CEELI will work with the Croatian Supreme Court to develop a public education and information campaign to inform the public about court administration, judicial proceedings, and the rights of litigants and will continue to provide legal expertise in the development of sustainable changes to the Law School curriculum. Principal contractor/grantee is: ABA/CEELI (prime).

FY 2004 Program:

Increase the capacity of local governments to manage the new administrative and fiscal demands brought on by decentralization (\$1,985,000 AEEB). Additional funding will enable the program to extend best practices to more local governments, introduce reforms to most of the local government sector, familiarize citizens with their role in a democracy, and consolidate gains that have been made in the sector. The key result will be a critical mass of communities capable of assuming new responsibilities for the decentralization process, a development providing for important spread effects.

Improve the capacity of local civil society organizations and the overall NGO sector in Croatia (\$2,105,000 AEEB). As the NGO sector develops more capacity, it will work more with local governments in the area of service delivery with the overall goal of fostering a liberal society that enables and encourages citizen participation.

Increase responsiveness and accountability of Croatia's political parties (\$525,000 AEEB). USAID will continue to work with Croatia's political parties, particularly at the local government level in the lesser developed regions within the country, in order to help them prepare and compete in the local elections scheduled for mid-to-late 2004.

Increase Croatian judges' professional development and courtroom management (\$400,000 AEEB). ABA/CEELI will continue its efforts to establish sustainable, effective clinical law programs at Croatia's law faculties, introduce effective ADR mechanisms, and develop a permanent Judicial Training Center.

Performance and Results: Of 567 local governments, over 400 (more than 75%) are using practices introduced by the program, thereby strengthening their capacity to assume increased responsibilities. Also, cities across Croatia are managing their financial affairs better. In addition, USAID provided technical assistance, training and materials to independent print and broadcast media and to journalists' professional associations. As a result, 24 media outlets (13 radio, 4 print, 7 television) are now operating on a self sustaining basis, generating needed revenues. Likewise, Croatia's only independent television network is now financially and technically independent and broadcasts high quality programs.

USAID's program resulted in significant improvement to NGO infrastructure, enabling a group of six Croatian NGOs to become service providers for smaller NGOs as well as local governments. The program also helped NGOs to successfully lobby for changes to the Law on Social Welfare regarding benefits and work opportunities for persons with disabilities. Assistance to Croatia's political parties resulted in the creation of Party Coordinators whose role is to serve as liaisons between party headquarters, their branch offices and local elected representatives. Zagreb Municipal Court judges and staff have demonstrated improved case management capacity, disposing of 4,400 more civil cases in 2001. Case backlogs also have been reduced.

Future engagement in local government reform and NGO capacity-building will help Croatia achieve levels of democratic reform comparable to graduate SEED countries. A critical mass of communities will assume new responsibilities for the decentralization process, allowing continuance of this process. A local NGO will be better prepared to act as a legacy mechanism, ensuring that three grant-giving and ten other organizations will be able to diversify their funding base, improve their financial sustainability, and weather any gaps of assistance to the civil society sector from larger donors such as the EU.

US Financing in Thousands of Dollars

Croatia

160-0210 Citizen Participation & Improved Governance	AEEB
Through September 30, 2001	
Obligations	28,594
Expenditures	20,646
Unliquidated	7,948
Fiscal Year 2002	
Obligations	11,150
Expenditures	7,802
Through September 30, 2002	
Obligations	39,744
Expenditures	28,448
Unliquidated	11,296
Prior Year Unobligated Funds	
Obligations	1,740
Planned Fiscal Year 2003 NOA	
Obligations	5,140
Total Planned Fiscal Year 2003	
Obligations	6,880
Proposed Fiscal Year 2004 NOA	
Obligations	5,015
Future Obligations	0
Est. Total Cost	51,639

FY 2002 Obligations include \$2.5m of FY 2001 Supplemental AEEB.

Data Sheet

USAID Mission:	Croatia
Program Title:	Return & Reintegration of War-Affected Populations
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	160-0310
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,835,000 AEEB
Prior Year Unobligated:	\$835,000 AEEB
Proposed FY 2004 Obligation:	\$5,015,000 AEEB
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's program to increase sustainable return of minority refugees is concentrated in ten municipalities and towns that have demonstrated commitment to the process. Helping those who have returned remain and attract other returnees, the program delivers a critical mass of assistance including infrastructure reconstruction, economic revitalization, legal aid and housing solutions to communities that welcome and contribute toward the return of minority citizens. The following criteria are used: 1) number of returns to date and potential for further returns, 2) availability of cost-effective projects, 3) potential for economic development and job creation, 4) support of local authorities for the return process, and 5) potential for cross-border impact.

Inputs, Outputs, Activities:

FY 2003 Program:

The Community Infrastructure Rehabilitation Program (CIRP), begun in FY 2001, focuses on the reconstruction of infrastructure in partnership, war-affected municipalities to support the return and reintegration of displaced persons and refugees. The activity was fully funded in FY 2002 and will be completed by the end of CY 2003. The principal contractor is Louis Berger (prime).

Increase economic and social viability in partnership municipalities (\$4,779,000 AEEB). The Economic and Community Revitalization Activity (ECRA) in FY 2003 will focus on: 1) economic programs that create jobs and economic activity, 2) reintegration in return areas, 3) information exchanges and direct contacts to increase the rate of cross-border returns, and 4) improved access to housing for returnees, displaced persons and "settlers" using market-based approaches. ECRA activities are implemented through sub-grants to Croatian and U.S. organizations through a cooperative agreement with a U.S. NGO "umbrella grant manager." ECRA sub-grantees implement a wide array of programs in USAID partnership municipalities such as 1) legal assistance to returnees, 2) computer training for youth and women, 3) micro-credit and related business services and training to entrepreneurs, cooperatives and individual farmers, and 4) the development of community-based organizations, e.g., Village Boards. Beginning in FY 2003, ECRA resources will concentrate on economic revitalization which appears to have the greatest potential for promoting sustainable returns and mitigating potential ethnic conflicts.

The New Housing Solutions Program (NHSP), an important new element initiated in FY 2002, is partially implemented under ECRA and partially under USAID's Development Credit Authority (DCA) (see below). The NHSP is applying market-based approaches to meeting the shelter needs of both returnees whose homes require repair or reconstruction and refugees from Bosnia who wish to remain in Croatia and require permanent accommodation ("settlers"). ECRA partners are implementing two pilot activities demonstrating new approaches to resolving housing problems, including: 1) a group of 100 refugee families are being assisted with the repair and reconstruction of their war-damaged houses and 2) a group of 100 settler families who are occupying the homes of 100 refugee families wishing to return to Croatia are being assisted to find permanent housing. The pilot activities are designed to give

beneficiaries greater control over and accountability for their permanent housing solutions. Technical support for a complementary loan guarantee program under the DCA is provided under ECRA.

Principal contractors/grantees are: Mercy Corps (prime), Urban Institute, International Catholic Migration Commission, Catholic Relief Services, Center for Civil Initiatives, Serb Democratic Forum, International Rescue Committee, Firm Level Assistance Group, Center for Education and Counseling of Women, Steps of Hope, MIKROPLUS, Net for Peace, Dalmation Solidarity Committee, Organization for Civil Initiatives, and Center for Peace, Non-Violence and Human Rights (subs).

Improve access to housing for returning refugees and "settlers" (\$1,056,000 AEEB). Under the FY 2002 Croatia Mortgage and Home Improvement DCA Loan Guarantee Agreement with the bank Prevedna Banka Zagreb, USAID will guarantee 50% of the bank's mortgages made to approximately 1,000 settler families who vacate refugee-owned homes and purchase a new home from the GOC. This will also permit the GOC to recover some of the funds it has invested in the initial purchase of homes for reuse by settlers. The bank will also offer home improvement loans, partially guaranteed by USAID, to qualified home owners in war affected areas. This will demonstrate that there is viable business for banks in the war-damaged areas and also stimulate the economies of these areas. The initial loan guarantee program will leverage private sector resources on a ratio of about 30 to 1. If the initial guarantee program goes well, USAID is prepared to fund a second phase in FY 2003. The principal contractor is the Urban Institute.

FY 2004 Program:

Increase economic viability in partnership municipalities (\$5,015,000 AEEB). ECRA will continue to focus on economic revitalization in FY 2004. This will involve expanded micro-credit, business development services, and support for the formation and development of agricultural cooperatives and micro-entrepreneurs. ECRA will give priority to promoting the sustainability of the cooperatives and businesses it creates as well as its indigenous implementing partners who will continue to provide support to economic revitalization after ECRA ends.

Performance and Results: Although refugee returns to Croatia in CY 2002 (11,000) are about 7% lower than the previous year, the 1,665 refugees who returned to USAID partnership municipalities represent a 30% increase over returns to these municipalities in the previous baseline year. Fifty-four percent of the refugees who returned to USAID's partnership municipalities were in the economically active age group of 18 to 50. To date, 24 of the 91 infrastructure projects selected for funding have been completed.

Under ECRA, community committees representing all segments of the municipality are functioning in ten USAID partnership municipalities. As of October 2002, ECRA activities had created employment for almost 600 people, generated 88 new contracts worth over \$800,000 for enterprises, and leveraged \$330,000 from other sources including commercial banks. Almost 3,500 people of all ethnic groups have participated in ECRA-assisted community activities, and over 5,000 people received legal assistance of which 35 percent had their cases resolved. Residents and local government officials report that life has returned to normalcy in their communities as a result of the multiple activities implemented by USAID. Finally, 80 of the 100 beneficiary families have been selected for the housing reconstruction program, and 30 of these families have begun repairing their homes.

End outcomes of CIRP are a greatly improved quality of life in partnership and surrounding municipalities through completion of 91 infrastructure projects providing 40,000 people with safe drinking water, restored power supplies, resumed normal operations of schools and health services, and re-opened community facilities. As for ECRA, an optimistic, positive atmosphere in partnership municipalities will be created with a solid base for continuing economic development and community revitalization activities and achieving results such as the creation of jobs and agricultural cooperatives, resolution of property issues, reconciliation among the multi-ethnic population, and maturation of organizations providing a wide variety of community services.

US Financing in Thousands of Dollars

Croatia

160-0310 Return & Reintegration of War-Affected Populations	AEEB	CSH	DA
Through September 30, 2001			
Obligations	78,379	500	1,126
Expenditures	55,229	0	1,126
Unliquidated	23,150	500	0
Fiscal Year 2002			
Obligations	15,729	0	0
Expenditures	12,072	500	0
Through September 30, 2002			
Obligations	94,108	500	1,126
Expenditures	67,301	500	1,126
Unliquidated	26,807	0	0
Prior Year Unobligated Funds			
Obligations	835	0	0
Planned Fiscal Year 2003 NOA			
Obligations	5,835	0	0
Total Planned Fiscal Year 2003			
Obligations	6,670	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	5,015	0	0
Future Obligations	0	0	0
Est. Total Cost	105,793	500	1,126

FY 2002 Obligations include \$1.1850m of FY 2001 Supplemental AEEB.

Data Sheet

USAID Mission:	Croatia
Program Title:	Mitigation of Adverse Social Conditions & Trends
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	160-0340
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,105,000 AEEB
Prior Year Unobligated:	\$1,056,000 AEEB
Proposed FY 2004 Obligation:	\$2,605,000 AEEB
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID/Croatia's Social Transition program, which began less than two years ago, is aimed at addressing the mounting social ills and political disaffection originating from decades of socialism and post-independence economic contraction. These ills include: high unemployment; growing income inequality; expensive and inefficient health, pension and social welfare systems; inflexible labor markets; disaffected youth; increasing availability of illegal drugs; and declining school enrollments at all levels. USAID social sector activities are modest, targeted to include: 1) enhancing the public's understanding and support for reforms in the pension system and other social areas; 2) supporting multi-stakeholder negotiations on vital social reforms such as the labor and family laws under the aegis of the Croatian Economic and Social Council (GSV); and 3) strengthening the capacity of organizations working to raise awareness about HIV/AIDS and human trafficking.

Inputs, Outputs, Activities:

FY 2003 Program:

Provide the Ministry of Labor and Social Welfare with the necessary technical assistance to enhance the Ministry's public education capability (\$1,000,000 AEEB). USAID has played a vital and exclusive role in assisting the GOC with the first phase of implementation of pension reform through a comprehensive public education campaign, regulatory and oversight training, and information technology assistance. The GOC has requested that USAID, in addition to continuing with its technical assistance for pension reform, expand its efforts in the area of public education to include other social welfare issues such as unemployment programs. Additional assistance will help the Ministry to build a strong capacity to provide information to the general population about new social initiatives and programs. Principal contractor/grantee is: Carana (prime).

Improve the Tripartite Dialogue process through Croatia's Economic and Social Council (\$1,015,000 AEEB). While some reforms have been successful, others have not. To this end, USAID will continue modest and targeted interventions aimed at enhancing the public-private dialogue through its tripartite initiative on social dialogue among labor, business and government. USAID's Tripartite Dialogue Project will continue to work closely with the GOC and Croatian social partners to establish the Office for Social Partnership (OSP), providing ongoing management and technical assistance. USAID will furnish expertise and training in substantive areas so that the OSP can provide the social partners with research and analysis on the reforms under discussion at the GSV. The OSP acts as a secretariat for the GSV – the venue for bipartite and tripartite dialogue on economic, social, and labor issues. Principal contractor/grantee is: Management Systems International (prime).

Strengthen the constituents outreach mechanisms and leadership in Croatia's trade unions (\$970,000 AEEB). Representing nearly 70% of the Croatian workforce, trade unions play a critical role in economic restructuring. USAID's support for labor unions will focus on strengthening their infrastructure and constituent outreach, democratizing union leadership and management, and improving negotiation skills in order that unions can function as credible partners in the tripartite dialogue. Principal contractor/grantee is: American Center for International Labor Solidarity (prime).

Increase public awareness to combat trafficking in persons (\$120,000 AEEB). USAID's support to combat Trafficking in Persons (TiP) focuses on raising awareness among the public, media, law enforcement officials and policy-makers through targeted campaigns and training opportunities. Greater public awareness will stimulate public pressure to adopt specific TiP legislation, including the adoption of a national action plan to combat trafficking. The program will also focus on collecting baseline data in order to develop a clearer picture of the trafficking situation in Croatia. Accurate information on the extent of the trafficking problem will help USAID to better target its resources and provide local policy-makers with appropriate guidance on how best to deal with the issue. Principal contractors/grantees are: International Organization for Migration and International Catholic Migration Commission (primes).

FY 2004 Program:

Improve the Tripartite Dialogue process through Croatia's Economic and Social Council (\$1,210,000 AEEB). USAID will continue modest and targeted interventions aimed at enhancing the public-private dialogue through its tripartite initiative on social dialogue among labor, business and government. USAID's Tripartite Dialogue Project will continue to work closely with the GOC and Croatian social partners to establish the OSP, providing ongoing management and technical assistance.

Strengthen the constituents outreach mechanisms and leadership in Croatia's trade unions (\$1,275,000 AEEB). USAID will continue to work to strengthen unions to enable them to fulfill their social and economic responsibilities.

Increase public awareness to combat trafficking in persons (\$120,000 AEEB). USAID will continue efforts to raise awareness among the public, media, law enforcement officials and policy-makers about trafficking issues through targeted campaigns and training, in addition to continuing to gather baseline data.

Performance and Results: A public education campaign mounted by the GOC with USAID funding resulted in enhancing public awareness and support of the new "pillar two" pension system from 20% to 80% in the months during the enrollment campaign. An end result was the enrollment of over 900,000 people. Significantly, this campaign has broken new ground and has become the model for similar GOC outreach efforts in privatization and other critical reforms. Much of the success of the campaign can be credited to USAID's work with Croatia's trade unions. One hundred trained union members went around the country informing union membership, approximately 70% of the entire workforce, about pension reform policy, rules, regulations and requirements. Over 50,000 persons were trained in over 1,800 sessions, contributing considerably to the increased acceptance of pension reform.

USAID's social transition activities have worked specifically with the Ministry of Labor and Social Welfare to ensure that legislation will be submitted to the GSV at least 14 days in advance of being submitted to the Parliament, leading to more careful consideration of the legislation and the improved likelihood of passage. In the past, legislation was provided one to two days in advance of going to Parliament, if at all.

Upon completion of program activities, USAID anticipates that that the GSV will be able to discuss and vet issues of social reform that lead to successful resolution. A large part of success within this context consists of the ability of the GOC to craft a positive public message on social reform issues and the resolution of issues by tripartite partners in a transparent and effective social dialogue, together illustrating that democratic reform is stabilizing and taking root. In addition, Croatia's three pillar pension system will be growing and operating effectively.

US Financing in Thousands of Dollars

Croatia

160-0340 Mitigation of Adverse Social Conditions & Trends	AEEB
Through September 30, 2001	
Obligations	1,923
Expenditures	164
Unliquidated	1,759
Fiscal Year 2002	
Obligations	2,829
Expenditures	2,402
Through September 30, 2002	
Obligations	4,752
Expenditures	2,566
Unliquidated	2,186
Prior Year Unobligated Funds	
Obligations	1,056
Planned Fiscal Year 2003 NOA	
Obligations	3,105
Total Planned Fiscal Year 2003	
Obligations	4,161
Proposed Fiscal Year 2004 NOA	
Obligations	2,605
Future Obligations	0
Est. Total Cost	11,518

FY 2002 Obligations include \$.675m of FY 2002 Supplemental AEEB.

Data Sheet

USAID Mission:	Croatia
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	160-0420
Status:	
Proposed FY 2003 Obligation:	\$685,000 AEEB
Prior Year Unobligated:	\$950,000 AEEB
Proposed FY 2004 Obligation:	\$700,000 AEEB
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID/Croatia's cross-cutting program currently includes two components, namely: 1) technical assistance for cross-cutting activities in anti-corruption and 2) training and related support that cuts across all programs. In the past, it had included a component related to the promotion of environmental partnerships between domestic businesses, local governments, and associations and their counterparts in the United States. The activities embodied in the cross-cutting program support USAID's overall assistance goals and help produce results under all USAID/Croatia programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Cross-cutting activities (\$685,000 AEEB). Resources will support cross-cutting activities that affect multiple programs. These activities support USAID's overall assistance goals and influence the results under these programs. The Mission will continue to promote targeted initiatives to promote public awareness regarding corruption, increased citizen demand for sound governance, transparency and accountability and help the government meet its Stability Pact anti-corruption commitments. Anti-corruption efforts will be mainstreamed within activities under all programs wherever opportunities exist.

Training is a common activity across programs and will continue throughout the strategic planning period. Most training is directly related to a particular program and is budgeted accordingly. A modest training budget is will be managed bas a cross-cutting activity to permit training support to the cross-cutting anti-corruption activities and to those that support overall program goals. Program support costs will cover impending evaluations and technical assistance for strategic planning exercises. The principal contractor/grantee is World Learning (prime)

FY 2004 Program:

Training and program support (\$700,000 AEEB). USAID will continue to fund training programs that support overall program goals. Training is a common activity across USAID/Croatia programs and will continue throughout the strategic planning period. Most training is directly related to a particular program and is budgeted accordingly. However, a modest training budget will be managed as a cross-cutting activity to permit training support to the cross-cutting anti-corruption activities and to those that support overall program goals. Program support costs will cover impending evaluations and technical assistance for strategic planning exercises.

Performance and Results: In FY 2002, USAID/Croatia's training programs included 30 different programs in 14 countries and trained a total of 442 participants at a total cost of \$1.1 million. USAID's participant training implementer World Learning provides essential services to support a broad range of short-term technical training in the United States and Europe. These programs are carefully tailored to support USAID/Croatia's programs and specific assistance activities. As such, they require thoughtful program development as well as careful logistical support, monitoring, evaluation and follow-up. A number of specific results can be identified. One, 15 judges and 15 court administrative staff spent time learning about the Slovenian court automation system with the hope that a similar automation system

could be set up in the Croatian courts. As a result, these participants now comprise a core group of court staff who understand automation and are supporting GOC efforts in this regard. In addition, the trip facilitated stronger links between the Slovenian and Croatian courts. Two, a group of 11 young political journalists were selected to attend special training at the BBC on broadcast methods and techniques. USAID anticipates that the trainees will use the principles of this late FY2002 training through the BBC to broadcast more responsible and accurate reports, with the overall aim of strengthening the quality of broadcast journalism. Three, as a result of a participant training experience in Denmark, representatives from several local governments agreed on the need for a set of statutes to provide guidance on decentralization. The statutes will be prepared under the auspices of the Croatian Association of Cities and Municipalities and distributed throughout the local government sector. Four, USAID supported a series of training seminars conducted by the Croatian Mine Action Center (CROMAC) for the media, local government officials and the officials of the national utility agencies. The purpose of the seminars was to educate these officials on the nature and scope of the problems and CROMAC's efforts to clear the country of mines. The seminars have resulted in more accurate reporting on the mine problem and better cooperation in setting priorities between local governments and the national utility agencies on the one hand and CROMAC on the other. Five, a Pension Reform Study Tour for journalists to Hungary offered exposure to pension reform activities in another regional country. The purpose was to ensure that the Croatian Pension Reform take into consideration all "lessons learned" from other countries and to give journalists the opportunity to compare different systems. As the result of this trip, over a two month period there was a significant increase in the number and tone of articles (79 in May and 76 in June) concerning the positive aspects of the Croatian model versus others. Six and last, another program with an immediate result was the participation of an advisor to the Croatian Securities and Exchange Commission in a program in Bulgaria on Enforcement and Market Oversight. Immediately upon her return, she used her experience to contribute to the law on securities market that was passed by Parliament.

US Financing in Thousands of Dollars

Croatia

160-0420 Cross-Cutting Programs	AEEB
Through September 30, 2001	
Obligations	13,304
Expenditures	10,720
Unliquidated	2,584
Fiscal Year 2002	
Obligations	673
Expenditures	2,195
Through September 30, 2002	
Obligations	13,977
Expenditures	12,915
Unliquidated	1,062
Prior Year Unobligated Funds	
Obligations	950
Planned Fiscal Year 2003 NOA	
Obligations	685
Total Planned Fiscal Year 2003	
Obligations	1,635
Proposed Fiscal Year 2004 NOA	
Obligations	700
Future Obligations	0
Est. Total Cost	16,312

FY 2002 Obligations include \$.240m of FY 2001 Supplemental AEEB.

Cyprus

The Development Challenge: Following the provision of humanitarian relief assistance after the events of 1974, USAID shifted its program emphasis to bicomunal multi-sector development activities, structured to engage individuals and organizations from both Greek Cypriot and Turkish Cypriot communities. USAID assistance is designed to increase multi-sectoral contact between the two communities in order to improve cooperation between individuals and organizations from the two sides and, ultimately, reduce tensions.

There is both a physical and economic division between the two communities. While the GDP per capita is approximately \$16,400 on the Greek Cypriot side, it is only approximately \$5,263 on the Turkish Cypriot side. During the last two years, the continuing depreciation of the Turkish Lira and Turkey's growing economic problems exacerbated economic hardships in the Turkish Cypriot community. An economic austerity package in the North led to strikes and public protests, and the failure of several banks reinforced the climate of economic deterioration. The disenchantment of the Turkish Cypriot community is reflected in an ongoing process of emigration--including many of the young--and a resulting brain drain.

Facilitating a resolution to the Cyprus dispute--to defuse tensions between NATO allies Greece and Turkey and promote stability in the Eastern Mediterranean--remains a key priority of U.S. foreign policy. The United States supports the ongoing mission of the good offices of the UN Secretary General to achieve a just and lasting settlement that protects the legitimate interests of both Greek Cypriots and Turkish Cypriots.

The USAID Program: The annual Congressional appropriations language on Cyprus reflects Congress' objectives: "...reunification of the island and ... reduce tensions and promote peace and cooperation between the two communities on Cyprus." The USAID approach supports Congress' objectives by focusing on increasing and strengthening cooperation and mutual tolerance between Greek Cypriots and Turkish Cypriots and provides initiatives that support a comprehensive settlement. The resulting cooperative relationships and activities are expected to strengthen each side's ability to compromise on a just and lasting settlement, provide opportunities for multi-sectoral contacts to increase the number of stakeholders in a solution, and promote tolerance and mutual understanding in support of a comprehensive settlement. USAID's grant to the United Nations Development Programme (UNDP) for the Bicomunal Development Program funds technical assistance, commodities and training/workshops related to agriculture, education, participant training, civil society/non-governmental organization (NGO) strengthening, information technology, communication, and telecommunications. Other activities involve public infrastructure, environmental management, public health, economic development, urban renewal, and historic restoration and preservation. The program has fostered cooperation despite an unevenly enforced prohibition on bicomunal meetings by the Turkish Cypriot leadership. According to the UNDP Annual Report (October, 2002), there were over 155 bicomunal meetings in 2001, and substantially more in 2002, as compared with twenty recorded bicomunal meetings in 1997, just before the prohibition. There are approximately 50 ongoing activities with the authorities of the two Cypriot communities, with 60 more initiatives being implemented via NGOs in both communities.

The Program Data Sheet provides additional detail on the program for which USAID is requesting funds during FY 2003 and FY 2004. These funds are implemented through a major grant to the United Nations Development Programme (UNDP) for the Bicomunal Development Programme, and other agencies' activities including the U.S. State Department's Cyprus-America Scholarship Program (CASP, implemented by the Cyprus Fulbright Commission); the Bicomunal Support Program (implemented by the U.S. Embassy in Cyprus); and the U.S. Department of Interior's U.S. Geological Survey for the Bicomunal Data Base for Water Management.

In case of actual political settlement, the program would support the terms of the approved peace agreement in priority strategic areas and be dedicated to the success and viability of the UN-brokered agreement between the two communities.

Other Program Elements: None.

Other Donors: The United States is the principal donor supporting bicomunal activities in Cyprus. The European Union (EU) and, separately, a number of European countries, including Germany, Norway, Slovakia, and the Czech Republic, are funding bicommunally-oriented initiatives focused on civil society, urban restoration, women, political parties, entrepreneurs, journalists, and labor unions. As Cyprus advances towards EU membership, it is expected that the EU, which is the largest overall donor to Cyprus, will also become the largest donor to bicomunal programs.

**Cyprus
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	14,967	15,000	15,000	7,500
Total Program Funds	14,967	15,000	15,000	7,500

STRATEGIC OBJECTIVE SUMMARY

233-0410 Cyprus Bicomunal Program				
ESF	14,967	15,000	15,000	7,500

Data Sheet

USAID Mission:	Cyprus
Program Title:	Cyprus Bicomunal Program
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	233-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$15,000,000 ESF
Prior Year Unobligated:	\$1,066,000 ESF
Proposed FY 2004 Obligation:	\$7,500,000 ESF
Year of Initial Obligation:	FY 1975
Estimated Completion Date:	Indefinite

Summary: Grant funds are used to promote and develop bicomunal activities in a wide range of economic, social and cultural life in Cyprus. Major categories of assistance related to reconciliation include technical assistance for a wide array of sector-specific activities and implementing partners; related training and workshops; and commodities including materials, equipment, and supplies.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID implements and manages the major grant to the United Nations Development Programme (UNDP) for the Bicomunal Development Program. USAID also transfers funds for direct implementation by other U.S. Government agencies including the Department of State (Cyprus America Scholarship Program implemented by the Cyprus Fulbright Commission, and the Bicomunal Support Program implemented by the U.S. Embassy); and the U.S. Department of the Interior's U.S. Geological Survey (bicomunal data base for water management). USAID employs a U.S. Personal Services Contractor (USPSC), based in Nicosia, and the Department of State engaged two USPSCs to provide local monitoring, advice and coordination of the program.

Bicomunal development program (\$10,000,000 ESF). USAID's Bicomunal Development Program is implemented through a multi-year, \$60 million grant to UNDP. The USAID program funds discrete activities in agriculture, education (e.g. TV programs for children in both communities), participant training, civil society/ non-governmental organization (NGO) strengthening, information technology, education, communication, and telecommunications. Other activities involve public infrastructure, environmental management, public health, urban renewal, and historic restoration and preservation. This grant program was initiated in 1998, when the UN High Commission for Refugees concluded its role as implementer. In 2001, USAID amended the grant to UNDP to extend the program through December 2004, for a total life-of-project level of \$60 million. An obligation of \$2.5 million to fully-fund this grant is expected during FY 2003. In view of a potential political settlement, a possible grant extension or the design and funding of a new, follow-on grant to UNDP is also being considered to take place during FY 2003. The implementer is the United Nations Development Programme (prime).

Interagency transfers to support an environment for feconciliation (\$5,000,000 ESF). Annual transfers of funds to the U.S. Department of State are utilized for separate grant and contract instruments to provide scholarships and short-term training (Cyprus-America Scholarship Program), as well as for the implementation of short-term, politically sensitive technical and training support for meetings and workshops (Bicomunal Support Program). The Cyprus America Scholarship Program was funded with \$4.35 million in FY 2002, with continued funding (precise level to be determined) anticipated in FY 2003. The State Department's Bicomunal Support Program received \$269,000 in FY 2002 funding. Additional FY '03 funding (precise level to be determined) will be provided in 2003. Using funding provided in FY 2000 to FY 2002, the U.S. Geological Survey continues to provide technical assistance, training, and commodities to establish a bicomunal water management database in Cyprus that will help both the

Greek Cypriots and Turkish Cypriots make joint decisions for efficient water resource management. U.S. Department of State (prime) and U.S. Geological Survey (prime).

FY 2004 Program:

For the entire Cyprus portfolio, funds in FY 2004 intended to be used for a continuation of bicomunal activities, based on emergent needs as well as new opportunities ushered through a potential political settlement, generally utilizing the existing grant/contract mechanisms.

Bicomunal development program (\$5,000,000 ESF). The Bicomunal Development Program will continue activities similar to ongoing activities. If a political settlement is reached, programming will likely shift towards activities that encourages support for and implementation of the political settlement. United Nations Development Programme (prime).

Interagency transfers to support an environment for reconciliation (\$2,500,000 ESF). FY 2004 funds are expected to continue ongoing activities through the existing grant/contract mechanisms. Activities could change so that they meet the new needs that would arise from a political settlement. U.S. Department of State (prime).

Performance and Results: The bicomunal program has fostered cooperation on activities of mutual interest and increased mutual understanding between Greek and Turkish Cypriots in multiple sectors through more than 110 activities. Principal near-term results for UNDP's Bicomunal Development Program include: continued development of bicomunal contacts and cooperation on activities such as the expansion and repair of the Nicosia sewerage system shared by both the Greek Cypriots and the Turkish Cypriots; the restoration of historical sites such as the Hala Sultan Tekke Mosque and Apostolos Andreas Monastery, and the Venetian Wall around Nicosia; an economic study of Cyprus focusing on the benefits of political settlement; a comprehensive survey of the infrastructure in the UN Buffer Zone; a comparative survey of political and national attitudes and perceptions; several seminars and workshops on a range of specific topics; the completion of a seismic risk study for greater Nicosia; and broadcast and favorable reception to an eight-episode children's educational television program. Hundreds of Greek Cypriots and Turkish Cypriots also came together for training/workshops on politically sensitive topics including education and disaster management. The State Department's Bicomunal Support Program has supported: (1) a six-week Future Global Leaders Youth Leadership Program for Turkish Cypriot and Greek Cypriot youth leaders at American University to teach conflict resolution and explore social issues; (2) several joint musical ensembles, publications, musical compositions, and compact disc recordings; (3) joint training of Greek Cypriots and Turkish Cypriot medical professionals in emergency medical training; (4) the second International Workshop on Information Technology and Education in Nicosia which brought together over 100 Cypriot professionals from both communities and nine international experts to examine the role and future of information technology in education; and (5) joint training of Greek Cypriot and Turkish Cypriot rescue personnel in earthquake rescue techniques. The U.S. Geological Survey made modest progress through training and provision of computer equipment intended for the development of a bicomunal water management database. The Cyprus-America Scholarship Program continued to provide scholarships, short-term training as well as a number of bicomunal workshops and seminars for participants from both communities.

The overall impact to be achieved is ongoing contact between members of both separated communities, and a growing network of collaborating Greek-Cypriot and Turkish-Cypriot organizations, institutions, and individuals working together on developmental initiatives to benefit the whole island of Cyprus. It is hoped that such functional and cooperative relationships will help set the stage for the reconciliation of all Cypriots following the attainment of a political settlement. The program is designed to be open to targets of opportunity that support a political settlement. In the event of such an agreement, program priorities will be adjusted and dedicated to support the successful implementation of a viable, UN-brokered and sanctioned peace plan.

US Financing in Thousands of Dollars

Cyprus

233-0410 Cyprus Bicommunal Program	ESF
Through September 30, 2001	
Obligations	225,507
Expenditures	201,004
Unliquidated	24,503
Fiscal Year 2002	
Obligations	12,007
Expenditures	12,095
Through September 30, 2002	
Obligations	237,514
Expenditures	213,099
Unliquidated	24,415
Prior Year Unobligated Funds	
Obligations	1,066
Planned Fiscal Year 2003 NOA	
Obligations	15,000
Total Planned Fiscal Year 2003	
Obligations	16,066
Proposed Fiscal Year 2004 NOA	
Obligations	7,500
Future Obligations	0
Est. Total Cost	261,080

Ireland

The Development Challenge: Tremendous changes have taken place since the 1998 approval of the Good Friday Agreement (GFA) by an overwhelming majority of the populations in Northern Ireland and the Republic of Ireland. After general acceptance of the GFA and various ceasefires by paramilitary organizations, Northern Ireland has experienced economic renewal. Nonetheless, political stability is still not fully realized and remains a key objective of U.S. policy towards Northern Ireland. Sectarian confrontation within Northern Ireland, or more commonly, isolation or voluntary segregation between the unionist and nationalist communities, remains a challenge to building a diverse society founded on tolerance, equal rights, and a commitment to nonviolent political means.

Support for cross-community reconciliation has long been the focus of U. S. assistance to Northern Ireland and the six border counties of the Republic of Ireland: Donegal, Sligo, Leitrim, Cavan, Monaghan, and Louth. The U.S. Government makes significant contributions to the peace process through the International Fund for Ireland and the Walsh Visa Program as described below and in the Program Data Sheets.

The USAID Program: International Fund for Ireland: As the major donor to the International Fund for Ireland (IFI), the United States provides assistance for economic redevelopment and cross-community reconciliation throughout Northern Ireland and the border counties.

The objectives of the IFI are to promote economic and social advancement, and encourage contact, dialogue, and reconciliation between nationalist and unionist communities. The IFI has been instrumental in providing new investment that creates jobs and reconstructs disadvantaged areas. Reconciliation projects have fostered various cross-community exchanges involving youth and community leaders. Fund policy requires that all projects benefit both nationalist and unionist communities, and that the implementing organization include members of the two communities. Through this policy, the IFI has been successful in encouraging communities to take ownership of projects. The jobs and social stability that have resulted from the U.S. contribution to IFI are tangible expressions of U.S. policy in Northern Ireland.

The Irish Peace Process Cultural and Training Program Act of 1998, also known as the Walsh Visa Program, provides employment and job training for young people who are residents of Northern Ireland or one of the six border counties of the Republic of Ireland. The Walsh Visa Program supports economic regeneration as well as peace and reconciliation in these areas. After the participants complete a training program, they are hired by a Walsh employer in the United States for up to 36 months. The last round of participants will arrive in the United States in 2003; the program sunsets in 2006 when these final Walsh participants depart.

Other Program Elements: None.

Other Donors: IFI activities are financed through international contributions from the United States, European Union, Canada, New Zealand, and Australia. Each of the donors sends a non-voting observer to IFI Board meetings. In 2002, the United States was the largest donor to the fund, providing approximately 50 percent of total donor funding for the year.

**Ireland
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	29,934	30,000	29,000	12,500
Total Program Funds	29,934	30,000	29,000	12,500

STRATEGIC OBJECTIVE SUMMARY

190-0410 Int. Fund for Ireland and Walsh Visa Program				
ESF	29,934	30,000	29,000	12,500

Note: The Ireland funds include the Walsh Visa Program at the following levels: FY 2001 - \$4,989; FY 2002 - \$5,000; FY 2003 - \$4,000; and FY 2004 - \$4,000.

Data Sheet

USAID Mission:	Ireland
Program Title:	Int. Fund for Ireland and Walsh Visa Program
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	190-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$29,000,000 ESF
Prior Year Unobligated:	\$25,000,000 ESF
Proposed FY 2004 Obligation:	\$12,500,000 ESF
Year of Initial Obligation:	FY 1986
Estimated Completion Date:	FY 2006

Summary: Through the International Fund for Ireland, the United States provides assistance for economic redevelopment and cross-community reconciliation throughout Northern Ireland and the six border counties of the Republic of Ireland. The Walsh Visa Program provides employment, job training, and conflict resolution skills for young people from the same areas.

Inputs, Outputs, Activities:

FY 2003 Program:

International Fund for Ireland (\$25,000,000 ESF). The U.S. Government's contribution to the International Fund for Ireland (IFI), administered by USAID, is used in the following initiatives:

1) Disadvantaged Areas Initiative. This initiative targets funding at the areas of greatest need. Projects under this initiative focus on economic regeneration and community improvement with special emphasis on employment and business creation.

2) Economic Development Initiative. Projects are designed to strengthen the economic base by stimulating local enterprise and self-employment, encouraging the growth of small and medium sized companies, encouraging tourism, and providing support for the regeneration of derelict properties in towns and villages for commercial purposes.

3) Communities Initiative. This initiative provides people, particularly those in the most disadvantaged areas, with the skills, resources and self-confidence to undertake the social and economic regeneration of their communities. It also helps to improve the employability of disadvantaged young people by providing training, work experience and personal development. Special emphasis in the Communities Initiative is on leadership potential, reconciliation and conflict resolution.

Since 1990, U.S. contributions to the IFI have been made on a biannual basis. The next contribution will be made in FY 2003. The implementer is the International Fund for Ireland.

Irish Peace Process Cultural and Training Program Act of 1998 (Walsh Visa Program) (\$4,000,000 ESF). In FY 2003, it is expected that 220 young people will participate in the central part of the program; approximately 100 others will participate in employer-to-employer and internship opportunities offered through the Walsh program. The components of the program include:

1) Targeting the long-term (three months or more) unemployed and those who have been made redundant or received redundancy notices.

2) Admission to the program of a small number of employed persons who have been nominated by their employers.

3) Equality of opportunity in relation to community background, ethnic origin, gender and disability throughout all phases of the Program.

The State Department has partnered with the Department of Education and Labor of Northern Ireland and the Training and Employment Authority of the Republic of Ireland to provide oversight of the program. The implementers are Northrop-Grumman Information Technology (prime), the Ireland Institute of Pittsburgh, PA (sub), the Irish Immigration Center of Boston, MA (sub), and the Metropolitan Development Agency of Syracuse, NY (sub).

FY 2004 Program:

International Fund for Ireland (\$8,500,000 ESF). It is expected that funds will continue to be used in projects designed to promote reconciliation and cross-community understanding. The implementer is the International Fund for Ireland.

Irish Peace Process Cultural and Training Program Act of 1998 (Walsh Visa Program) (\$4,000,000 ESF). While FY 2003 is the last year in which new participants will arrive to work in the United States, funds will be needed in FY 2004, FY 2005, and FY 2006 to provide social services and monitoring for participants until their return home. The implementers are expected to continue to be Northrop-Grumman Information Technology (prime), the Ireland Institute of Pittsburgh, PA (sub), the Irish Immigration Center of Boston, MA (sub), and the Metropolitan Development Agency of Syracuse, NY (sub).

Performance and Results: International Fund for Ireland. As a measure of the Fund's success, between 1987 and September 2000, about 4,600 Fund projects created approximately 38,000 jobs. Over 750 organizations have been assisted to promote social and economic development, involving more than 9,000 community leaders. For every U.S. dollar invested by the Fund, over two dollars are raised from private, British and Irish sources, bringing total investment in the last 14 years in Northern Ireland and the six border counties of the Republic of Ireland to approximately \$1.974 billion. Continued U.S. support underpins U.S. efforts to create an enduring, sustainable peace in Northern Ireland.

Irish Peace Process Cultural and Training Program Act of 1998 (Walsh Visa Program). Program participants gain job and social skills, including conflict resolution experience, enabling them to make meaningful contributions to their home counties upon their return. Beginning with the first group of participants in March-April 2000, some 850 young people have participated in the program.

US Financing in Thousands of Dollars

Ireland

	DA	ESF
190-0410 Int. Fund for Ireland and Walsh Visa Program		
Through September 30, 2001		
Obligations	19,600	361,647
Expenditures	19,600	356,377
Unliquidated	0	5,270
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	5,260
Through September 30, 2002		
Obligations	19,600	361,647
Expenditures	19,600	361,637
Unliquidated	0	10
Prior Year Unobligated Funds		
Obligations	0	25,000
Planned Fiscal Year 2003 NOA		
Obligations	0	29,000
Total Planned Fiscal Year 2003		
Obligations	0	54,000
Proposed Fiscal Year 2004 NOA		
Obligations	0	12,500
Future Obligations	0	0
Est. Total Cost	19,600	428,147

Kosovo

The Development Challenge: International assistance and the energy and determination of the Kosovars have succeeded in improving living conditions for most of the population and in getting the province back to near normal conditions. The reconstruction and emergency phase has passed. With this passing, however, comes a new set of challenges. The three foremost challenges are strengthening Kosovar institutions, building a sustainable and growing economy that creates jobs, and developing a harmonious multi-ethnic society. These challenges require a reasonable period of time and sufficient resources to meet them and are thus compounded by a shift in donor attention, reflected in the significant decrease in donor resource levels projected for FY 2003 and beyond. Only three years after a devastating war and decades of economic decline, much remains to be done to bring stability and sustainable economic opportunities to this part of the Balkans.

The process of building the elements of a democracy, the institutions for running a government, and the bases for a sound economy have begun. A government composed of Kosovars, the Provisional Institutions of Self-Government (PISG), was created by United Nations Mission in Kosovo (UNMIK), which administers the province under a United Nations resolution. A multi-party, multi-ethnic assembly is in place and functioning productively. There are increasing visible signs of growing ethnic tolerance. However, ethnic tensions still dwell shallowly below the surface and the reintegration of ethnic minorities is still a work in progress. On the economic front, Kosovo appears to have made a remarkable rebound. However, the recovery is still in its nascent stage, and is hampered by structural limitations, and could prove to be very transitory. There is almost no productive industry and most enterprise is based on trade, which in turn is reliant on diaspora capital and the benefits of a large international presence. Unemployment, once estimated at more than 70% immediately after the war, now hovers in the 45% to 55% range, though very recent estimates suggest it could be as low as 25% to 30%. With the youngest population in Europe, such severe unemployment may not allow Kosovo to become a secure society and may trigger renewed conflict. In 2003, assistance levels from the donor community are expected to drop substantially while at the same time Kosovo lacks the legal status to enable it to begin tapping international capital markets or IFI loans. Its current legal status also has a significant negative impact on its ability to export and attract foreign direct investment, leaving Kosovo economically disadvantaged.

The US foreign policy priorities in Kosovo are to create a safe and secure multi-ethnic society that has strong economic linkages within the region. The U.S. Mission has provided the impetus for the deep reforms that have occurred and for "Kosovarization" of local institutions. Although accomplishments have been impressive in three short years, a secure and stable society does not yet exist. The international community, including the United States, needs to stay the course to ensure that a stable democracy and functional economy are established.

The USAID Program: The Data Sheets provided below cover the three core and two supporting strategic objectives for which USAID is requesting FY 2003 and FY 2004 funds. These objectives concentrate on establishing a sound economic framework that facilitates development of a private sector-led economy, creating accountable and transparent governance, and restoring normalcy in living standards and opportunities within Kosovo's communities. Within these objectives, USAID assistance will revolve around three broad themes: building functional Kosovar institutions, creating jobs, and mobilizing communities so that basic services are provided through democratic and transparent means. FY 2003 funds will be used to implement ongoing programs. USAID is currently developing a new strategic plan that will become effective beginning in FY 2004. It is expected that FY 2004 will see a continuation of programs focusing on economic recovery, with a shifting emphasis from economic policy to private sector development. In the democracy area, establishment of rule of law and a vibrant civil society will continue to be emphasized. Moving from the recovery years into a more intense development setting, and building on the gains made in developing a sound intergovernmental finance system and a functioning municipal certification program, the "return to normalcy" objective will move into one with a more direct focus on governance and development at the local level.

Other Program Elements: None

Other Donors: The European Commission, through the European Agency for Reconstruction (EAR), has been the largest donor to date, with activities in reconstruction, public administration reform, decentralization, judiciary, customs and taxation, energy, environmental management, economic development, minorities and returns, rural development, civil society, and university education. Other major donors and their principal areas of focus include: Germany (energy, water and wastewater, transport, private sector development); Canada (public administration, public health, education, media, disability); Sweden (agriculture, infrastructure, public services, environmental protection, returnees, youth, anti-trafficking, civil society); Switzerland (energy, business development, agriculture, infrastructure, public services, environmental protection, vocational education); the United Kingdom (civil society, access to justice, privatization, customs, fiscal policy, health, social policy, public administration); and UNDP (security, job creation and minority programming, and local development). The U.S. is working closely with the European Union (EU) to transfer ever-increasing responsibility. However, it will take time (and greater EU resources) before the EU has the capacity to assume leadership.

**Kosovo
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	149,670	118,000	85,000	79,000
Child Survival and Health Programs Fund	0	131	0	0
Total Program Funds	149,670	118,131	85,000	79,000

STRATEGIC OBJECTIVE SUMMARY

167-0130 Private Enterprise Growth				
AEBB	26,100	24,300	16,150	14,200
167-0210 Accountable and Transparent Governance				
AEBB	6,199	8,750	8,950	7,950
167-0310 Community Development				
AEBB	19,401	11,900	4,400	5,100
167-0410 Special Initiatives				
AEBB	11,300	750	2,250	0
CSH	0	131	0	0
167-0420 Cross-Cutting Programs				
AEBB	1,800	1,900	850	1,150
TRANSFER				
AEBB	84,870	70,400	52,400	50,600

Mission Director,
Dale Pfeiffer

Data Sheet

USAID Mission:	Kosovo
Program Title:	Private Enterprise Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	167-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$16,150,000 AEEB
Prior Year Unobligated:	\$121,000 AEEB
Proposed FY 2004 Obligation:	\$14,200,000 AEEB
Year of Initial Obligation:	1999
Estimated Completion Date:	2008

Summary: USAID/Kosovo's current economic recovery and growth support strategy promotes the effective implementation and institutionalization of critical reforms in fiscal and monetary policy management, financial market development, commercial law development, privatization, and trade and investment policies through intensive targeted technical assistance, training, and the development of local policy formulation and business advocacy capacity. Much of this support focuses on human capacity development and effective dissemination of improved economic policy and public administration practices. Through two interrelated components, the USAID economic program is also focused on assisting the growth of the private sector by increasing access to capital and building business skills and services necessary for business growth.

Inputs, Outputs, Activities:

FY 2003 Program:

Economic policy and institutional development (\$8,750,000 AEEB). USAID will support institutional development in the areas of fiscal and financial sector reform, public utilities reform, privatization, and commercial law development. The work will continue a shift in focus from supporting UNMIK structures to targeted initiatives that support capacity building of newly created Kosovar institutions. Support for the development of effective institutions, sound policies, market-oriented legislation, and human capacity is delivered through targeted sub-sector initiatives addressing: 1) budget planning, control, audit, procurement, and taxation (central and municipal levels), 2) development of a sound regulatory and policy environment required for viable banking, insurance, pension and accounting industries, 3) financial management, operational reform, and comprehensive restructuring of public utilities, 4) targeted privatization assistance to facilitate a transparent transfer of assets to the private sector, and 5) commercial law drafting assistance to key ministries on core commercial laws as well as assistance to the Office of the Prime Minister and the Kosovar assembly to effectively shepherd these key laws through development and implementation. Contractors: Barents (prime), The Services Group and the Center for Institutional Reform and the Informal Sector (IRIS) (subs). Grantees: RIINVEST.

Private sector development (\$7,400,000 AEEB). USAID facilitates an effective private sector response to improved economic policy and institutional conditions through three key initiatives. The Kosovo Business Support (KBS) project provides business advice and promotes trade and investment linkages to high potential SMEs. Support includes management training, business strategic planning, marketing, and accounting and audit certification training, and business-to-business round-tables. The Kosovo Business Finance Facility (KBFF) will continue to strengthen the lending capacity of the USAID-established American Bank of Kosovo (ABK), with particular emphasis on expanding services and addressing the needs of the SME and agriculture sectors. Simultaneously, ABK attracted a strategic investor (Raiffeisen Bank of Austria) that purchased a majority stake in the bank in December 2002.

The Kosovo Agricultural Sector Support (KASS) program will initiate technical assistance to small farmers in milk, vegetable, fruit, and feed grain production. Post harvest handling techniques and technical assistance on product marketing, grades and standards, and supply relationships will also be provided.

Additionally, capacity building assistance to local institutions will facilitate productivity and value improvements at the farm level. The KBS program features an agribusiness development component that focuses intensively on several agricultural sub-sectors, with the objective of developing a comparative advantage in those sub-sectors for local producers. Using volunteer resources (e.g., International Executive Service Corps and Volunteers in Overseas Cooperative Assistance), project assistance will effectively address specific production, quality, and marketing constraints faced by agribusiness enterprises. Also during 2003, the KBFF's agribusiness lending focus will be intensified significantly, leveraging local capital mobilized by ABK through tight linkages with the KBS agribusiness development efforts. Contractors: Chemonics International (prime), The Recover Group, Crimson Capital (subs); Deloitte Touche (prime). Grantees: Save the Children (prime), CARE, International Rescue Committee, International Fertilizer Corporation, and Land O'Lakes (subs).

FY 2004 Program:

Economic policy and institutional development (\$7,150,000 AEEB). Assistance will continue in most sectors in FY 2004 ensuring effective institutionalization of key reforms and the fullest development of organizational and human capacity levels. Assistance will phase out in areas such as procurement (central level), banking supervision, and insurance regulation. Intensified areas of support may include inter-governmental finance, privatization, and public utilities.

Private sector development (\$5,100,000 AEEB). KBS assistance will continue through FY 2004 in all areas and include the introduction of a progressive fee-for-service element. KBFF assistance will continue into FY 2004 when the retained stake in ABK will be sold. The KBFF focus will be on continuing to increase local capital mobilization and effectively channeling it into viable private sector investments through SME loans.

Agriculture (\$1,950,000 AEEB). The agriculture component will continue technical assistance to small producers and agribusiness, with increased focus on sustainable producer-agribusiness relationships and institutionalized provision of producer and agribusiness services. Initial sub-sectors under which productivity, quality, and value enhancements have been addressed will be expanded to include specialty products.

Performance and Results: USAID's economic program has supported the development of critical economic governance institutions, including the central fiscal authority, the budget planning, macro-analysis, and municipal finance departments of the Ministry of Finance and Economy, a respected central banking institution, and an effectively functional legal unit in the Prime Minister's Office. This support has resulted in liberal tax regime, creation of a path-breaking pension system, development of a sound intergovernmental finance system and municipal certification program, and development and adoption of core commercial laws and regulations. USAID also established a full-service commercial bank (ABK) that has mobilized more than Euro 40 million in local deposits and currently has a portfolio of more than Euro 23 million in loans to more than 925 local clients. Direct support to businesses saw an average 45 percent increase in sales and created more than Euro 12 million in trade and investment linkages.

By program completion, Kosovo will have its own economic institutions that are prepared to support a private-sector, market-based economy. Continued progress in this objective will support the growth of productive enterprises, most related to agriculture, that will provide an increasing contribution to incomes and employment.

US Financing in Thousands of Dollars

Kosovo

167-0130 Private Enterprise Growth	AEEB
Through September 30, 2001	
Obligations	47,750
Expenditures	28,955
Unliquidated	18,795
Fiscal Year 2002	
Obligations	24,179
Expenditures	28,230
Through September 30, 2002	
Obligations	71,929
Expenditures	57,185
Unliquidated	14,744
Prior Year Unobligated Funds	
Obligations	121
Planned Fiscal Year 2003 NOA	
Obligations	16,150
Total Planned Fiscal Year 2003	
Obligations	16,271
Proposed Fiscal Year 2004 NOA	
Obligations	14,200
Future Obligations	0
Est. Total Cost	102,400

Data Sheet

USAID Mission:	Kosovo
Program Title:	Accountable and Transparent Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	167-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$8,950,000 AEEB
Prior Year Unobligated:	\$2,707,000 AEEB
Proposed FY 2004 Obligation:	\$7,950,000 AEEB
Year of Initial Obligation:	1999
Estimated Completion Date:	2008

Summary: USAID's democracy and governance programs are centered around four independent but interrelated areas: 1) Independent media - expanding coverage and strengthening the sustainability of private independent media; 2) Civil society - assisting advocacy-oriented NGOs in planning and decision-making processes that raise awareness of their own rights and responsibilities for holding themselves and their leaders accountable; 3) Rule of law - developing improved court administration systems and training legal professionals in the fair and transparent administration of laws and regulations; 4) Political processes - assisting in the process of free and fair elections, training elected officials, and working with political parties to establish issue-based platforms.

Inputs, Outputs, Activities:

FY 2003 Program:

Independent media (\$3,100,000 AEEB). In FY 2003, USAID will continue to work to ensure a sustainable media environment, with a level playing field for public and private television broadcasters to compete; a self-regulatory environment in print media; a regulatory framework that fosters freedom of speech; improved media business viability; and increased professional reporting skills in both print and broadcast media. USAID will support private television stations, major local radio stations, and the Kosovo-wide news agency focusing on improving the quality of their program and newscasts and their ability to become viable and profitable businesses; work with specialty niche reporters for improving quality of their reporting; and work with the future Independent Media Commission, Kosovar institutions of self-governance, and media associations so that they all become watchdogs for protecting freedom of expression. Contractor: International Research and Exchange Board (IREX)

Civil society (\$1,150,000 AEEB). The program will continue to focus on enhancing the effectiveness of local NGOs' advocacy skills so they positively impact the decisions that directly affect them and the lives of their constituents. This will be accomplished by continuing to strengthen local trainers and the local grant-giving foundation that assists NGOs to carry out timely and effective advocacy activities, including campaigns that educate public and targeted governmental institutions. This will increase the skills of NGOs to become proactive watchdogs of government at both the local and central levels. Contractor: East West Management Institute (EWMI)

Rule of law (\$3,800,000 AEEB). In 2003, USAID will continue to work with legal professionals to build their professional capacity. USAID will assist UNMIK, Kosovar legal professionals, and civil society in developing laws and policies that support an effective and impartial Kosovar justice system. Priority areas for reform include structural and functional reform in the justice system. USAID will work to develop a comprehensive strategy and action plan for a post-UNMIK justice system in Kosovo. Moreover, USAID's program will: strengthen the capacity of the court system so that it operates smoothly, impartially, and effectively while protecting the human and legal rights of citizens; develop systems to provide effective oversight for judges, prosecutors, and lawyers in the areas of ethics and delivery of quality services; and increase public awareness of Kosovo's evolving legal framework and justice system to improve access and ensure individual and community rights are protected. The importance and enormity of this issue,

coupled with the nominal progress to date, will make rule of law a major area of emphasis of a new program start in 2003. Grantee: American Bar Association Central and East European Law Initiative (ABA/CEELI); Contractor: National Center for State Courts (NCSC) New contractor: TBD

Political process (\$900,000 AEEB): The interim period following the 2002 municipal election and prior to the 2004 general election represents an important opportunity for USAID to consolidate advances in intra-party democratization, inter-party collaboration, civic engagement, and to marginalize extremist elements by further strengthening democratic institutions such as the Assembly and the 30 Municipal Councils. The future Political Process Strengthening program will therefore include a clear emphasis on supporting the PISG and "localizing" this technical support. Grantee: National Democratic Institute (NDI)

FY 2004 Program:

Independent media (\$1,600,000 AEEB). In FY 2004 focus will be on building the capacity of media associations to promote self-regulation and ethical standards among journalists and to monitor the work of media governing bodies to ensure proper implementation of media regulations. USAID will continue to provide technical assistance to media outlets to increase their business viability and professionalism, especially focusing on making the two province-wide private television stations successful, profit-making businesses.

Civil society (\$2,000,000 AEEB). USAID will focus on working with a smaller group of NGOs that have proved successful in advocating for policies at both the local and central levels, ensuring their sustainable advocacy capacity.

Rule of law (\$3,150,000 AEEB). Rule of law assistance will support the improvement of court administration; the development and implementation of justice system reforms; oversight for judges, prosecutors, and lawyers; and increased public awareness and understanding of the legal system.

Political process (\$1,200,000 AEEB). The creation of a sound legal and policy framework for good governance based on the adoption and implementation of key "good governance" legislation included in the Government of Kosovo's reform agenda will be a priority. USAID will help political parties effectively develop, refine, and communicate their platforms outside the elections period. A cadre of trainers assisted by USAID during FY 2003 will work to institutionalize organizational and communication skills within parties, particularly at the branch level.

Performance and Results: During the past year, Kosovars took major strides in furthering their democracy and governance structures with support from USAID. Three free and fair elections have been held since 1999, two at the local and one at the national levels, with the latter forming the multi-party and multi-ethnic Assembly of Kosovo. This Assembly also has the highest percentage of women representatives in Eastern Europe. USAID has helped stimulate progress in promoting a fair and efficient judicial system by developing systems, procedures and training manuals to improve court administration and increasing the professionalism of legal practitioners. In the area of promoting independent media, USAID has achieved substantive progress in: improving professional standards of journalists; encouraging supporting institutions to function in the professional interests of independent media, and helping media outlets to function as well-managed businesses while exercising editorial independence. In civil society, USAID has made progress in building the capacity of Kosovar trainers in advocacy, organizational capacity, and gender awareness for NGOs. NGOs are beginning to refocus their efforts from humanitarian to advocacy orientated programs. Also, USAID is working with both local NGOs and local and central government to ensure public participation in the decision-making process.

US Financing in Thousands of Dollars

Kosovo

167-0210 Accountable and Transparent Governance	AEEB	ESF
Through September 30, 2001		
Obligations	18,624	142
Expenditures	11,522	142
Unliquidated	7,102	0
Fiscal Year 2002		
Obligations	7,864	0
Expenditures	8,273	0
Through September 30, 2002		
Obligations	26,488	142
Expenditures	19,795	142
Unliquidated	6,693	0
Prior Year Unobligated Funds		
Obligations	2,707	0
Planned Fiscal Year 2003 NOA		
Obligations	8,950	0
Total Planned Fiscal Year 2003		
Obligations	11,657	0
Proposed Fiscal Year 2004 NOA		
Obligations	7,950	0
Future Obligations	0	0
Est. Total Cost	46,095	142

Data Sheet

USAID Mission:	Kosovo
Program Title:	Community Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	167-0310
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,400,000 AEEB
Prior Year Unobligated:	\$1,000,000 AEEB
Proposed FY 2004 Obligation:	\$5,100,000 AEEB
Year of Initial Obligation:	1999
Estimated Completion Date:	2008

Summary: USAID's approach under this strategic objective has been to focus on activities that lead to repaired infrastructure, improved quality of, and access to basic services, increased employment opportunities, and creation of an environment for pluralistic decision making and advocacy. While involving Kosovars in self-help efforts to improve their lives in tangible ways, the activities under this objective also complement and build on the progressive economic and political reforms fostered under USAID democracy and economic objectives. Beginning in FY 2003 there will be a shift in emphasis away from improved infrastructure as the primary objective toward strengthening the ability of the local government and communities to respond to defined needs, including those of minorities. The focus of the new work will be more fully defined during the development of USAID's new strategic plan for Kosovo that will become effective in FY 2004.

Inputs, Outputs, Activities:

FY 2003 Program:

Local development (\$2,300,000 AEEB). Recent local elections, devolution of responsibility to municipalities contained in UNMIK regulations, along with a municipality certification process, make a strong case for USAID's engaging with municipalities in ensuring that there is effective, responsive and accountable local government addressing the needs of its citizens. As a result of progress made to date, and in response to decreasing budgets, focus will move away from community infrastructure development. FY 2003 funding will be used to start a new activity that promotes the conditions for bringing local governments and communities into a strong partnership for achieving change. New Contractor/Grantee: TBD

Support for minority returns (\$2,100,000 AEEB). A new activity will begin in FY 2003 that will focus on furthering the USG's goal of promoting a functioning multi-ethnic society in Kosovo. Based on established criteria, the activity will work with communities who actively establish conditions that promote a favorable environment for ethnic reconciliation. Small-scale infrastructure rehabilitation resources will be made available to qualifying local communities and municipalities that have identified projects that improve the economic and social conditions for multiple ethnic groups and ethnic returnees. Grantee: Save the Children (prime).

FY 2004 Program:

Local development (\$5,100,000 AEEB). The new program started with FY 2003 funding will become fully operational in FY 2004.

Performance and Results: In FY 2002, the community infrastructure program completed 69 projects, 32 of which were in ethnic enclaves or mixed communities. To date, 188 projects have been completed, serving the priority needs of almost 700,000 people with improved levels of service, e.g., improved electricity voltage; improved water availability; improved educational and health facilities; improved market access/reduced transport cost. In FY 2002, the community development program formed community groups that actively employ municipal, UNMIK and local leaders to solve their most pressing social, health

and economic problems and resulted in 70 vital infrastructure and social service improvements. These grassroots initiatives directly engaged over 1,000 civil groups and institutions and benefited the lives of more than 145,000 people in their areas of operation, with almost one-third of beneficiaries being the minority ethnic groups. Cumulatively, over 20,000 children and youth benefited in activities that develop skills, self-esteem, and restore a sense of normalcy to their lives. In addition, over 5,900 farmers have improved capacity for increased household agricultural production. \$1.9 million was secured in loans and access to new contracts by 113 construction businesses benefiting from client-driven consulting.

Successful implementation of this objective will help restore normalcy to a province that has been traumatized by events over the past decade. It will result in concrete improvements in vital community infrastructure and at the same time increase the ability of local governments, communities and the citizenry to become active and effective agents of change that directly lead to their social and economic recovery.

US Financing in Thousands of Dollars

Kosovo

	AEEB	CSH
167-0310 Community Development		
Through September 30, 2001		
Obligations	46,314	1,000
Expenditures	22,454	0
Unliquidated	23,860	1,000
Fiscal Year 2002		
Obligations	12,997	0
Expenditures	15,973	1,000
Through September 30, 2002		
Obligations	59,311	1,000
Expenditures	38,427	1,000
Unliquidated	20,884	0
Prior Year Unobligated Funds		
Obligations	1,000	0
Planned Fiscal Year 2003 NOA		
Obligations	4,400	0
Total Planned Fiscal Year 2003		
Obligations	5,400	0
Proposed Fiscal Year 2004 NOA		
Obligations	5,100	0
Future Obligations	0	0
Est. Total Cost	69,811	1,000

Data Sheet

USAID Mission:	Kosovo
Program Title:	Special Initiatives
Pillar:	Global Health
Strategic Objective:	167-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,250,000 AEEB
Prior Year Unobligated:	\$3,000 AEEB; \$131,000 CSH
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	1999
Estimated Completion Date:	2005

Summary: USAID's special initiative objective supports programs that are implemented in response to Congressional interest.

Inputs, Outputs, Activities:

FY 2003 Program:

Health initiatives (\$250,000 SEED). USAID's health programs will begin to phase out with FY 2003 funding. The last obligation will be to fully fund the mortgage of the American International Health Alliance (AIHA) partnership between Dartmouth University and the municipality of Gjilan/Gjilane. The Gjilan-Hanover Health Partnership will continue to focus on improvement of the region's primary health care services in areas such as community health planning, health education, community organization, facility administration, information system, pediatrics, and adult health through a family-oriented model of care. A second Alliance program is implemented in partnership with Doctors of the World. Grantee: AIHA (prime), Dartmouth University.

Women's leadership program (\$2,000,000 SEED). FY2003 funding will enable the continuation of The Hope Fellowship Program, fostering leadership skills in qualified Kosovar women who have demonstrated leadership potential and are currently working in leading positions within their profession. The program will be expanded to provide follow-on support to Hope graduates in the utilization and dissemination of their training and will offer comprehensive in-country training to women government leaders over the course of 18 months. Grantee: National Albanian American Council (prime).

FY 2004 Program:

Performance and Results: During FY 2002, as result of concerted efforts of the Health Partnership, 147 doctors and nurses in Gjilan enhanced their knowledge of treatment and clinical practice. At the same time, half way in the implementation of the Tuberculosis Control strategy, Kosovo now has an adequate number of laboratory technicians trained in diagnosis of TB as well as the equipment needed to carry out this task. Under NAAC Hope Fellowship Program, as of the end of this year, a total of 40 fellows completed their training and are formulating actions that will help instill new leadership in civil society.

US Financing in Thousands of Dollars

Kosovo

167-0410 Special Initiatives	AEEB	CSH	ESF
Through September 30, 2001			
Obligations	17,768	0	1,756
Expenditures	15,621	0	899
Unliquidated	2,147	0	857
Fiscal Year 2002			
Obligations	991	0	0
Expenditures	1,179	0	737
Through September 30, 2002			
Obligations	18,759	0	1,756
Expenditures	16,800	0	1,636
Unliquidated	1,959	0	120
Prior Year Unobligated Funds			
Obligations	3	131	0
Planned Fiscal Year 2003 NOA			
Obligations	2,250	0	0
Total Planned Fiscal Year 2003			
Obligations	2,253	131	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	21,012	131	1,756

Data Sheet

USAID Mission:	Kosovo
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	167-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$850,000 AEEB
Prior Year Unobligated:	\$1,229,000 AEEB
Proposed FY 2004 Obligation:	\$1,150,000 AEEB
Year of Initial Obligation:	1999
Estimated Completion Date:	2008

Summary: Funds provided under this objective are used to provide program support and technical expertise, which enable the Mission to develop, monitor and evaluate program implementation and to carry out assessment of current activities. Performance results achieved under this objective are reflected throughout the portfolio. In addition, funds provided under this cross-cutting objective support the Mission's anti-trafficking program.

Inputs, Outputs, Activities:

FY 2003 Program:

Program support (\$850,000 AEEB). In addition to supporting the operations and personnel costs of the program personnel who manage USAID's on-going activities, FY 2003 funds will support the development of the Mission's new strategic plan - including the evaluations, assessments, surveys, and studies that are needed to fully inform the development of this strategy. Funds will also be used for new program design.

FY 2004 Program:

Program support (\$950,000 AEEB). FY 2004 funds will continue to be used for program support.

Anti-trafficking (\$250,000 AEEB). FY 2004 funding will be used to supplement funding first provided from FY 2001 funds for an anti-trafficking program in Kosovo that will begin implementation in FY 2003. Since Kosovo is a transit and receiving site, this program will be aimed at protecting the rights of the victims of trafficking, increasing awareness among the general public on the phenomenon of trafficking, and building the capacity of local structures (NGOs and government) to protect the victims and prosecute the traffickers.

Performance and Results: Funds obligated under this strategic objective support activities across the Mission portfolio and contribute to the results achieved within these objectives.

US Financing in Thousands of Dollars

Kosovo

167-0420 Cross-Cutting Programs	AEEB
Through September 30, 2001	
Obligations	3,341
Expenditures	2,299
Unliquidated	1,042
Fiscal Year 2002	
Obligations	1,691
Expenditures	2,027
Through September 30, 2002	
Obligations	5,032
Expenditures	4,326
Unliquidated	706
Prior Year Unobligated Funds	
Obligations	1,229
Planned Fiscal Year 2003 NOA	
Obligations	850
Total Planned Fiscal Year 2003	
Obligations	2,079
Proposed Fiscal Year 2004 NOA	
Obligations	1,150
Future Obligations	0
Est. Total Cost	8,261

Former Yugoslav Republic of Macedonia

The Development Challenge: Macedonia has the challenge of making the political and economic reforms required for European integration and better lives for its citizens. It must also provide a more secure and stable environment free from conflict. The spring 2001 crisis between ethnic Macedonians and ethnic Albanians still has lingering effects on the country. Passing the Law on Local Self Government and conducting peaceful and fair parliamentary elections in September 2002 were two significant steps toward furthering the peace process and stability. While substantial progress was made this past year in implementing the Framework Agreement, the peace accord that brought the conflict to an end, ethnic tension still exists. Sporadic ethnic-inspired acts of violence still occur. Certain Framework Agreement provisions, such as minority rights, have not yet been implemented. Patronage and corruption have obstructed transparency and accountability in the political system. Furthermore, civil society is not sufficiently developed to exert significant influence over the actions of neither political players nor function proactively to meet citizens' needs. Lastly, the judiciary remains financially dependent on the executive branch and does not exert adequate checks and balances in the system. The Macedonian Government must also address a number of serious economic issues. In 2002, the Macedonian economy experienced only a very modest recovery from the decline of the previous year. The unemployment rate is over 30% and, for those who are employed, salaries in real terms remain well below their levels in the early 1990s. Even though the financial system remains stable and regained citizens' confidence, it still fails to provide the necessary capital for expansion of the private sector. One positive development was Macedonia's integration into the global economy when it completed the protocol for accession into the World Trade Organization in September 2002. The next challenge is ratification and implementation.

Macedonia remains one of the poorest of the successor states of the former Socialist Federal Republic of Yugoslavia. In 2001, the year that the inter-ethnic conflict broke out, real GDP fell by 4.1%, but is expected to grow in 2002. External debt as of August 2002 was about 40.4% of GDP. A new Stand-By Agreement remains to be negotiated with the International Monetary Fund.

Key U.S. national interests in Macedonia include national and regional stability, economic prosperity, and democratization. Macedonia can also be a key partner in combating organized crime and extremists in the region.

The USAID Program: As a result of the USAID strategy approved in 2001, programs are directed at fundamental causes of potential conflict in Macedonia. Some of the conflict triggers targeted by the USAID program are: high unemployment, a struggling economy, limited opportunities for inter-ethnic cooperation and understanding, lack of minority participation in the public sector, a weak civil society, and an over-dependence upon the government's patronage system for jobs and business opportunities. The new multi-ethnic coalition government that was elected in September 2002 has a broad mandate from Macedonia's citizens. The government is committed to implementing the Framework Agreement and to economic and political reforms. The USAID program is aimed at addressing the main challenges that Macedonia faces. FY 2003 funds will be used to implement the ongoing program as described in the FY 2003 Congressional Budget Justification. FY 2003 funds will also be used to carry out a more comprehensive program in information technology. The principal strategic objectives are to: accelerate private sector growth, improve the legitimacy of democratic institutions, mitigate the adverse social impacts, and train key leaders and decision makers in areas which support the program. In the economic growth sector, activities include increased competitiveness, financial sector reform, WTO accession, corporate governance and improving the enabling environment for investment, and energy privatization. Democracy activities include building on the successful passage of key laws in the Framework Agreement, continuing to assist in drafting and implementing other provisions, decentralization of government, legal reform and community development. In response to the worsened social condition of Macedonia, USAID is addressing workforce problems by creating labor force demand through local economic development as well as addressing labor policy changes required at the national and local levels. Lastly, to improve the human capital of the country, USAID is modernizing the education system by introducing critical thinking and interactive teaching methodologies and by ensuring that primary and secondary students have access to technology. This, in turn, will contribute to a better trained workforce.

Details of the specific program to be funded by FY 2003 and FY 2004 funds are described in the Program Data Sheets.

Other Program Elements: The Democracy Conflict and Humanitarian Assistance Bureau's Office of Transition Initiatives (OTI), through its Confidence Building Initiative, has successfully and substantially contributed to U.S. Government efforts to build inter-ethnic cooperation and create a supportive environment for the Framework Agreement's implementation. OTI provided over 300 grants valued at \$6.7 million to 77 of Macedonia's most vulnerable communities to support local initiatives; strengthened the capacity, responsiveness and accountability of local government; and increased availability and access to balanced information and diverse points of view.

The Europe and Eurasia Bureau is funding three projects from the Europe regional budget in Macedonia. The Strengthening the Youth Sector and Building Capacity in the Balkans Program provides exchange programs and grants for non-governmental organizations supporting youth in South Eastern Europe countries. In these exchanges, they share information and technical expertise on civil society's role in improving employment, technology, non-formal education, health, civic education, and democracy building. Another project is the EcoLinks Partnership Grants Program that strengthens the capacity of businesses and municipalities in the region to develop and implement market-based solutions to urban and industrial environmental problems. An energy project has also assisted the GOM in passing the Energy Law that allows for establishing a regulatory agency, which will also be aided in its formative stages. The project assists Macedonia in its participation in developing a regional energy strategy.

Other Donors: USAID works closely with other donors on issues of particular interest to the U.S. Government such as decentralization, development of small and medium size enterprises, reforms in education, financial and pension systems. The United States and the European Union (EU) are the largest donors in Macedonia. The European Agency for Reconstruction (the EU's development arm) focuses on good governance, institution building, rule of law, market economy development, environment, infrastructure, social development, and civil society strengthening. The Dutch government is the third largest donor, providing balance of payment assistance, support to the education, agriculture and public finance reforms; and assistance for development of a civic society and respect for human rights. Macedonia also receives assistance from German, British, and Swedish governments.

**Macedonia
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	33,126	49,506	50,000	39,000
Total Program Funds	33,126	49,506	50,000	39,000

STRATEGIC OBJECTIVE SUMMARY

165-0130 Economic Growth				
AEEB	7,866	13,800	12,505	10,588
165-0200 Democracy and Governance Reform				
AEEB	0	12,770	15,845	12,434
165-0210 Civil Society				
AEEB	4,485	0	0	0
165-0230 Local Government				
AEEB	2,083	0	0	0
165-0340 Social Transition				
AEEB	281	7,105	6,730	8,028
165-0410 Special Initiatives				
AEEB	10,500	5,120	4,560	100
165-0420 Cross-Cutting Programs				
AEEB	3,271	4,300	4,410	3,200
TRANSFER				
AEEB	4,640	6,411	5,950	4,650

Mission Director,
Richard Goldman

Data Sheet

USAID Mission:	Macedonia
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	165-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$12,505,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,588,000 AEEB
Year of Initial Obligation:	FY 1994
Estimated Completion Date:	FY 2006

Summary: USAID's program to accelerate the development and growth of the private sector will focus on strengthening financial sector institutions, increasing the competitiveness of private firms, and improving the enabling environment for investment.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthening the financial sector (\$3,050,000 AEEB). USAID assistance to the financial sector will ensure that it becomes more dynamic and fulfills its role as the primary source of capital for economic growth. Technical assistance to the Macedonia Securities and Exchange Commission will help it comply with international standards and to enforce legal provisions to prevent market abuses. USAID will provide assistance to the Macedonia Stock Exchange, particularly as it establishes regional links to other stock exchanges. Twenty commercial banks will receive training in credit risk analysis and International Accounting Standards. USAID will also assist commercial banks to reduce non-performing loans and to form an independent bankers' association. Development of a credit information agency will help banks make informed lending decisions. Assistance to the National Bank Supervision Department will focus on training in market risk, country risk, consolidated banking and combating money-laundering. USAID will help Macedonia establish private pension funds by assistance in setting up a Pension Supervision Agency, developing the required regulatory framework, and preparing a public education campaign to enable workers to make informed choices about pension coverage. In accounting reform, USAID will teach modern accounting, help develop an independent accounting and auditors' association, and assist with accounting and auditor certification exams. The contractors are: Deloitte Touche Tohmatsu (prime), Financial Sector Volunteer Corps (prime).

Improving the competitiveness of the private sector (\$5,005,000 AEEB). A new competitiveness activity will promote regional and global competitiveness of Macedonian industries, building on the successful introduction of Seal of Quality for the meat and dairy industry. Through a demand-driven and holistic methodology, USAID will work with two to three industry clusters (initially) to help these clusters develop effective and coordinated strategies for modern product development and export promotion. Local business service providers will be included to help them improve their own capacity. Ongoing technical assistance to agricultural sub-sectors will also continue. USAID is initiating a new fund to provide specialized financing for confirmed orders, enabling enterprises to significantly expand production and trade. This type of financing is new to Macedonia and should stimulate the interest of local banks in providing this type of credit. Efforts will focus on establishing the sustainability of the savings house, Financial Services for the Citizens of Macedonia, created with USAID assistance using a credit union model. The implementers are Booz-Allen Hamilton (prime), Crimson Capital (prime), World Council of Credit Unions (prime), Land of Lakes (prime).

Improving the investment environment (\$4,450,000 AEEB). To improve the policy and legal environment for the private sector, USAID will support implementation of the new Company Law, which streamlines company registration and introduces modern and comprehensive corporate governance requirements.

This will include a public education campaign, preparation of simplified forms and manuals, and training for shareholders, businesses, and the legal community on good corporate governance. Technical assistance and training for the Ministry of Finance will continue to improve government financial management functions, including sound budget formulation, a modern treasury system, and macroeconomic analysis. Technical assistance in tax administration will develop capacity for advanced skills such as computerized audit selection techniques, industry-specific audit procedures, and improved tax collection enforcement. At the request of several ministries, USAID is helping establish a Financial Crimes Investigation Unit to enforce laws against a wide range of financial crimes including tax evasion, money-laundering and corruption in the public sector. Since Macedonia's completion of the protocol for accession into the World Trade Organization (WTO) in September 2002, it now must implement the required legal and regulatory regime; USAID will provide technical assistance for meeting these requirements. If energy privatization goes forward in 2003, USAID may provide technical assistance. Program implementers are: BearingPoint (prime), Booz-Allen Hamilton (prime).

FY 2004 Program:

Strengthening the financial sector (\$2,688,000 AEEB). USAID will continue assistance in all areas of the financial sector, including increasing the capacity of the securities regulator and stock exchange, as well as examining the potential for the development of investment funds, mortgage finance, corporate bonds, and treasury bills. In banking, the focus will remain on strengthening the National Bank Supervision Department and increasing the ability of commercial banks to extend loans to the private sector. Technical assistance to the Pension Supervision Agency will continue, as will work in accounting reform. USAID will provide limited assistance to the insurance regulator.

Improving the competitiveness of the private sector (\$3,950,000 AEEB). In industry competitiveness, two more clusters will be selected for assistance, while work with previously-selected clusters will continue to focus on helping them become competitive locally, regionally and globally. The fund providing specialized trade finance for small and medium enterprises will expand its services and interested local banks will be trained to provide this type of finance. Implementers are Booz-Allen Hamilton (prime), Crimson Capital (prime), and others TBD.

Improving the investment environment (\$3,950,000 AEEB). Efforts will intensify in implementation and enforcement of the Company Law, in particular its corporate governance provisions. Continued technical assistance to the Ministry of Finance will result in an improved budget process, a modern treasury system and the capacity for realistic macroeconomic analysis. A priority will be intense training for the Financial Crimes Investigation Unit in investigation techniques and report preparation for use in prosecution. Training to produce a cadre of professional and effective tax inspectors will continue, including work with the prosecutor's office and courts to ensure that tax laws are enforced. Assistance for achieving compliance with WTO regulations will continue. USAID may provide assistance in energy privatization and strategy development. Implementers are Bearing Point (prime), Booz-Allen Hamilton (prime), and others TBD.

Performance and Results: USAID technical assistance played a primary role in Macedonia's two great successes in improving the legislative framework for the business environment: Macedonia's signing of the protocol for acceptance into the WTO in September 2002 and the passage of the Company Law in July 2002. In improving trade capacity, the Macedonian Business Resource Center facilitated 180 trade deals worth \$10,700,000 and 12 investments worth \$6,900,000. It also organized seven Business-to-Business events both inside and outside Macedonia, providing opportunities for Macedonians and internationals to directly discuss trade and investment opportunities. Support to the meat and dairy industries resulted in the following: 26 client companies adopting advanced Seal of Quality standards; 15% increase in sales by 20% of processor clients; and 10 ethnically-mixed sheep breeders associations achieving product and brand standardization for traditional cheese. By program completion, a legislative framework based on international standards and improved technical expertise will stimulate foreign and domestic investment in the private sector. This is expected to result in an increase in foreign direct investment to \$106 million, a 24% increase in total exports, and 55% of the workforce employed in private sector.

US Financing in Thousands of Dollars

Macedonia

	AEEB	ESF
165-0130 Economic Growth		
Through September 30, 2001		
Obligations	70,254	140
Expenditures	58,611	140
Unliquidated	11,643	0
Fiscal Year 2002		
Obligations	14,704	0
Expenditures	8,689	0
Through September 30, 2002		
Obligations	84,958	140
Expenditures	67,300	140
Unliquidated	17,658	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	12,505	0
Total Planned Fiscal Year 2003		
Obligations	12,505	0
Proposed Fiscal Year 2004 NOA		
Obligations	10,588	0
Future Obligations	0	0
Est. Total Cost	108,051	140

Data Sheet

USAID Mission:	Macedonia
Program Title:	Democracy and Governance Reform
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	165-0200
Status:	Continuing
Proposed FY 2003 Obligation:	\$15,845,000 AEEB
Prior Year Unobligated:	\$176,000 AEEB
Proposed FY 2004 Obligation:	\$12,434,000 AEEB
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: USAID's democracy and governance program focuses on: 1) increasing citizens' participation in political and social decision-making, 2) enhancing adherence to the rule of law, 3) improving the effectiveness and accountability of local government, and 4) increasing confidence in government institutions and political processes.

Inputs, Outputs, Activities:

FY 2003 Program:

Civil society strengthening (\$6,500,000 AEEB). Through technical assistance, grants, and training, USAID will strengthen the organizational capacity of local civil society organizations, including trade unions, to take an active role in improving the lives of Macedonian citizens and to better advocate for their interests. USAID will continue improving a legal framework that supports the growth and financial viability of non-governmental organizations (NGOs). Technical assistance and grants will be provided to help communities address quality of life and economic development issues. The USAID media program will continue to upgrade the professional skills of journalists, strengthen three media associations to serve the interests of the media profession, and improve the competitiveness and efficiency of media enterprises. USAID will work with the Ministry of Education to implement and sustain a civic education program in elementary schools, and continue supporting a children's television series designed to promote intercultural understanding and conflict prevention. The prime implementers are the Institute For Sustainable Communities , International Center For Non-For-Profit Law (ICNL), Louis Berger Group, American Center For International Labor Solidarity (ACILS), Catholic Relief Services, International Research And Exchanges Board (IREX), and Search For Common Ground.

Improving respect and implementation of laws (\$5,000,000 AEEB). USAID will continue providing technical assistance and grants to seven legal associations and institutions to develop an independent, well-trained, and respected judiciary, a skilled and knowledgeable legal profession, and a public informed about its legal rights. Assistance will improve the efficiency and effectiveness of the courts by introducing changes to the current laws to streamline the adjudication process, by providing training to improve the quality of judicial decision-making and the managerial skills of court personnel, and introducing organizational and procedural reforms. The prime implementers are the American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI), and DPK Consulting.

Building the capacity of local government (\$2,345,000 AEEB). USAID will continue to support the legislative reforms required to implement decentralization. Municipal associations will receive assistance to strengthen their ability to represent the interests of local government and play a key role in decentralization. Technical assistance and training will be provided so local government can use effectively their newly devolved authorities and resources, and to increase citizen participation in municipal decision-making. Assistance and grants will be provided to municipalities to address environmental issues. The contractor is Development Alternatives, Inc. (prime).

Increasing trust in political institutions and processes (\$2,000,000 AEEB). USAID will provide technical assistance to the new Parliament to enhance its role in the legislative process and its ability to receive, represent, and respond to citizens' interests and preferences in decision-making. In anticipation of the 2004 local and presidential elections, technical assistance will be provided to build the capacity of the newly-established permanent Secretariat for Election Administration and amend the legal framework for elections. Technical assistance and grants will promote internal political party reform by strengthening internal democratic practices and increasing responsiveness to constituents and members. To build public confidence in the results of the population census, USAID technical assistance will continue to develop the State Statistical Office's ability to carry out the census in accordance with international standards. The prime implementers are the International Foundation For Electoral Systems (IFES), National Democratic Institute (NDI), International Republican Institute (IRI), and the U.S. Census Bureau.

FY 2004 Program:

Civil society strengthening (\$4,512,000 AEEB). USAID will design an activity to address the needs of civil society based on the lessons learned from the Community Self Help Initiative and previous non-governmental organization strengthening activities. Assistance to labor unions and the media will continue. USAID will focus on institutionalizing the civic education program nation-wide and making it self-sustainable. The prime implementers are Institute for Sustainable Communities, Louis Berger Group, ACILS, and IREX.

Improving respect and implementation of laws (\$2,300,000 AEEB). Assistance in improving court efficiency will intensify by replicating the court reforms accomplished in six pilot courts throughout the country. The prime implementers are ABA/CEELI and DPK Consulting.

Building the capacity of local government (\$3,012,000 AEEB). The Local Government Program will continue its work on the decentralization process, more specifically on the implementation of the Law on Local Self Government as well as the passage and implementation of the Law on Local Government Financing. Consequently, assistance will focus on building local governments' capability to exercise newly-devolved responsibilities. Grants to communities for environmental activities will continue as well. The implementer is Development Alternatives, Inc. (prime).

Increasing trust in political institutions and processes (\$2,610,000 AEEB). Parliamentary assistance will continue to assist Members of Parliament with representing citizens from their electoral districts. Election support will intensify in the period up to the 2004 local and presidential elections, addressing voter and poll worker education and direct work with the State Election Commission. Political party assistance will provide assistance and training to young and promising leaders. The prime implementers are IFES, NDI, and IRI.

Performance and Results: USAID assistance has been instrumental in the implementation of the Framework Agreement, especially for the preparation of the amended Law on Local Self-Government that sets the basis for decentralization. The revitalized Mayors' Association has been educating its members about the decentralization process and the pending Law on Local Government Financing. USAID assistance was also a critical factor in the successful outcome of the September 15, 2002 parliamentary elections. It resulted in the adoption of new ballot security provisions, improvement and standardization of election administration and operation, training of over 17,000 poll workers, voter knowledge about changes in procedure and their rights as voters, monitoring by domestic and international observers, political parties adopting a code of conduct, and development of political party platforms grounded in the issues of importance to voters. Civil society organizations, including trade unions, played an active role in the elections by encouraging citizens to inform themselves of the issues and to vote, and by monitoring the conduct of the political parties and election officials. At the grassroots level, community activities successfully addressed local economic development and quality of life improvements for over 200,000 direct beneficiaries, 10% of Macedonia's population. During the strategy period, USAID expects its democracy and governance program to have increased citizen participation in political activities from 19% to 30% and in civil society organizations from 17% to over 25%; improve public confidence in receiving equal treatment in court procedures from 38% to 45%; and increase public trust of local government from 42% to 55%.

US Financing in Thousands of Dollars

Macedonia

165-0200 Democracy and Governance Reform	AEEB
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	12,594
Expenditures	868
Through September 30, 2002	
Obligations	12,594
Expenditures	868
Unliquidated	11,726
Prior Year Unobligated Funds	
Obligations	176
Planned Fiscal Year 2003 NOA	
Obligations	15,845
Total Planned Fiscal Year 2003	
Obligations	16,021
Proposed Fiscal Year 2004 NOA	
Obligations	12,434
Future Obligations	0
Est. Total Cost	41,049

Data Sheet

USAID Mission:	Macedonia
Program Title:	Social Transition
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	165-0340
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,730,000 AEEB
Prior Year Unobligated:	\$614,000 AEEB
Proposed FY 2004 Obligation:	\$8,028,000 AEEB
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2005

Summary: USAID's program to mitigate the social impacts of transition concentrates on addressing the unemployment problems in the country through local economic development and making the education system more relevant to the labor market. This program includes training and technical assistance to improve the quality of schools, decentralize the education system, and increase access to education at all levels for ethnic groups.

Inputs, Outputs, Activities:

FY 2003 Program:

Local economic development (\$3,675,000 AEEB). Building on the strengths and successes of previous labor redeployment programs in 36 municipalities, USAID will design a new activity focused on employment generation through local economic development. The goal will be to assist Macedonia in developing local economic strategies to acquire and use the skills, behaviors, and technologies needed to compete successfully in a global economy. USAID will facilitate public-private partnerships and provide technical assistance and grants to promote entrepreneurship; build the capacity of micro, small, and medium enterprises in order to create jobs and reduce poverty; and assist municipalities to create an environment for local businesses. USAID will consider a program related to information communication technology (ICT) by establishing ICT centers for students and unemployed. The ICT component could include regulatory and development aspects of e-government, e-commerce and e-education. This would promote a pro-competitive policy where the private sector could rapidly expand. In addition, to assist local artisans, particularly those in rural areas and women, USAID will continue an activity that provides technical assistance in product development and marketing thus increasing their ability to generate and maintain sales beyond USAID assistance. By the end of FY 2003, 30 new product lines will be developed and \$375,000 in local and export sales will be generated. The implementer is Aid to Artisans (prime)

Improving access to education (\$1,055,000 AEEB). To support the new multi-ethnic, multi-lingual, private South East European University (SEEU) in Tetovo, USAID established a three-year partnership with Indiana University to improve academic and instructional skills, upgrade faculty and curriculum, and teach basic English and information technology skills. The program will award five to seven fellowships for students to obtain their Master's Degree at Indiana University. These graduates will form the core of the future SEEU faculty, strengthening the quality of academic instruction and research. The program will also provide scholarships (totaling \$100,000) for SEEU students with financial needs. USAID will fund a small pilot activity that will target Roma children, the most educationally-disadvantaged ethnic group in Macedonia, by providing them with proper preparation for successful entry into the Macedonian educational system. The implementers are the Association Liaison Office for University Cooperation in Development (prime), Indiana University (sub), Foundation Open Society Institute Macedonia - FOSIM (prime).

Reforming the education system (\$2,000,000 AEEB). USAID is supporting an intervention in 45 primary schools and 18 general secondary schools to increase the number of youth equipped with critical-thinking, problem-solving, and computer skills. The program will train teachers in information technology

skills and interactive teaching methodologies to improve student learning. USAID will support a short-term training program for improving the organizational and managerial skills of vocational school administrators. Afterwards, these trainees will form a policy-advisory group to address the professionalization and certification of school administrators. A team of local education consultants will identify priorities needed to improve Macedonia's secondary education system which would make graduates more employable. The final recommendations will form the basis for the design of a long-term education program focused to enhance the relevance of vocational schools and identify ways to strengthen their linkages with local business enterprises. The implementer is the Foundation Open Society Institute Macedonia (FOSIM) (prime).

FY 2004 Program:

Local economic development (\$2,350,000 AEEB). USAID will continue to work nationwide to assist local communities in developing a workforce with the knowledge and ICT skills needed to compete in a modern market economy. Technical assistance to the artisans sector will continue by helping them to develop 75 product lines in total and generate an estimated \$800,000 in sales. Implementer TBD.

Improving access to education (\$1,000,000 AEEB). USAID will continue to support the SEE University through its partnership with Indiana University. Assistance for the Communication Studies and Information Technology courses will be provided. A graduate-level Language Education Certificate will be offered to students, and an undergraduate-level Information Technology Certificate will be available via distance learning. USAID intends to complement the Ministry of Education and other donors' efforts in improving the use of information technology for instruction in primary and secondary schools. To upgrade the Ministry's database system, USAID may provide technical assistance to develop a management information system that would provide accurate and timely data on enrollments and other indicators of school performance. The implementers are Association Liaison Office for University Cooperation in Development (prime) and Indiana University (sub).

Reforming the education system (\$4,678,000 AEEB). USAID intends to implement a long-term education program that will better prepare youth for employment. This could include training and technical assistance, improving ICT skills at the elementary and high school levels, fostering closer ties between the education and private sectors, and assuring greater inclusion of ethnic minorities and women at the secondary level. Implementer TBD.

Performance and Results: The South East European University (SEEU), currently in its second year of operation, is preparing students for meeting the requirements of public and private sector employers. It provides curricula relevant to Macedonia's development needs. The SEEU's ability to offer instruction in Albanian and English in addition to Macedonian, while also increasing ethnic minorities' access to tertiary-level education, has been an important conflict-mitigating factor. Current enrollment is 2,400 students of which 36% are female. Students are mostly ethnic Albanians although there is a significant increase in the enrollment of ethnic Macedonians (7% of the student body) or other non-Albanian minorities, confirming the acceptance of the University as a high-quality, multi-cultural education institution. One of USAID's successful workforce programs was the Partnership for Economic Development in Macedonia (PRiSMa), which provided technical assistance and seed funds for innovative responses to unemployment and labor market rigidity, through training in efficient, demand-driven methods for job creation, transition, and retention/re-qualification. As of September 2002, PRiSMa helped employers and workers to create 2,431 new jobs and retain 1,552 at-risk jobs, which saved the Macedonian government more than \$5 million in unemployment benefits. Another success was the introduction of Macedonian hand-made products to U.S. and European buyers at trade shows in New York, San Francisco, and Frankfurt, resulting in significant importer interest. In its first year of implementation this program developed 15 new product lines and mentored six local designers. A solid foundation was built for employment generation and increased sales volume.

US Financing in Thousands of Dollars

Macedonia

165-0340 Social Transition	AEEB
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	5,359
Expenditures	310
Through September 30, 2002	
Obligations	5,359
Expenditures	310
Unliquidated	5,049
Prior Year Unobligated Funds	
Obligations	614
Planned Fiscal Year 2003 NOA	
Obligations	6,730
Total Planned Fiscal Year 2003	
Obligations	7,344
Proposed Fiscal Year 2004 NOA	
Obligations	8,028
Future Obligations	0
Est. Total Cost	20,731

Data Sheet

USAID Mission:	Macedonia
Program Title:	Special Initiatives
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	165-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,560,000 AEEB
Prior Year Unobligated:	\$120,000 AEEB
Proposed FY 2004 Obligation:	\$100,000 AEEB
Year of Initial Obligation:	FY 1993
Estimated Completion Date:	FY 2004

Summary: USAID Special Initiatives meet criteria outlined in Agency guidance for special objectives. That is, they are of limited scope and/or duration and/or respond to particular windows of opportunity.

Inputs, Outputs, Activities:

FY 2003 Program:

HIV/AIDS social marketing program (\$60,000 AEEB). While the cases of HIV/AIDS in the Balkans are relatively low compared to other regions of the world where USAID operates, many dangerous practices exist that can fuel an exponential increase in the rate of infection. Deterioration of the economic situation in Macedonia has led to weakened health systems, including low or non-existent funding in the areas of prevention, diagnosis, and treatment of sexually transmitted infections (STI), including HIV/AIDS. USAID will contribute to the regional South Eastern Europe HIV/AIDS Initiative. The program's two key components are aimed at increasing the use of condoms among youth and augmenting the capacity of non-governmental organizations (NGOs) to design and implement HIV/STI prevention. Local NGOs will be selected to join a regional network wherein they can participate in workshops, access grants to implement HIV/AIDS prevention activities, and share lessons learned across borders. The implementer is Population Services International (prime).

Budget Support (\$4,500,000 AEEB). In FY 2003, the U.S. Government will provide the final tranche of balance of payment support to the Government of Macedonia pledged at the Brussels Donors' Conference in March 2002. Twelve million dollars was provided for this purpose in FY 2001 and FY 2002 AEEB funds. The contribution will service Macedonia's debt to the U.S. Government and/or international financial institutions. The disbursement of funds is conditional upon the completion of a Stand-By Agreement between the Government of Macedonia and the International Monetary Fund.

FY 2004 Program:

HIV/AIDS Social Marketing Program (\$100,000). These funds would continue the same program as in FY 2003. The Implementer is TBD.

Performance and Results: USAID, on behalf of the U.S. Government, and the Government of Macedonia negotiated and signed a grant agreement that outlined the disbursement terms of the balance of payment support. USAID, through the United States Census Bureau (BUCEN), provided technical assistance and training to the Macedonian State Statistical Office so that it could conduct a census in November 2002 that accurately reflects the status of different ethnic communities in Macedonia. The assistance provided included procurement of 40 computers to tabulate results, the training of the trainers of census enumerators, and the training of journalists in the conduct of the census and how to use and understand statistical data. This activity was a huge success and went off without a hitch. Though extremely ethnically sensitive, to date, enumerators and processing has proceeded on schedule.

Immediately after the last year's crisis USAID, in cooperation with United Nations Development Program (UNDP), started a one year special initiative to address the underlying severe socio-economic pressures,

such as unemployment and poverty, which could potentially trigger further social unrest in the country. The Youth Employment Support Program provided productive alternatives to hostility and conflict for youth--all over the country--through short term employment opportunities. Simultaneously, it strengthened the capacity of local governments and empowered them to undertake development programs in their municipality. As a result of this initiative, a total of 2,033 workers were engaged for 8,061 working months in all 123 municipalities in Macedonia. Half of them received training in marketable skills that will increase their chances of finding a job.

US Financing in Thousands of Dollars

Macedonia

	AEEB	ESF
165-0410 Special Initiatives		
Through September 30, 2001		
Obligations	34,713	11,000
Expenditures	23,940	11,000
Unliquidated	10,773	0
Fiscal Year 2002		
Obligations	12,500	0
Expenditures	4,964	0
Through September 30, 2002		
Obligations	47,213	11,000
Expenditures	28,904	11,000
Unliquidated	18,309	0
Prior Year Unobligated Funds		
Obligations	120	0
Planned Fiscal Year 2003 NOA		
Obligations	4,560	0
Total Planned Fiscal Year 2003		
Obligations	4,680	0
Proposed Fiscal Year 2004 NOA		
Obligations	100	0
Future Obligations	0	0
Est. Total Cost	51,993	11,000

Data Sheet

USAID Mission:	Macedonia
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	165-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,410,000 AEEB
Prior Year Unobligated:	\$1,269,000 AEEB
Proposed FY 2004 Obligation:	\$3,200,000 AEEB
Year of Initial Obligation:	FY 1993
Estimated Completion Date:	FY 2005

Summary: This program supports goals and strategies defined under all other strategic objectives by promoting human capacity development in all strategic sectors, enhancing synergies across objectives, and integrating other cross-cutting themes to enhance the assistance provided through other mechanisms.

Inputs, Outputs, Activities:

FY 2003 Program:

Participant training program (\$2,380,000 AEEB). The Participant Training Program is a support mechanism for all USAID strategic objectives in achieving their planned results by providing training to Macedonian professionals who are involved in democratic processes, economic activities, and educational reforms in the country. Afterwards, participants are able to apply for small grants that allow them to use knowledge gained through the training program. The project plans to increase the percentage of women participants to 50%, and increase participation of ethnic minorities. The implementer is World Learning (prime).

Small project assistance (\$50,000 AEEB). Peace Corps Small Project Assistance provides small grants for proposals submitted by Peace Corps volunteers. The projects address community development, student needs, particularly for English language study, and other areas. The implementer is the U.S. Peace Corps (prime).

Program development and support (\$1,980,000 AEEB). The Program development and support (PD&S) mechanism provides USAID with resources that are critical for achieving strategic objectives. These resources are needed for assessments of possible new programs, evaluations, audits, surveys, strategy development studies, performance monitoring, and support for program implementation.

FY 2004 Program:

Participant training (\$1,700,000 AEEB). Macedonian professionals will continue to improve their skills through the Participant Training Program in FY 2004. An emphasis will be placed on education and workforce development. Program goals include a 50% women participation rate and greater inclusion of ethnic minorities. The implementer is World Learning (prime).

Peace Corps small project assistance (\$50,000 AEEB). Small project assistance grants will be continued.

Program development and support (\$1,450,000 AEEB). The support as described in FY 2003 will continue at the same level in FY 2004.

Performance and Results: As a cross-cutting activity, the Participant Training Program has been a crucial mechanism for supporting all other activities in each of the Strategic Objectives of USAID during FY 2002. This strategic objective's results are tracked and measured through the indicators for the other strategic objectives that it supports. The project conducted 12 U.S.-based, seven third-country, and four

in-country training programs with over 200 participants in FY 2002; 41% were women. In democracy-building, training focused on municipal association strengthening, fundraising for NGOs, improving journalism reporting on issues important to labor unions, and increased women's participation in politics. Training support for economic activities concentrated on marketing and promotion, meat and dairy technology, information technology training, combating corruption and promoting corporate governance.

US Financing in Thousands of Dollars

Macedonia

	AEEB	ESF
165-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	15,062	22,000
Expenditures	10,062	22,000
Unliquidated	5,000	0
Fiscal Year 2002		
Obligations	4,278	0
Expenditures	6,087	0
Through September 30, 2002		
Obligations	19,340	22,000
Expenditures	16,149	22,000
Unliquidated	3,191	0
Prior Year Unobligated Funds		
Obligations	1,269	0
Planned Fiscal Year 2003 NOA		
Obligations	4,410	0
Total Planned Fiscal Year 2003		
Obligations	5,679	0
Proposed Fiscal Year 2004 NOA		
Obligations	3,200	0
Future Obligations	0	0
Est. Total Cost	28,219	22,000

Montenegro

The Development Challenge: While Montenegro appears to now be emerging from the political and social instability that disrupted the economy for more than a decade, much remains to be done. GDP remains near 1990 levels (about \$1.3 billion.) Unemployment, once adjusted for the informal market, is steady at 17%. The average recorded wage in the formal sector is under \$200. Inflation in 2001 was 25%. International trade, excluding Serbia, yielded a deficit of \$400 million that same year. And, if arrears accumulation is considered, the government deficit for 2001 is \$90 million. Furthermore, foreign investors have not been active in Montenegro, awaiting political stabilization and implementation of new legislation relevant to business. Even then, Montenegro may have difficulty competing with other countries in the region given, among other things, its small market size, lack of infrastructure, electricity shortages, and labor rigidities. In brief, more work remains to be done in areas such as fiscal planning and control, financial sector development and regulation, restructuring of the energy sector, privatization, completion of reforms in the business regulatory environment, private sector investment and growth, judicial reform, independent media, decentralization, health, and infrastructure. Finally, reforms must take account of both the legal framework and the building of sustainable institutions. More government action is needed to help insure that economic reforms are complemented by attention to the social consequences of those reforms. Safety-net issues such as the pension and health care systems could negatively affect public support for reform. Popular perceptions regarding the government's performance in managing political, economic and social transition are essential for continued citizen support for reform. However, polling data indicate that the public at large is increasingly dissatisfied with the pace of economic transition. It is crucial that the government enjoy wide public support for the democratic transition, which can only be ensured by a transparent reform process, and closer cooperation with civil society.

The USAID Program: The USAID program directly advances a number of U.S. International Affairs Strategic Goals including regional stability, economic development, open markets, global growth and stability, democracy and human rights and environmental improvement. In terms of overall USAID pillars, the strategy directly pursues goals of broad-based economic growth, human capacity development, sustained environmental protection, and strengthened democracy and good governance.

The USAID program directly addresses the development challenges indicated above and recently announced USG foreign policy objectives to address the "inability of new democracies to control borders, to promote the rule of law and to respond to the needs and insecurities of their citizens." The three Strategic Objectives for the Montenegro program -- accelerated development and growth of private enterprise (SO 170-0130); more effective, responsive and accountable democratic institutions (SO 170-0200); and increased, better-informed citizen participation in political and economic decision-making (SO 170-0210) - are supported by a focused program of assistance. They aim to help broaden the base of individual, community and private involvement in the economic and political systems of Montenegro. The impact of this program will provide for greater economic and political empowerment of citizens, a legal and policy environment that encourages transparent and accountable processes, democratic and open institutions that serve citizen needs, a competitive market economy and a more independent judiciary. Two activities being administered by the International Office for Migration were undertaken in FY 2002 to combat trafficking, including a public awareness campaign targeting young women and girls (TV video spot, radio jingle, posters, bus tickets, and sugar packages) and technical assistance to a shelter for victims of trafficking called the Women's Safe House.

The basic institutions of government are in place, but capacity is lacking in areas related to a modern market economy. This is particularly noted in some regulatory institutions, and in some sub-units of the Ministry of Finance, particularly those relating to control over public finances and tax administration.

Other Program Elements: Through the Bureau for Europe and Eurasia's regional energy program, USAID has been supporting regional integration of utility markets, in which Montenegrin officials participate. Plans for the future include working with two programs of the Bureau for Economic Growth,

Agriculture, and Trade (EGAT), the Development Credit Authority and the Financial Services Volunteer Corps.

The U.S. Department of Agriculture maintained a program for the provision of animal feeds to Montenegrin farmers that ended in FY 2002. The Department of Treasury, utilizing funds transferred from USAID, maintains a treasury advisor, working mainly on budget preparation.

Other Donors: Following several years in which USAID was the dominant donor in Montenegro, other donors have become increasingly important and coordination between them and USAID/Montenegro is close on several fronts. In the energy sector USAID will be sharing responsibilities for restructuring the state power company Elektroprivreda Crna Gora with the European Agency for Reconstruction (EAR) and the World Bank. The establishment of the independent regulator for the energy sector will be shared with the British Department for International Development (DFID). USAID also closely coordinates with the EAR on implementation of a value-added tax in the customs service and on development and implementation of the treasury system. EAR has also taken over the role of developing the next phase of the business registry. The German development assistance bank (KfW) has recently provided a line of credit to Opportunity Bank, which was established in Montenegro with USAID support. With the end of USAID budget support, the World Bank begins its support and the International Monetary Fund will assist with monetary stabilization.

**Montenegro
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	54,878	60,000	25,000	18,000
Supplemental - AEEB	17,462	0	0	0
Total Program Funds	72,340	60,000	25,000	18,000

STRATEGIC OBJECTIVE SUMMARY

170-0130 Economic Reform, Restructuring and Policy				
AEEB	26,785	12,843	7,900	4,608
170-0200 Democratic Transitions				
AEEB	0	0	5,571	5,232
170-0210 Local Governance and Community Development				
AEEB	12,000	23,977	6,619	5,280
170-0410 Special Initiatives				
AEEB	29,900	15,000	0	0
170-0420 Cross-Cutting Programs				
AEEB	1,000	2,000	2,000	1,500
TRANSFER				
AEEB	2,655	6,180	2,910	1,380

SO 170-0130 includes \$2,462 of FY 2001 Supplemental - AEEB.

SO 170-0410 includes \$14,900 of FY 2001 Supplemental - AEEB.

TRANSFER includes \$100 of FY 2001 Supplemental - AEEB.

Mission Director,
Spike Stephenson

Data Sheet

USAID Mission:	Montenegro
Program Title:	Economic Reform, Restructuring and Policy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	170-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,900,000 AEEB
Prior Year Unobligated:	\$584,000 AEEB
Proposed FY 2004 Obligation:	\$4,608,000 AEEB
Year of Initial Obligation:	1998
Estimated Completion Date:	2005

Summary: The goal of Strategic Objective 170-0130: Accelerated Growth and Development of Private Enterprise is the development of a comprehensive legal and institutional environment for the promotion of growth of private enterprises. Coordinated technical and procurement assistance is being provided to key Montenegrin government and private institutions in order to assist them in developing the capacities they need to create and continue to shape an institutional environment conducive to private sector development. Targeted institutions include: government offices such as the Ministry of Finance, Central Bank of Montenegro, Ministry of Economy, Ministry of Tourism, Privatization Council and Agency for Reconstruction and Foreign Investment; financial institutions such as Opportunity Bank; and private NGOs conducting policy work such as the Center for Entrepreneurship and Economic Development and the Institute for Strategic Studies and Prognosis.

Inputs, Outputs, Activities:

FY 2003 Program:

Economic policy reform (\$6,900,000 AEEB) is focused on the creation and institutionalization of an environment conducive to economic growth driven by private sector expansion. There are three mutually reinforcing avenues to this goal being pursued simultaneously in FY 2003:

1. Economic stability, which includes further training on financial sector development including banking regulation and problem bank resolution. It also includes stabilization of the energy sector involving improved financial management controls at the state power company, reform of the payments system, and building and implementing the framework for fiscal balance and sustainability with further improvements in budgetary processes and debt management. The principal contractor is KPMG/Barents.
2. Private sector environment, which includes programs for promotion of privatization and private sector participation, assisting in the implementation of a wide range of new business regulatory and accounting legislation. A major component of this program is public education to ensure that both companies and citizens are aware of their rights and obligations in the new environment. The principal contractor is KPMG/Barents.
3. Monitoring and evaluation, which includes strengthening the macroeconomic analysis capabilities of the central bank, and the fiscal analysis capabilities of the Ministry of Finance, while improving transparency in government to ensure access to needed information and processes. The principal contractor is KPMG/Barents.

Small and medium enterprise (SME) (\$1,000,000 AEEB) support activities will focus on association building and provide business development services to SMEs to help them better adapt and take advantage of the new business environment. USAID will work in different areas to: build associations to conduct business advocacy work, to provide consultancy services to SMEs to help them better adapt to and take advantage of the new business environment, and to provide support for restructuring several of

the larger and more economically important SMEs in Montenegro. The principal contractor is KPMG/Barents.

FY 2004 Program:

Economic policy reform (\$4,608,000 AEEB) efforts will continue in the implementation and permanent institutionalization of major reforms begun in previous years. FY 2004 activities will continue ongoing training for GOM officials and other persons and organizations either in charge of implementing reforms, or affected by them. Activities will also focus on the assessment of reform legislation already passed, and the "fine tuning" of that legislation according to lessons learned. Further activities will strengthen public and private institutions to improve their ability to self-monitor and evaluate critically with a view to continually improving the Montenegrin economic environment. The principal contractor is KPMG/Barents.

Performance and Results: There has been considerable progress toward meeting the planned results of this Strategic Objective, such as basic legislation and institutions for a market economy have been established, and efforts are being directed toward the longer and sometimes more difficult stage of implementation. Though some staffing, training and institutionalization issues remain, Montenegro has made much progress.

With the completion of the USAID-supported economic reform program, and in coordination with other donors, Montenegro will have both the legal and operational foundations of a market economy. Though certain improvements will always be needed, critical areas will be nearly fully institutionalized such as: budget preparation and execution, tax collection, bank supervision, pension fund management, collateral rights and bankruptcy procedures, payments system reform, and electricity rate setting. Finally, the business regulatory environment will have stabilized and companies and shareholders will be apprised of their rights and obligations.

US Financing in Thousands of Dollars

Montenegro

170-0130 Economic Reform, Restructuring and Policy	AEEB
Through September 30, 2001	
Obligations	36,184
Expenditures	11,951
Unliquidated	24,233
Fiscal Year 2002	
Obligations	12,259
Expenditures	19,777
Through September 30, 2002	
Obligations	48,443
Expenditures	31,728
Unliquidated	16,715
Prior Year Unobligated Funds	
Obligations	584
Planned Fiscal Year 2003 NOA	
Obligations	7,900
Total Planned Fiscal Year 2003	
Obligations	8,484
Proposed Fiscal Year 2004 NOA	
Obligations	4,608
Future Obligations	0
Est. Total Cost	61,535

Data Sheet

USAID Mission:	Montenegro
Program Title:	Democratic Transitions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	170-0200
Status:	New
Proposed FY 2003 Obligation:	\$5,571,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,232,000 AEEB
Year of Initial Obligation:	2003
Estimated Completion Date:	2006

Summary: USAID's program to strengthen the rule of law and respect for human rights includes training and technical assistance to: advance the effectiveness, independence, and accountability of the judiciary and other legal institutions; improve the capacity of civil society, political parties and trade unions to serve and represent citizens; and build up the capacity and competitiveness of independent media.

Inputs, Outputs, Activities:

FY 2003 Program:

Judicial reform and rule of law (\$3,430,807 AEEB). This new activity will provide expert legal advice and other technical assistance necessary to support the Montenegrin Government's efforts to implement the Courts Act. It will also improve court operations, including the quality and timeliness of judicial decision-making and the basic management and administration of the courts at all levels, with special emphasis on improving the operations of the basic and commercial courts. Rule of law inputs in the form of technical assistance, workshops, expert advice and discussion, as well as training will continue to address legislative reform, judicial training and education, and legal professional association development. The principal implementer is ABA/CEELI (rule of law program) with others TBD (new judicial reform activity).

Civil society strengthening, political party and parliamentary development, independent trade union strengthening (\$1,700,000 AEEB). Training, technical assistance, and financial grants will be provided to NGOs throughout Montenegro, so that they can attain skills required to serve as effective partners in the public policy process. In FY 2003, special emphasis will be placed on establishing regional advocacy centers dedicated to promoting more productive relationships among NGOs, government authorities, and the business sector at the regional level through provision of local infrastructure, space, information, and training opportunities for NGOs in their regions. Technical assistance and training in four general areas of parliamentary development will be provided: (1) parliamentary staff development; (2) improved party caucus operations; (3) assistance in the reform of parliament's internal operations and rules of procedure; and, (4) improving constituency relations. Training and technical assistance will also concentrate on long-term political party development, specifically political party strategic planning and democratic internal reform. Technical assistance and training will be provided to the Confederation of Independent Trade Unions of Montenegro (CITUM). The role of labor unions and their membership in the development of a modern system of labor relations that embraces both modern management and modern structures of conflict management and resolution will also be strengthened. The implementers are the National Democratic Institute (NDI) and the American Center for International Labor Solidarity (ACILS)

Independent media support (\$440,000 AEEB). Training and tailored technical assistance will be provided to a core group of local media partners, including: Montenegro Broadcasting Company (MBC), Montenegro Independent News Agency (MINA), Montenegro Media Institute (MMI), Union of Independent Electronic Media (UNEM), Monitor, and the Association of Young Journalists (AYJ). Priorities will be to: strengthen MBC's production capacity, distribution outreach (marketing and footprint), and management practices with the aim of positioning MBC as the lead player of a projected independent TV network in year two of the Montenegro Independent Media Program; establish a five-month diploma course for

journalists and media professionals in cooperation with MMI and the University of Montenegro Law Faculty; and develop further UNEM's advocacy role during this critical implementation stage of the media laws (Media Law, the Broadcasting Law, and the Law on State Broadcasting Services). The implementer is the International Research and Exchanges Board (IREX).

FY 2004 Program:

Judicial reform and rule of law (\$2,700,000 AEEB). The program will further the development of rule of law in Montenegro by supporting the Government of Montenegro's efforts to: (1) reform and modernize the framework of laws affecting the operation of the judicial system; (2) implement in a timely and effective manner structural changes in the judiciary mandated by recent reform legislation; (3) and improve the day-to-day operations of the courts through the introduction of modern case management and court administration practices and procedures, and the supply of equipment and materials to the courts. Complementary rule of law activities will continue in the areas of legislative reform, judicial training and education, and legal professional association development. Implementers: ABA/CEELI and others TBD.

Civil society strengthening, political party and parliamentary development, independent trade union strengthening (\$1,179,000 AEEB). During the activity's third year of operation, it will implement an exit strategy which leaves behind an infrastructure of advocacy resource centers, including the Advocacy Resource Center (ARC) based in Podgorica as well as three additional regional advocacy centers based outside of Podgorica. The ARC will be equipped to provide training, technical assistance, and other advocacy support services to Montenegrin NGOs. The political party and parliamentary development program will also end in FY 2004. Expected results will be stronger democratic political parties and a reformed parliament with effective and efficient internal rules of procedure. The tri-partite dialogue between labor, business, and government will continue to advance through an institutionalized system of labor-management relations reflecting the new economic reality. A strong and independent trade union movement will emerge that can be a voice for workers in both the initial transition period, and in the post-transition period. Implementers: American ORT, NDI, ACILS

Independent media (\$1,353,000 AEEB). The media program will be in its third and last year of implementation. It is expected to leave behind: (1) a well-established Montenegro Independent Media Institute that prepares journalists to provide balanced and factual current affairs and economic news; (2) an active and effective association of independent broadcasters through UNEM; (3) sustainable media outlets that provide fair and balance news such as MINA and MBC; and (4) an appropriate legal and regulatory framework that supports freedom of the press and speech. Implementer: IREX

Performance and Results: USAID expects that the activities implemented under this Strategic Objective will improve the capacity of citizens to participate more effectively and more knowledgeably in political and economic processes, and will strengthen the capacity of key governmental institutions to effectively implement reforms and protect citizens' essential civil, political and economic rights.

US Financing in Thousands of Dollars

Montenegro

170-0200 Democratic Transitions	AEEB
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	5,571
Total Planned Fiscal Year 2003	
Obligations	5,571
Proposed Fiscal Year 2004 NOA	
Obligations	5,232
Future Obligations	0
Est. Total Cost	10,803

Data Sheet

USAID Mission:	Montenegro
Program Title:	Local Governance and Community Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	170-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,619,000 AEEB
Prior Year Unobligated:	\$1,062,000 AEEB
Proposed FY 2004 Obligation:	\$5,280,000 AEEB
Year of Initial Obligation:	1998
Estimated Completion Date:	2006

Summary: This USAID program focuses on community revitalization through democratic action and good governance. It increases citizen participation in community development decisions and activities, promotes cooperation between communities and between citizens and local government and facilitates the social and economic revitalization of communities in Montenegro. At the same time, the program enables local governments to implement modern transparent and responsive local governance systems that address citizen needs and promote and incorporate informed citizens participating substantively in the decision-making processes of governance. The assistance process involves hundreds of community-scale and cluster community-scale activities, and targeted technical assistance and training at the community, municipal and republic levels.

Inputs, Outputs, Activities:

FY 2003 Program:

Community Revitalization through Democratic Action (CRDA) (\$4,000,000 AEEB). The CRDA program promotes and supports a Republic-wide network of 111 locally elected community development councils (CDCs) that are working individually and collectively to realize activities in small-scale civil works, economic revitalization and income generation, improved environmental practices and conditions, and civic issues support. CDCs receive training, mobilization assistance and USAID co-funding up to a maximum of 75% for community-selected priority activities. Works are contracted through a private, transparent tendering process. A minimum 25% local contribution is required. Community and cluster community partnerships, if performing, may endure and mature over the life of project. In FY 2003, a total of 229 new project/activities are expected to be selected, planned, and executed by communities. Implementers: Cooperative Housing Foundation International (Northern Montenegro) and International Relief and Development Inc (Southern Montenegro)

Local governance (\$2,619,000 AEEB). This program will provide technical assistance, training and small-scale procurement to support implementation of the new legal framework for local government with emphasis on greater transparency through fiscal decentralization reforms, on improved delivery of public services and on increased citizen participation in all processes of local governance. This activity will build on earlier USAID assistance to the government to research and draft the core local government laws and build awareness of and support for local governance reforms among citizenry through Republic-wide campaigns and training. Implementer: TBD.

FY 2004 Program:

Community Revitalization through Democratic Action (CRDA) (\$2,400,000 AEEB). The CRDA program will continue its community-based and community-led development with increased focus on larger activities managed by clusters of communities cooperating with their local governments to improve public services and related quality of life issues. USAID may expand this community revitalization program to encompass other communities in the Republic.

Local governance (\$2,880,000 AEEB). The program will be supported by three long-term technical advisors and targeted short-term technical assistance to local governments. The advisors will provide training and on-the-job guidance to implement new management structures and new own-source revenues, such as a market-based real estate taxation system. Technical assistance will work to institutionalize and regularize public hearings and to introduce media outreach for budget, tax and tariff changes, and community investment planning. Also, joint project activities emphasizing local government's contribution to active partnerships with clusters of communities to improve public services are expected to continue. Implementer: TBD.

Performance and Results: During 2001-2002, USAID helped design laws and support the process for government approval of a legal framework for fiscal and democratic decentralization and devolution of authority and resources. The valuation method for converting Montenegro to market-based real estate taxation was developed. All 21 municipalities benefited from basic training in financial and organizational skills to meet international standards of the Council of Europe, and training and practice in transparent procurement procedures. During 2002, following sound procurement practices, construction for 18 medium-scale municipal projects was launched, and over 100 small-scale community development activities were started--all now nearing completion. Throughout the Republic, communities and their local governments have increased citizen involvement and collaboration in the local government reform process.

By program completion, Montenegrins will be better informed regarding community development and local governance issues, more actively influencing political and economic decision-making, and more proactive in conceiving and executing development activities that improve their lives. Local governments will be professionally run, implementing management systems that are transparent, responsive to citizen concerns and engage citizens actively. An equitable system of international fiscal transfers and a market based real estate taxation system at the local level will be in place, ensuring security and predictability of revenue flows.

US Financing in Thousands of Dollars

Montenegro

170-0210 Local Governance and Community Development	AEEB
Through September 30, 2001	
Obligations	16,829
Expenditures	6,720
Unliquidated	10,109
Fiscal Year 2002	
Obligations	25,055
Expenditures	9,779
Through September 30, 2002	
Obligations	41,884
Expenditures	16,499
Unliquidated	25,385
Prior Year Unobligated Funds	
Obligations	1,062
Planned Fiscal Year 2003 NOA	
Obligations	6,619
Total Planned Fiscal Year 2003	
Obligations	7,681
Proposed Fiscal Year 2004 NOA	
Obligations	5,280
Future Obligations	0
Est. Total Cost	54,845

Data Sheet

USAID Mission:	Montenegro
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	170-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,000,000 AEEB
Prior Year Unobligated:	\$1,467,000 AEEB
Proposed FY 2004 Obligation:	\$1,500,000 AEEB
Year of Initial Obligation:	2001
Estimated Completion Date:	2006

Summary: This objective is designed to accommodate activities that make significant contributions to more than one objective. It finances program development costs, program assessments and learning efforts.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID is funding three U.S. Personal Service Contractors (USPSCs) and twelve Foreign Service National Personal Service Contractors (FSNPSCs) to help monitor and manage USAID's program in Montenegro. Three of the FSNPSC employees will work in each of two field offices being opened in FY 2003 to support the Community Revitalization through Democratic Action Program. The balance of the funds being requested will be used for program-related activities that affect more than one Strategic Objective, such as activity design, evaluations and training.

FY 2004 Program:

USAID intends to again fund three U.S. Personal Service Contractors (USPSCs) and twelve Foreign Service National Personal Service Contractors (FSNPSCs) in FY 2004 to help monitor and manage USAID's program in Montenegro. Funds from this Strategic Objective are also planned for activity design, evaluations and training.

Performance and Results: No U.S. direct-hire staff are stationed in Montenegro. The Montenegro Mission receives support services from USAID/FRY in Belgrade and by USAID's Regional Services Center in Budapest. The roles for each of these posts are clearly delineated and coordination among them has been effective.

US Financing in Thousands of Dollars

Montenegro

170-0420 Cross-Cutting Programs	AEEB
Through September 30, 2001	
Obligations	951
Expenditures	415
Unliquidated	536
Fiscal Year 2002	
Obligations	1,182
Expenditures	979
Through September 30, 2002	
Obligations	2,133
Expenditures	1,394
Unliquidated	739
Prior Year Unobligated Funds	
Obligations	1,467
Planned Fiscal Year 2003 NOA	
Obligations	2,000
Total Planned Fiscal Year 2003	
Obligations	3,467
Proposed Fiscal Year 2004 NOA	
Obligations	1,500
Future Obligations	0
Est. Total Cost	7,100

Romania

The Development Challenge: Romania is a pro-Western transitional democracy, seeking to build democratic institutions and a market-based economy. Romania's overall economic, political and social reform process has not been as robust as most transition countries in Central and South East Europe. Despite progress particularly over the past five years, additional investments of billions of dollars will be required to bring infrastructure and services up to Western standards.

Since taking office in December, 2000, the Government of Romania (GOR) has carried out political and economic reforms that had been on hold since the 1989 revolution. Political life is dominated by the Social Democratic Party (PSD), which pursues a legislative agenda of continued political and economic reform to succeed in Romania's long-held hope for eventual membership in NATO and the European Union (EU). However, this single party domination is evidence that true democratic reform has not occurred yet. With decentralization to the local level, Romania's democratic fragility is evidenced by hundreds of mayors from opposition parties migrating to the PSD in order to ensure political and resource support.

Poor economic performance is attributed to the country's inability to make the full transition from a State enterprise-dominated economy to one led by the private sector. Accelerating private sector growth and increasing civil society participation in the reform process represent the greatest potential for more equitable economic development, job expansion and a better standard of life for ordinary Romanians, especially the rural poor.

The USAID Program: USAID focuses its resources in three areas:

- 1) supporting a market-driven environment to accelerate private sector growth;
- 2) fostering local democratic governance & civil society participation; and,
- 3) improving child welfare and women's health services.

Moreover, USAID programs promote transparency and accountability as the primary anti-corruption strategy across all program activities, including agriculture, privatization, health, child welfare, local government, capital markets and the financial sector. For example, through USAID's banking supervision program implemented by KPMG/Barents, the Central Bank made a series of positive steps to enhance oversight of private banks. As a result, the Bank was able to identify corrupt practices at a large investment bank and greatly reduce the magnitude of a major banking scandal -- resulting in increased transparency, along with greater investor and consumer confidence.

USAID programs at the local level strive to foster increased community spirit, promote the concept of volunteerism, and increase the capacity of ordinary citizens to identify and resolve community issues. For instance, during the past fiscal year, USAID-funded community activities improved citizen participation in local public life through the formation of community development teams, community fora, and the mobilization of volunteers. More than 500 volunteers participated in community projects and over 700 citizens participated in various community consultation meetings. Partnerships proved to be effective mechanisms for building local capacity through skills-transfer and creative adaptation of successful U.S. models. Local non-governmental organizations (NGOs) enhanced their service delivery capacity and sustainability

Other Program Elements: None to report.

Other Donors: The simultaneous goals of creating a free market and a democratic polity out of State socialism remain monumental, requiring financial support and sustained, strategic technical assistance. Over the past decade, USAID's programs have not represented big money in Romania. The World Bank, the EU and the International Financial Institutions (IFIs) do. But USAID has provided highly valued technical assistance and continues to leverage funding from international donors in areas ranging from labor redeployment programs to assistance to rural farmers.

USAID works closely with the EU, the World Bank (WB) and other bilateral donors to better ensure that programs that it supports are sustainable. During FY 2002, the World Bank pledged \$1.5 billion in assistance to Romania over a five-year period and the EU has committed over \$600 million per annum to support overall reform and pre-accession requirements.

USAID/Romania activities in support of accelerated private sector growth and improved democratic governance work in conjunction with a variety of international donor organizations, such as the WB, European Bank for Reconstruction and Development (EBRD), and EU. Total assistance levels are significant, but the Romanian experience has shown an inability to effectively absorb some donor funds. In this context, donor coordination is critical to achieving results in the private sector strategy.

Coordination with other donors in child welfare and women's reproductive health is critical to achieving the results laid out in USAID's social sector strategy, and USAID has taken a leadership role in focusing donors on common goals on several fronts. This is especially true in child welfare, where the donors' joint efforts fostered an accelerated reform agenda. The lead donors in this sector are unified in their approach and include the EU, United Nations International Emergency Children's Fund, WB, USAID and the United Kingdom's assistance entity (DFID).

Improved coordination and leveraging between our program activities with those of other donors has already translated into tangible impact and results. For instance, during FY 2002, USAID activities that support economic growth leveraged more than \$100 million in additional funding from the international donor community.

**Romania
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	38,414	36,000	29,000	28,000
Total Program Funds	38,414	36,000	29,000	28,000

STRATEGIC OBJECTIVE SUMMARY

186-0130 Expanding the Market-Driven Private Sector				
AEEB	10,054	15,355	11,650	10,000
186-0140 Financial Sector				
AEEB	2,115	0	0	0
186-0150 Energy				
AEEB	1,185	0	0	0
186-0160 Environment				
AEEB	1,427	0	0	0
186-0210 Improved Local Governance				
AEEB	3,346	0	0	0
186-0230 Improved Local Democratic Governance				
AEEB	2,715	9,163	7,500	9,500
186-0320 Sustainability of Social Benefits & Services				
AEEB	8,267	0	0	0
186-0340 Child Welfare and Women's Health Care Reform				
AEEB	0	6,874	7,050	5,700
186-0420 Cross-Cutting Programs				
AEEB	6,275	8	0	0
TRANSFER				
AEEB	3,030	4,600	2,800	2,800

Mission Director,
Denny Robertson

Data Sheet

USAID Mission:	Romania
Program Title:	Expanding the Market-Driven Private Sector
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	186-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$11,650,000 AEEB
Prior Year Unobligated:	\$3,183,000 AEEB
Proposed FY 2004 Obligation:	\$10,000,000 AEEB
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2007

Summary: This Private Sector program works with financial and capital markets, small and medium enterprises (SMEs), agribusiness, energy, and the environment. USAID 1) improves policies, laws and regulations supporting market expansion; 2) strengthens private business associations, NGOs, and government institutions to make small businesses more competitive and increase their exports; and 3) transfers State assets to private ownership more rapidly.

Inputs, Outputs, Activities:

FY 2003 Program:

Reform financial and capital markets (\$1,650,000 AEEB). USAID will continue technical expertise to RASDAQ (Romania's NASDAQ) to assist with the suspension of failing companies and increase investors' confidence in the exchange. The program will improve legislation covering investor protection, providing for better enforcement by the securities' regulator. It will develop new products, such as mortgages and municipal bonds for the Bucharest Stock Exchange. Increased transparency for all market participants will lead to better corporate governance practices and greater investor confidence. Emphasis will be placed on the capital markets regulatory authority and stock exchanges to address anti-corruption, anti-money laundering and financial disclosure issues, thereby achieving broad impact across thousands of local and international shareholders and stimulating inward investment owing to increased confidence in Romania. Principal contractors/grantees are: Deloitte, Touche, and Tohmatsu; U.S. Department of Justice; U.S. Treasury; and International Executive Service Corps (primes).

Support micro, small and medium enterprises (MSMEs) (\$4,220,000 AEEB). Technical assistance will streamline MSME procedures, reduce tax burdens, and empower local governments to regulate MSME business registration and licensing. Workshops will be provided on MSME policies, strategic management, and public relations. Small businesses, which have a comparative advantage in international markets, will be helped to increase exports. Loans in under-served areas will be increased by replicating successful micro-lending activities in new regions. USAID will use the Development Credit Authority mechanism to attract financial resources for MSMEs. Through small business grants, USAID will support about sixty local governmental entities and NGOs in implementing economic development programs. Principal contractors/grantees are: Cooperative Housing Foundation, Center for International Private Enterprise, Internews, Academy for Educational Development, Romanian-American Enterprise Fund, Shorebank, World Council of Credit Unions, and Peace Corps (primes).

Reform agriculture and agribusiness (\$2,850,000 AEEB). USAID will rehabilitate irrigation systems and develop business associations. The activities will involve technology transfers, initiation of commercial agribusiness clusters, development of service centers to lead export development, training, marketing and financing. FY 2003 targets include increasing irrigated land managed by Water Users' Associations by 110,000 hectares so that more State-owned equipment can be transferred to the private associations. Principal contractors/grantees are: PA Consulting, Center for International Cooperation, Israel, and U.S. Department of Agriculture (primes); Iowa State and Auburn Universities (subs).

Reform energy production and distribution (\$1,650,000 AEEB). USAID assistance will strengthen the energy regulatory agencies. It will include drafting reform legislation for the sector. The program will lead to the improvement of the application of free-market rules and will promote competition. USAID will help privatize energy companies. Energy efficiency projects will be financed under Development Credit Authority. Principal contractors/grantees are: U.S. Energy Agency, Hunton & Williams, and National Association of Regulatory Commissions (primes) and the Maine Utility Commission (sub).

Improve environmental management (\$1,280,000 AEEB). USAID will assist environmental authorities to address water management and pollution problems. Assistance will reduce nitrogen and phosphorus discharges into the Danube. USAID will support the development of norms for nitrate pollution, introduction of ecological management systems, and local capacity to monitor soil and water quality. USAID also will help enforce environmental laws and prepare for the privatization of water and waste services. Principal contractors/grantees are: Chemonics and Development Alternatives Inc (primes).

FY 2004 Program:

Reform financial and capital markets (\$1,400,000 AEEB). USAID activities will foster international best practices and capital expansion to strengthen markets. This will continue to stimulate growth in the housing, construction, SME and agri-business sectors.

Support MSMEs (\$4,650,000 AEEB). Assistance will address issues such as inspections, audits, and tax procedures and help design a system for resolving commercial conflicts. Also, micro-lending NGOs will be established in new regions, and commercial banks will be encouraged to lend to MSMEs. USAID will continue to work to energize the information technology sector by improving the regulatory framework, strengthening the capacity of the regulatory agency and government and NGOs to use the sector's resources, and expanding public access to the sector's services across Romania.

Reform agriculture and agribusiness (\$1,380,000 AEEB). USAID will provide for export policy reform and analyze standards for food quality and sanitation. Other activities will focus on assistance to promote new credit models and improve the export capability and competitiveness of Romanian agri-businesses. USAID will continue to develop new water users associations to facilitate transfer of State-owned irrigation systems to private associations.

Reform energy production and distribution (\$1,340,000 AEEB). USAID will continue to support the transfer of State-owned power assets to private ownership with the aim of improving the business environment for private investors. USAID also will continue support for local energy efficiency projects.

Improve environmental management (\$1,230,000 AEEB). USAID's assistance will support environmental enforcement to facilitate EU accession. Particular attention will be paid to environmental liability and increased private participation in the sector.

Performance and Results: Over the past year, the RASDAQ was revitalized; 1,300 poor companies were removed from the list and market indices doubled, demonstrating increased investor confidence. Supervision standards of the National Bank of Romania, the country's central bank, reached international standards. Nine municipalities issued bonds totaling \$4.14 million, and government bond interest rates dropped from 40% to 15.4%. Nine million dollars in new micro-loans produced about 2,250 new jobs. Twenty new water users associations (WUAs) were formed, facilitating transfer of State-owned equipment to private associations and bringing another 120,000 hectares of irrigated land under improved private management. The energy regulatory agencies were taken off the State budget, sustaining work through the charging of fees. The GOR secured a \$46 million loan guaranteed by the EXIM Bank, based upon a USAID feasibility study for flood and accidental pollution prevention. Finally, assistance to the Ministry of Finance led to a commitment to use \$240 million of EU funding for water and wastewater projects. By the completion of this program, MSMEs will employ over half the labor force, three quarters of GDP will be generated by private companies, the regulation of the banks and capital markets will meet international standards, one quarter of the energy sector will be private, and the agricultural sector will have a positive trade balance.

US Financing in Thousands of Dollars

Romania

186-0130 Expanding the Market-Driven Private Sector	AEEB	DA	ESF
Through September 30, 2001			
Obligations	103,016	3,281	1,295
Expenditures	96,200	3,281	1,295
Unliquidated	6,816	0	0
Fiscal Year 2002			
Obligations	12,556	0	0
Expenditures	7,860	0	0
Through September 30, 2002			
Obligations	115,572	3,281	1,295
Expenditures	104,060	3,281	1,295
Unliquidated	11,512	0	0
Prior Year Unobligated Funds			
Obligations	3,183	0	0
Planned Fiscal Year 2003 NOA			
Obligations	11,650	0	0
Total Planned Fiscal Year 2003			
Obligations	14,833	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	10,000	0	0
Future Obligations	0	0	0
Est. Total Cost	140,405	3,281	1,295

Data Sheet

USAID Mission:	Romania
Program Title:	Improved Local Democratic Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	186-0230
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,500,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$9,500,000 AEEB
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2007

Summary: The local democratic governance program provides technical assistance and training focused on three major areas, including strengthening local government management and citizen participation, increasing local political party organizations' responsiveness to grassroots initiatives, and strengthening the efficiency of lower level courts. The objectives of this program are: 1) to improve local governments' service delivery, financial management and fiscal capacity, policy-making process, transparency, and responsiveness to citizens' needs; 2) to strengthen civil society organizations (CSOs) capacity to influence and monitor local government performance; 3) to facilitate legislative changes needed to further decentralization; 4) to promote effective participation of citizens in politics and increase the accountability of local politicians; and 5) to increase the capacity of lower courts to strengthen property rights. Sub-grants also will be made to support innovative local development projects.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthen local government management and citizen participation (\$6,240,000 AEEB). Through the Governance Reform and Sustainable Partnerships (GRASP) program, USAID will assist 60 county, municipality, and town governments. Building on previous programs, USAID will support adequately funded, service-oriented local governments by focusing on 1) participatory policy-making, 2) quality and cost-effective service delivery, and 3) capacity to address citizens' needs. The program will engage communities in advocacy and problem-solving and will establish links between communities and their governments through service delivery NGOs. The oversight functions of CSOs (especially civic NGOs, social welfare groups, and professional and business associations) will be strengthened by improving their capacity to absorb accountability assistance from local public institutions. Principal contractors/grantees are: Development Alternatives Incorporated (prime) and Academy for Educational Development (sub).

Increase local political organizations' responsiveness to community initiatives (\$800,000 AEEB). Through the Opening Politics by Acting Locally (OPAL) program, USAID will work in eight counties, including the capital city Bucharest. Thirty branches of the six main democratic political parties will be assisted to help them engage CSOs in activities that will increase local participation in political reform. Reform opportunities include candidate selection procedures, constituent services, party platforms that are responsive to local needs, constituency outreach strategies, and programs for marginalized social groups (like the Roma). Principal contractors/grantees are: the International Republican Institute and National Democratic Institute (primes).

Strengthen the efficiency of the judiciary (\$460,000 AEEB). USAID will complete pilot court administration reform activities. While assistance areas are still under discussion, USAID anticipates an anti-corruption focus that will include ethics training for judges. Assistance on overall judicial reforms will continue based on targets of opportunity. Principal contractor/grantee is: American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI) (prime).

FY 2004 Program:

Strengthen local government management and citizen participation (\$8,250,000 AEEB). The GRASP program will spread to 60 more local government units, while completing assistance to the first 60 of such units. USAID will provide sub-grants to support innovative ideas addressing local development. Funds may be provided to existing local initiatives that can be expanded nationally, as well as to cutting-edge proposals that pilot new approaches to identify and resolve local issues.

Increase local political organizations' responsiveness to grassroots initiatives (\$780,000 AEEB). The OPAL program will focus on elections preparation, with an emphasis on building the expertise of women and youth to serve as candidates and campaign officials. Assistance to civic groups will help with watchdog and advocacy activities during elections, such as organizing candidate debates and monitoring campaign financing.

Strengthen the efficiency of the judiciary (\$470,000 AEEB). USAID assistance to the judiciary that has an anti-corruption focus will be continued. Assistance on judicial reforms will be maintained based on targets of opportunity.

Performance and Results: Over the past year, USAID can report a number of achievements, including the following:

- 1) The Federation of Local Authorities, founded with USAID assistance in 2001, successfully lobbied improvements in the 1998 Law on Public Finance.
- 2) More than 40 community improvement activities were completed, including financing investment projects through the issuance of local public debt in five municipalities and setting up economic development advisory boards in three communities.
- 3) Results from 21 USAID sub-grants included two youth community centers, two volunteer centers, 12 new community-based child welfare and health initiatives, and anti-trafficking prevention and protection services. Five hundred volunteers participated in community projects, and over 700 citizens attended community planning meetings. The 21 partnerships resulting from these sub-grants leveraged \$2.6 million in additional funding.
- 4) Twenty government agencies and 37 counties undertook participatory planning processes to identify community needs and plan projects.
- 5) Two of three labor resource centers, established with USAID assistance, have become independent, self-sustaining NGOs.
- 6) The pilot court modernization project has resulted in alphabetical case assignment, revision of forms used in the courts, creation of permanent judge-clerk teams for each case, and improved collection of court fees.

By 2007, USAID expects a number of additional achievements. One, the quality of public services will improve significantly, while costs will be reduced. Two, local governments will increase their generation and retention of own-source revenues. Three, CSOs will effectively monitor and influence the performance of local public officials. Four and last, locally-based organizations will establish partnerships with local authorities to deliver services that better respond to citizens' needs.

US Financing in Thousands of Dollars

Romania

186-0230 Local Governance	AEEB
Through September 30, 2001	
Obligations	17,136
Expenditures	14,664
Unliquidated	2,472
Fiscal Year 2002	
Obligations	9,004
Expenditures	3,075
Through September 30, 2002	
Obligations	26,140
Expenditures	17,739
Unliquidated	8,401
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	7,500
Total Planned Fiscal Year 2003	
Obligations	7,500
Proposed Fiscal Year 2004 NOA	
Obligations	9,500
Future Obligations	0
Est. Total Cost	43,140

Data Sheet

USAID Mission:	Romania
Program Title:	Child Welfare and Women's Health Care Reform
Pillar:	Global Health
Strategic Objective:	186-0340
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,050,000 AEEB
Prior Year Unobligated:	\$289,000 AEEB
Proposed FY 2004 Obligation:	\$5,700,000 AEEB
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2006

Summary: USAID will continue technical assistance, training and small grants in three areas, including child welfare, health care, and infectious diseases. These programs will 1) improve the policies, legislation and standards for social services, in areas such as family planning, foster care, and life skills; 2) improve the mobilization and use of resources so that expensive institutional care can be replaced by cost-effective community services; 3) ensure citizens' access to higher quality services; and 4) educate the public about its health care role, rights, and responsibilities.

Inputs, Outputs, Activities:

FY 2003 Program:

Reform the child welfare system (\$3,940,000 AEEB). USAID will fund 20 grants to NGOs who will form partnerships with local child welfare departments to create alternative community services for disabled children and young persons leaving State-run dormitory institutions. These services will discourage the entry of new children into State institutions and encourage the reintegration of institutionalized children into their families and communities. Technical assistance and management training will be provided to 45 existing NGO grantees and 20 new ones to build a strong cadre of child welfare NGOs around the country. Workshops will be organized for stakeholders to draft, sanction and support the legislation of standards for 14 alternative community welfare services. Technical assistance will be continued to the National Authority for Child Protection for its management information system that documents and tracks children receiving both State and alternative community services. The resulting systemic improvements will increase transparency, allow more accurate planning, and facilitate quality care for the children. All activities are undertaken by local and national public-private partnerships. Principal contractors/grantees are: World Learning and U.S. Department of Health and Human Services (primes) and Pentru Copiii Nostri, Bethany Christian Services, and World Vision (subs).

Increase the use of reproductive health (RH) services (\$2,460,000 AEEB). USAID will partner with the Ministry of Health to improve access to and quality of reproductive health services in all counties. USAID will provide 1) technical assistance and training to develop and implement improved procedures (protocols) for pre- and post-natal care and Sexually Transmitted Infections (STIs) and 2) screening for breast/cervical cancer. Model programs for the Roma community, youth, breast and cervical cancer, domestic violence, and STIs will be expanded. Four public information campaigns for unwanted pregnancy and early detection of breast cancer will be conducted. The realignment of health resources to primary care services will continue; all hospitals will prepare for cost-containment through a market-based financing system that has been successfully piloted. Principal contractors/grantees are: John Snow International Research and Training and U.S. Department of Health and Human Services (primes); Societatea de Educatie Contraceptiva si Sexuala, Asociatia Romana anti-SIDA, Population Services International, and Youth for Youth Foundation (subs).

Reduce incidence of infectious diseases (\$650,000 AEEB). Social marketing of condoms and other outreach activities to high risk groups will continue. Special campaigns to prevent transmission of HIV/AIDS, including mother-to child transmission, will be organized. Screening of institutionalized children

for HIV will be done with testing supplies donated by Abbott Laboratories, with confirmation testing by the Ministry of Health. Training will be given to about 500 adolescents infected with HIV/AIDS to reduce vertical transmission among those infected with HIV/AIDS. Improvements to the procurement and distribution system for Tuberculosis and HIV/AIDS drugs will continue. Principal contractors/grantees are: John Snow International Research and Training and Management Services for Health (primes); Societatea de Educatie Contraceptiva si Sexuala, Asociatia Romana anti-SIDA, Population Services International, and Youth for Youth Foundation (subs).

FY 2004 Program:

Reform the child welfare system (\$3,495,000 AEEB). USAID will fund additional grants and provide technical assistance and training for NGO grantees and national and local government officials with the aim of developing standards and regulations to improve quality services and enhance NGO capacity. The worst of the State-run dormitory institutions that remain open will be closed using technical assistance to help local authorities implement alternative community services, based on the best models that will have been selected and designed in 2003. Local governments will receive technical assistance in establishing new social service institutions mandated by legislation passed in 2003.

Increase the use of RH services (\$1,805,000 AEEB). Work will be concentrated on ensuring coherence of legislation, implementation of alternate mechanisms to pay for RH services, and enhancement of previously initiated RH services such as a safe motherhood.

Reduce the incidence of infectious diseases (\$400,000 AEEB). USAID will continue assistance to reduce the incidence of infectious diseases. Programs to prevent STIs will be enhanced. HIV/AIDS prevention programs for high risk populations will continue.

Performance and Results: USAID assistance during the past year contributed to a number of results, including:

- 1) an overall decline in the use of large institutional dormitories to house children; In the year ending June 2002, the number of children in such institutions declined by 8,000 (17%) to just under 40,000. Forty-nine (49%) of the worst dormitories were closed.
- 2) the development of alternative community service models for day care, maternal care, emergency assistance and foster care and the training of more than 165 mayors, newly responsible for child welfare, and 120 rural social workers, who have developed practical social service plans for their communities;
- 3) the creation of a professional organization for social workers, which has been recognized by the international social service community;
- 4) the shaping of new child welfare legislation through the USAID-assisted federation of NGOs;
- 5) the creation of 670 primary care clinics providing expanded RH services;
- 6) the increased momentum of training, new services, and free contraceptives together which has stimulated the Ministry of Health to request the expansion of RH training to all 41 counties;
- 7) a breast cancer initiative with several local NGOs, which also have worked together for AIDS prevention campaigns and prevention of STIs and unintended pregnancy;
- 8) programs for hard-to-reach populations, including Roma, and those at risk for HIV/AIDS transmission;
- 9) the pilot for a market-based financing system for health services, which the GOR has requested be extended to all hospitals as soon as possible.

By 2007, USAID expects that the worst third of the state-run dormitories for abandoned children will be closed and that two-thirds of the children in alternative care settings will be receiving certified quality care. Also, all hospitals will be using a market-based reimbursement system, and health care resources will be moved to lower cost, more effective facilities.

US Financing in Thousands of Dollars

Romania

186-0340 Child Welfare and Women's Health Care Reform	AEEB
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	6,585
Expenditures	789
Through September 30, 2002	
Obligations	6,585
Expenditures	789
Unliquidated	5,796
Prior Year Unobligated Funds	
Obligations	289
Planned Fiscal Year 2003 NOA	
Obligations	7,050
Total Planned Fiscal Year 2003	
Obligations	7,339
Proposed Fiscal Year 2004 NOA	
Obligations	5,700
Future Obligations	0
Est. Total Cost	19,624

Serbia

The Development Challenge: In some respects, FY 2002 saw a consolidation of the gains made by democratic authorities in the state union of Serbia and Montenegro and in its two constituent republics. While political and economic reforms continued in numerous areas, political infighting between Serbia's ruling Democratic Opposition of Serbia Coalition (DOS -- led by Serbian Premier Zoran Djindjic) and the Democratic Party of Serbia (DSS -- led by Vojislav Kostunica) intensified throughout the period and placed ongoing reforms at risk.

Serbia continued to make significant progress on an ambitious economic reform program in 2002, but the economy remains weak and vulnerable to reform delays and external shocks. Per capita GDP remains less than half of the 1989 level, unemployment is near 30 percent, trade deficits are growing and industrial production has only recently begun to improve. The economy is expected to grow by four percent in 2002. Serbia and Montenegro will need to register stronger GDP growth over the next several years in order to meet domestic and external obligations.

The key economic achievement of 2002 was strengthening basic macroeconomic stability. Continued tight fiscal and monetary policy succeeded in further reducing inflation in Serbia from 38 percent in 2001 to an expected 15.5 percent for 2002. During this period, the National Bank of Yugoslavia (now renamed the National Bank of Serbia) was able to keep the exchange rate of the Dinar virtually fixed against the Euro, providing citizens with a welcome measure of stability following years of hyper-inflation. The benefits for average citizens of lower inflation and a stable currency, however, have largely been offset by the burden of higher costs for utilities and other basic goods following price liberalization. Progress on economic reforms was hampered during the year by disputes and uncertainties in the political environment.

Economic reform is at a critical juncture of moving from macro-economic stabilization to addressing the micro-economic deficiencies typical of a transition economy. Fragile economic gains are heavily dependent on continued donor support, uncertain privatization revenues, as well as a political and social environment supportive of continued fiscal discipline and significant recovery of productive and export capacity. High public expectations for a quick economic turnaround following the Fall 2000 ouster of Milosevic and removal of international sanctions were not met, and increasing demands for wage increases and more attention to the social costs of transition are putting heavy pressure on already overextended budgets.

The key challenges ahead are preservation and consolidation of macro-economic gains through fiscal discipline and prudent monetary policy, and accelerated reform of the real sector to increase industrial output and employment. Large, socially-owned enterprises must be restructured and privatized or closed. Further bank restructuring and regulatory strengthening is needed to increase public confidence and get credit flowing. Institutional strengthening is needed to give ministries the capacity and personnel to ensure effective implementation of numerous new laws and regulations. Legal and judicial reform is needed to create a transparent and predictable environment conducive to new business growth.

The USAID Program: The Administration will use \$110 million in FY 2003 AEEB funds to support the program in Serbia, not including the UN-administered Province of Kosovo--which is addressed separately in the Congressional Budget Justification. Activities, summarized below, will be carried out through three Strategic Objectives rather than the four used in the Serbia program in FY 2002. USAID's Office of Transition Initiatives has closed out its resources and many of its programs are now supported through the Community Revitalization through Democratic Action (CRDA) program. In addition, P.L. 480 resources will continue to address the humanitarian assistance needs of refugees, internally displaced persons, and vulnerable groups such as pensioners, persons with disabilities, and children in institutions.

USAID will continue to support the participation of citizens in political and economic decision making during FY 2004. USAID will expand the number of communities with committees that promote inter-ethnic decision making on local infrastructure and economic projects. A new rule-of-law program is

envisioned that will provide additional underpinning to supporting human rights, political reform, fair laws, and judicial reform. Assistance will continue to increase the openness and managerial capacity of local government personnel and systems. Political sector development will help ensure open, free and fair elections, and to increase transparency, accountability and effective legislative and public administration. Efforts to grow and improve civil society organizations devoted to human rights, peaceful civic action, and a free and democratic labor movement will be funded. Support to improve the sustainability and content of objective, independent media will continue as will the media small grants program. Under cross-cutting initiatives, funding will support program development, evaluations, and audits.

In addition to the resources requested in the Program Data Sheets, the mission manages the Health and Population Women Wellness program through its CRDA grantees. This activity has begun with an education and information campaign at the community level to help identify specific interventions through CRDA in family planning and women's health.

Other Program Elements: USAID will work in conjunction with U.S. Treasury advisors to advance the policy and economic framework for sustainable economic growth and the emergence of a viable private sector. The Department of Treasury advisors will complement USAID's economic reform program and focus on financial crime investigation, tax implementation, budget and banking reforms. The Department of State will support Public Diplomacy and similar high priority programs, such as policy reform and training. USDA will continue activities in agricultural policy reform and regulatory assistance. Department of Commerce and U.S. Trade and Development Agency programs aimed at commercial law and trade development will be funded through the AEEB regional budget. The Department of State will also provide AEEB regional funds to the Bureau for International Narcotics and Law Enforcement (INL) to provide police training, law enforcement assistance, and anti-trafficking support in Serbia.

Other Donors: USAID will work with the Governments of the Republic of Serbia and the Government of the newly established state union of Serbia and Montenegro, to coordinate support with the World Bank, the International Monetary Fund and other international financial institutions to identify areas of structural reform where U.S. Government resources can be best utilized and leveraged. Prior to Serbia and Montenegro's movement toward a transparent democracy, donor support consisted mainly of humanitarian assistance through the United Nations (UN) system. Since then, virtually the entire international community has undertaken steps to establish programs. The European Union's (EU) European Agency for Reconstruction (EAR) and European governments were the first to respond to new opportunities in Serbia and Montenegro. It is anticipated that the EU's 180 million EURO emergency program, which includes fuel and schools for democracy programs, will be fully disbursed by the spring or early summer. EAR's 143 million EURO 2001 program will support energy (spare parts, generation and distribution), agriculture (fertilized, animal feed and technical assistance), private enterprise (small and medium enterprise training and credit), health (pharmaceuticals and monitoring) and policy (advice on legal reform and World Trade Organization accession). Canada and Japan also have provided assistance. The Federal Republic of Yugoslavia, now reconstituted as Serbia and Montenegro, has rejoined the International Monetary Fund. The European Bank for Reconstruction and Development (EBRD) is preparing its investment plans and recently opened a new Micro Finance Bank. The economic assistance program of the United States should drop from second to about the fourth largest in dollar terms once the programs of European and international finance institutions get underway.

**Serbia
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	58,178	105,000	110,000	95,000
Supplemental - AEEB	43,804	0	0	0
PL 480 Title II	33,978	1,738	0	0
Total Program Funds	133,758	106,738	110,000	95,000

STRATEGIC OBJECTIVE SUMMARY

169-0130 Economic Reform, Restructuring and Policy				
AEEB	7,750	15,500	27,000	17,000
169-0200 Democracy and Governance				
AEEB	0	0	11,500	15,000
169-0210 Civil Society and Local Governance				
AEEB	32,135	52,452	51,749	45,000
169-0230 Local Government				
AEEB	8,000	0	0	0
169-0310 Humanitarian Assistance				
AEEB	10,450	0	0	0
169-0410 Special Initiatives				
AEEB	30,890	4,990	0	0
169-0420 Cross-Cutting Programs				
AEEB	1,000	2,818	3,000	3,000
TRANSFER				
AEEB	9,555	29,440	16,751	15,000

SO 169-0130 includes \$4,750 of FY 2001 Supplemental - AEEB.
 SO 169-0210 includes \$10,584 of FY 2001 Supplemental - AEEB.
 SO 169-0230 includes \$8,000 of FY 2001 Supplemental - AEEB.
 SO 169-0410 includes \$15,000 of FY 2001 Supplemental - AEEB.
 TRANSFER includes \$5,270 of FY 2001 Supplemental - AEEB.

Mission Director,
Spike Stephenson

Data Sheet

USAID Mission:	Serbia
Program Title:	Economic Reform, Restructuring and Policy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	169-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$27,000,000 AEEB
Prior Year Unobligated:	\$3,000,000 AEEB
Proposed FY 2004 Obligation:	\$17,000,000 AEEB
Year of Initial Obligation:	2001
Estimated Completion Date:	2006

Summary: The USAID Economic Reform and Restructuring program in the Republic of Serbia delivers technical assistance in three principal areas: Market Stabilization, Restructuring, and Market Integration

Inputs, Outputs, Activities:

FY 2003 Program:

USAID's approach to accelerate the growth of private enterprise by creating a competitive and efficient free-market economy contained four elements: market stabilization, restructuring, market integration, and policy reform.

Market stabilization (\$4,000,000 AEEB) has focused principally on the banking, financial and fiscal systems, enterprise development and judicial support. Bank reform efforts have included support in the adoption of risk-based examination procedures in both on-site and off-site supervision and the system-wide introduction of international accounting standards. USAID's real-sector activities comprise a micro-enterprise financing initiative that has booked nearly 400 hundred loans with a total value approaching \$650,000, and a competitive initiative which seeks to identify and promote key industries and sectors for growth. Implementing partners are Bearing Point, IBM Consulting.

Restructuring (\$22,219,977 AEEB) has involved the transfer of state-owned assets to the private sector, institution building and reform, and pension system restructuring necessary to ensure open and regulated markets. Restructuring also involves legislative, regulatory and judicial reform necessary to ensure open, fair and regulated markets. USAID is also considering expanding small and medium enterprise development through financial intermediation by targeting mortgage, construction, trade finance, and other practical alternatives. Implementing partners are Bearing Point, IBM Consulting, Opportunity International, Stewart International Partners for the social reform; non-bank restructuring and enterprise development implementers will be selected. A partner for the pension reform will be selected in 2003.

Market integration (\$780,023 AEEB) has been oriented toward both the regional and global levels to recover from a decade of international sanctions and trade isolation. In preparing Serbia and Montenegro for WTO membership, IBM advisors will simultaneously lay the cornerstones for accession to the European Union. Implementing partner is IBM Consulting.

USAID, in conjunction with the U.S. Department of Treasury, will continue to promote reform in macro-economic areas associated with debt management, budgeting and fiscal reform. USAID has supported the Ministry of Economy and Privatization in selling or liquidating four dozen state companies. Initial assistance focused on creating the Restructuring Law and implementing decrees affecting 48 state companies, including the state behemoths: Zastava (Yugo cars) and Sartid steelworks.

FY 2004 Program:

USAID's primary focus in 2004 will be on finalizing the Restructuring process and Market integration activities to help move Serbia and Montenegro closer to WTO accession.

Restructuring (\$13,495,436 AEEB). The Mission will continue work in transferring state-owned assets to the private sector, institution building and reform, enterprise development, pension system reform, tax policy and administrative reform, and financial sector reform -which includes banking sector and reorganization and restructuring of the National Bank of Serbia, liquidation of the largest Serbian banks and selling of the state-owned bank. Prime Contractor: Bering Point and others TBD.

Assistance in drafting the body of commercial legislation, ensuring harmonization with European Union (EU) and international norms (\$2,331,037 AEEB) continues in FY 2004. Promoting the role of the Parliament, long-divorced under the Milosevic regime from the legislative process, is a key objective. Commercial law support (\$1,000,000 AEEB), resulting in better and more fairly adjudicated commercial cases, is also a priority USAID will promote increased transparency and disclosure that are preconditions for investment. These activities, and others, are components of USAID's Economic Policy for Economic Efficiency (EPEE). Prime Contractor IBM Consulting

Market integration (\$173,527 AEEB). Reintegration into market networks is the central thrust of USAID's World Trade Organization (WTO) effort which is seeking re-entry for Serbia and Montenegro into this international body. The process for preparing Serbia and Montenegro for WTO membership will continue in FY 2004, with advisors finalizing the foundations for the accession to the European Union.

Performance and Results: Enterprise and banking sector restructuring are proceeding well. In 2002, three cement companies were sold, and negotiations advanced with a major U.S. interest which signed three preliminary contracts that will lead to the purchase of the Sartid Steelworks. The Ministry of Economy and Privatization accelerated the auction privatization for smaller state-owned companies, and by year-end 2002 more than 1,000 had been tendered. USAID's Bearing Point advisors led the restructuring of nearly 50 state companies by drafting the requisite implementing regulations, and creating the model contracts for auditor negotiations. Restructuring of more than two-thirds of the target companies is underway, with USAID moving a complex of 22 holding companies and seven manufacturing companies into restructuring.

Bearing Point assistance in banking reform has focused upon the National Bank of Serbia, which is increasing compliance with the Bank for International Settlements' Basle Core Principles. Bearing Point was critical in establishing a modern payments system after dismantling the Communist-era payments bureau and in assisting all licensed banks to adopt International Accounting Standards. Under the Anti-money-laundering Law, Bearing Point, IBM and the U.S. Department of the Treasury linked host-country counterparts to create a Federal Commission for the Prevention of Money Laundering which processed more than 6,000 currency reports and a half-dozen suspicious transactions reports in its first full quarter of existence. In addition, IBM worked with the Government to found a Public Procurement Office and to strengthen the Anti-Monopoly Commission.

EPEE's judicial reform activities centered on the commercial courts, where bankruptcy training associated with bank and enterprise privatization, was a major focus. Though the Commercial Courts are among the best administered and staffed, many judges are long standing and thus are captive to non-market oriented philosophies. Reforming long held beliefs and practices will require sustained training, such as that delivered under the USAID-assisted Judicial Training Center. USAID has also trained bankruptcy trustees and receivers who oversee the dismantling of state-owned and private enterprises.

US Financing in Thousands of Dollars

Serbia

169-0130 Economic Reform, Restructuring and Policy	AEEB
Through September 30, 2001	
Obligations	6,201
Expenditures	974
Unliquidated	5,227
Fiscal Year 2002	
Obligations	14,459
Expenditures	6,715
Through September 30, 2002	
Obligations	20,660
Expenditures	7,689
Unliquidated	12,971
Prior Year Unobligated Funds	
Obligations	3,000
Planned Fiscal Year 2003 NOA	
Obligations	27,000
Total Planned Fiscal Year 2003	
Obligations	30,000
Proposed Fiscal Year 2004 NOA	
Obligations	17,000
Future Obligations	0
Est. Total Cost	67,660

FY 2002 Obligations include \$1.959m of FY 2001 Supplemental AEEB.

Data Sheet

USAID Mission:	Serbia
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	169-0200
Status:	New
Proposed FY 2003 Obligation:	\$11,500,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$15,000,000 AEEB
Year of Initial Obligation:	2003
Estimated Completion Date:	2006

Summary: USAID's Democratic Transition program promotes more effective, responsive, and accountable democratic institutions in Serbia through technical assistance, training, and grants designed to:

- strengthen civil society, media and labor;
- improve political processes, including elections; and
- promote the rule of law.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID continues political process and election assistance, civil society and labor assistance, independent media strengthening, and judicial reform/rule of law activities in FY 2003 under a new Strategic Objective, 169-0200: More Effective, Responsive, and Accountable Democratic Institutions.

Civil society, media, and labor support (\$7,694,660 AEEB). In FY 2003, USAID will continue to support civil society organizations realize programs centered on engaging citizens in the reform process. A key goal is to move assisted organizations onto a path to self-sustainability through more effective internal management, strategic planning, use of technology, fundraising, volunteer mobilization, and staff development. USAID will provide support to Nezavisnost, Serbia's leading independent trade union, to develop strategically, to increase women's leadership roles within the organization, and to build bridges to Serbia's state union to promote broader buy-in into the economic reform process. USAID also continues to support programs to nurture independent media in Serbia by assisting both print and broadcast outlets in delivering objective, fact-based reporting and informative programming to the republic's citizens and to equip these media organizations to compete in Serbia's emerging media market. The implementers are Freedom House, the American Center for International Labor Solidarity (ABA/CEELI), and International Research and Exchanges Board (IREX).

Political process and elections (\$3,805,340 AEEB). This program continues to support training for democratically-oriented party activists and leaders in connecting more effectively with voters and in governing more responsively once elected. In the period preceding anticipated presidential and parliamentary elections in 2003, party support will be scaled back in favor of activities such as domestic monitoring that emphasize a free and fair electoral process for the duration of the immediate pre-election period through the elections themselves. The implementers are the National Democratic Institute (NDI) and the International Republican Institute (IRI).

FY 2004 Program:

Civil Society, labor, and political process (\$5,827,387 AEEB). In FY 2004, continued funding will further develop civil society, independent labor unions, independent media and a democratically-oriented political process through technical assistance, training, grants, and regional and U.S.-based exchanges. By the end of this program in FY 2005, assistance is expected to result in increased services and organizational development resources available to NGOs, progress in moving the process of truth and reconciliation

forward through dialogue and action, increasingly available legal services and support for the victims of ethnic and other forms of discrimination, and concrete steps taken to help Serbia reintegrate with her Balkan neighbors through cross-border cooperation. By 2005, the labor support program is expected to have increased labor buy-in on critical economic reforms. The NDI program will seek to move the Center for Free Elections and Democracy (CeSID) towards sustainability, while continuing its efforts to make government and political parties more responsive to citizens through an increasingly specialized program of training and assistance. IRI also seeks to ensure that by the close of its program, assisted political parties will be substantially more sophisticated in their knowledge of citizen preferences, and more responsive in using this information in the policy process. Its organizational partners OTPOR and G17 Plus, like CeSID, are expected to institute sound organizational governance strategies that will help them sustain their activities into the future. The implementing partners are Freedom House, ACILS, NDI, and IRI.

Independent media (\$4,097,613 AEEB). Independent media assistance will continue following the conclusion of the program implemented by IREX through a competitively selected successor.

Rule of law (\$5,000,000 AEEB). The previously funded and obligated program implemented by ABA/CEELI ends in December 2003. A design effort will be undertaken in FY 2003 to identify a program of assistance to Serbia's legal profession and/or courts that will build upon USAID's efforts to date and continue for an estimated three years. Prospective areas of assistance may include targeted assistance to specialized courts and agencies, court administration, case tracking, expanded efforts in legal aid, information technology improvements in selected courts, and/or assistance to professional associations.

Anti-trafficking (\$75,000 AEEB). Additional anti-trafficking program grants will be awarded following an Annual Program Statement the Mission plans to issue by early 2004.

Performance and Results: USAID expects the democratic institutions targeted under this program to function more effectively, transparently, and in a more accountable fashion. Given the state of the economy and the still-fragile state of democratic governance in Serbia, USAID does not expect targeted organizations to become dramatically less reliant on support from international organizations during the strategy period, nor do we expect a fully consolidated democracy to take root. USAID anticipates that with occasional reversals, Serbia's democratic transition will continue to advance over the life of this SO. Anticipated results to be achieved include: advanced civic dialogue on critical issues, more sustainable NGO activities, independent labor unions engaged more closely in productive dialogue with government and business, more capable print and broadcast media, coverage of the Hague trial proceedings to facilitate truth and reconciliation in Serbia; political parties equipped with strategies to govern more responsively and effectively, free and fair elections achieved, and a judiciary and legal sector that functions more independently and professionally.

US Financing in Thousands of Dollars

Serbia

169-0200 Democracy and Governance	AEEB
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	11,500
Total Planned Fiscal Year 2003	
Obligations	11,500
Proposed Fiscal Year 2004 NOA	
Obligations	15,000
Future Obligations	0
Est. Total Cost	26,500

Data Sheet

USAID Mission:	Serbia
Program Title:	Civil Society and Local Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	169-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$51,749,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$45,000,000 AEEB
Year of Initial Obligation:	2001
Estimated Completion Date:	2006

Summary: The USAID Civil Society and Local Governance Program in Serbia consists of the Community Revitalization through Democratic Action (CRDA) Program to revitalize local democracy through strong citizen participation and the Local Government Initiative (LGI) to strengthen the capacity of local governments to provide services in a transparent, participatory manner.

Inputs, Outputs, Activities:

FY 2003 Program:

Community Revitalization through Democratic Action (CRDA) Program (\$45,749,000 AEEB). Begun in August 2001, CRDA is now active in over 340 communities where broad-based, representative citizens' committees are actively engaged in making local decisions on community development activities to improve the quality of their lives. These projects may involve civic participation activities, local small-scale civil works rehabilitation or construction (such as schools or clinics), income-generating activities and environmental improvement actions. Socially vulnerable groups, such as refugees, IDPs, and Roma, are specifically targeted as beneficiaries in many of those projects. Up to 75 percent of the cost of projects chosen by the participating communities can be financed by the CRDA Program, but in reality counterpart contributions have actually been running at more than one-third of project costs, reflecting the strong support and involvement of the communities. The implementers are: 1) America's Development Foundation (prime), the University of Delaware's FLAG International (sub) and the International Executive Service Corps (sub); 2) Mercy Corps International (prime), Deloitte, Touche, Tomatsu (sub); 3) International Relief and Development, Inc. (prime), the United Methodist Committee On Relief (UMCOR) (sub), Camp, Dresser, McKee International (sub); 4) ACDI/VOCA (prime), Overseas Strategic Consulting, Ltd (sub); and 5) CHF, (prime).

Local Government Initiative (LGI) (\$6,000,000 AEEB). During the four year life of program, LGI will provide 50 municipalities with extensive training and technical assistance in the areas of financial management, municipal services and utility management and information management to help municipal governments become more efficient, responsive and accountable. The program is working to improve local government customer focus and responsiveness, increase citizen and civil society organization, involvement and access to local government, improve legal and financial sustainability, and increase local government influence at the national level. In the first year, 19 municipalities were provided with technical assistance, training and information technologies to improve their management capacities. The program will be expanded to 13 additional local governments in FY 2003.

At the national level, the LGI is providing technical assistance to the Government of the Republic of Serbia in drafting and implementing policy reforms that will decentralize many government responsibilities and decision-making to the local level. The implementers are Development Alternatives, Inc. (prime) and PADCO (sub). They are assisted by a number of partners including: the Open Society Institute, IGE Consulting Limited, the Center for Community Organizing, the Vitosha Research and Center for the Study of Democracy, Rutgers University, and Strategic Marketing and Media Research Institute.

FY 2004 Program:

Community Revitalization through Democratic Action (CRDA) Program (\$43,000,000 AEEB). In FY 2004, it is anticipated that the CRDA Program will again initiate approximately 1,000 new projects in participating communities and that the program will be active in close to 400 communities and 80 municipalities. An increased number of the CRDA activities will be cluster projects involving collaboration between several communities, often of different ethnic composition. The implementers will be the same as in FY 2003.

Local Government Initiative (LGI) (\$2,000,000 AEEB). LGI will expand its capacity-building activities to an additional 17 local governments to reach the program-planned goal of 50 municipalities. Staff from the municipalities who had received training in the early phases of the program will be used as mentors to staff in the local governments added in the later phases of the program. The implementers and partners will be the same as in FY 2003.

Performance and Results: By the end of this program, we expect that Serbia will have a highly decentralized government structure relying heavily on participatory, transparent and accountable local governments to provide basic services and infrastructure. Paralleling the revitalized local governments will be a strong, well-organized civil society that will demand transparency and accountability from its local leaders and that will be actively involved in local development projects. While ethnic and religious cleavages may remain, there will be a greater degree of mutual trust and respect among these groups.

CRDA, a five-year citizen participation program, was initiated in Serbia in FY 2001. Within one year of its commencement, it was working in 324 communities in 73 municipalities. Of the 870 projects that were started during the initial twelve month period, over 700 were completed by the end of FY 2002. Approximately an additional 1,000 projects are planned for the second year and many are already being implemented. It is estimated that the direct beneficiaries from the CRDA projects initiated in the first year total approximately 2,000,000 people. The strong involvement and support of the communities for CRDA activities is demonstrated by the fact that over one-third of the funding for project costs has come from non-USAID sources. Beneficiaries indicate that the most important aspects of the CRDA Program have been its willingness to let the community select and implement its own priorities and its ability to bring people together to work cooperatively towards improving their living conditions. Local government leaders have come to embrace the notion of citizen participation and in most municipalities are allocating their own meager resources to help provide the local matching contribution.

In its first year of operation, the Serbia local government program has conducted 129 training sessions for municipal officials in such topics as financial management, public works and utility management, citizen participation and policy reform. This training was provided to more than 3,900 participants. The program has established public-private partnerships in two municipalities to improve central business districts. Citizen information and one-stop centers for obtaining permits and licenses are in the process of being set-up in several cities and will be operational in FY 2003. Equipment and software have been ordered from U.S. suppliers for the first ten municipalities. When installed in FY 2003, the equipment will allow the municipal governments to implement more efficient and transparent information management systems.

US Financing in Thousands of Dollars

Serbia

	AEEB	ESF
169-0210 Civil Society and Local Governance		
Through September 30, 2001		
Obligations	63,560	218
Expenditures	26,699	218
Unliquidated	36,861	0
Fiscal Year 2002		
Obligations	52,823	0
Expenditures	48,924	0
Through September 30, 2002		
Obligations	116,383	218
Expenditures	75,623	218
Unliquidated	40,760	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	51,749	0
Total Planned Fiscal Year 2003		
Obligations	51,749	0
Proposed Fiscal Year 2004 NOA		
Obligations	45,000	0
Future Obligations	0	0
Est. Total Cost	213,132	218

FY 2002 Obligations include \$0.17m of FY 2001 Supplemental AEEB.

Data Sheet

USAID Mission:	Serbia
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	169-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,000,000 AEEB
Prior Year Unobligated:	\$999,000 AEEB
Proposed FY 2004 Obligation:	\$3,000,000 AEEB
Year of Initial Obligation:	2001
Estimated Completion Date:	2006

Summary: This objective is designed to accommodate activities that make significant contributions to more than one objective. It finances program development costs, program assessments and learning efforts.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID intends to use FY 2002 and FY 2003 resources to fund three U.S. Personal Services Contract (USPSC) and 13 Foreign Service National Personal Service Contract (FSNPSC) employees as well as the operations of three field offices to help monitor and manage USAID's program in the Republic of Serbia which averages around \$100 million per year. In addition, the design of new activities and the evaluation of ongoing activities will be funded.

FY 2004 Program:

USAID intends to use FY 2004 resources to continue to fund three USPSCs and 13 FSNPSCs as well as the operations of three field offices to help monitor and manage USAID's programs in Serbia. In addition, a portion of the funds requested here will be used for activity design, evaluations and training.

Performance and Results: In FY 2001, three USPSCs and one FSNPSC supported the efforts of the one U.S. Direct Hire employee assigned to Belgrade to initiate design and implementation of a program to take advantage of the startling opportunity presented by the rejection of the Milosevic regime. With establishment of the USAID Mission in Belgrade and growth of the program, the number of FSNPSCs has grown to thirteen and three field offices have been established. The number of USPSCs remains unchanged at three. Citizen participation and local government strengthening activities (S.O. 169-0210) have been significantly expanded and a new Strategic Objective (S.O. 169-0200), More Effective, Responsive and Accountable Democratic Institutions (169-0200) has been established to encompass increased assistance in the areas of political process and election assistance; civil society, NGO, media and labor assistance; and judicial reform and rule-of-law assistance. Under S.O. 169-0130, Accelerated Development and Growth of Private Enterprise, new initiatives in the area of financial market reform will greatly expand the overall private enterprise program during FY 2003.

During FY 2002, assessments of gender, conflict vulnerability and biodiversity conservation needs for Serbia and Montenegro were completed. The results of these assessments assisted the Mission in defining how the new five-year country program strategy contributes in addressing the three areas, as required by Agency regulation. The assessments also serve as a planning tool to assist in integrating gender, conflict, and environmental concerns into the overall program. In addition, several environmental training courses were conducted to ensure that the staff of the Community Revitalization Through Democratic Action program implementers are familiar with and comply with U.S. environmental regulations during implementation of the program. In addition to the three assessments conducted, the Mission has completed its Mission Disaster Response Plan.

US Financing in Thousands of Dollars

Serbia

169-0420 Cross-Cutting Programs	AEEB
Through September 30, 2001	
Obligations	4,935
Expenditures	4,239
Unliquidated	696
Fiscal Year 2002	
Obligations	2,091
Expenditures	1,651
Through September 30, 2002	
Obligations	7,026
Expenditures	5,890
Unliquidated	1,136
Prior Year Unobligated Funds	
Obligations	999
Planned Fiscal Year 2003 NOA	
Obligations	3,000
Total Planned Fiscal Year 2003	
Obligations	3,999
Proposed Fiscal Year 2004 NOA	
Obligations	3,000
Future Obligations	0
Est. Total Cost	14,025

Turkey

The Development Challenge: In the aftermath of September 11, 2001, the United States recognized Turkey as a critical ally in the global war on terrorism. Turkey was among the first countries to demonstrate strong support for Operation Enduring Freedom (OEF), granting overflights and the use of its airbases, and offering 90 Special Operations Forces troops. Turkey permitted the U.S. military to use Incirlik Airbase for several of the most sensitive OEF-related missions. Turkey was one of the first countries to provide troops (267) for Phase I of the International Security Assistance Force (ISAF) in Afghanistan, and assumed the leadership of ISAF on June 20, 2002, for a six-month period that was extended by two months. Turkey now has a complement of approximately 1,400 personnel in Afghanistan. The primacy of Turkey's role as a front-line ally is expected to assume even greater prominence and urgency as the global war on terrorism continues.

Turkey began a series of reforms in the 1980s designed to shift its economy to a more private-sector, market-based model. However, successive governments were repeatedly challenged in their efforts, such that by 2001, the Government of Turkey (GOT) struggled with a serious financial crisis and stalled reforms. A severe currency devaluation, precipitous losses on the country's stock market, and rising interest rates gave grounds for concern about economic stability throughout the region. In early 2002, thanks in part to IMF assistance, reforms began to show results. However, the economy still remains weak. Turkey continues to have substantial debt servicing requirements in the near term. The government must maintain sound economic policies and institute further reform, in order to win market confidence and create an internationally competitive economy. Further, Turkey's economic sustainability is crucial in order for it to fulfill the broad and key role of critical ally to the U.S. and of a strategically-located partner in the global war against terrorism.

The USAID Program: While USAID closed its Mission in Turkey in 1976, USAID continued to provide assistance to Turkey for discrete issues, including immediate humanitarian and disaster mitigation needs after serious earthquakes there in 1999, and support to Turkey's family planning and reproductive health program until spring 2002.

In 2002, the United States gave \$200,000,000 in Economic Support Funds (ESF) provided by the 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States (P.L.107-206), to offset the economic stress in Turkey that resulted from Turkey's support for combating international terrorism. U.S. grant funds were used to service Turkey's debts to the United States and to international financial institutions, and to thereby aid its economic recovery.

The United States seeks the GOT's continued support in the ongoing war on terrorism. However, the GOT is concerned by the potential damage to its fragile economy. Accordingly, \$200 million in ESF is requested for FY 2004 to mitigate potential economic loss to Turkey for its continued support of the U.S. The Program Data Sheet provided below gives greater detail on the cash transfer program for which USAID is requesting funds in FY 2004.

Other Program Elements: None.

Other Donors: The United States is the principal donor of support funds to Turkey, with assistance meant to compensate this important ally for the economic costs of its participation in the global war on terrorism at a time of general economic hardship in Turkey. Other major donors to Turkey include the EU and World Bank. Turkey has also received large scale lending from the IMF to address its economic difficulties.

**Turkey
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	0	0	0	200,000
Supplemental - ESF	0	200,000	0	0
Total Program Funds	0	200,000	0	200,000

STRATEGIC OBJECTIVE SUMMARY

277-0410 Cash Transfer Program				
ESF	0	200,000	0	200,000

SO 277-0410 includes \$200,000 of FY 2002 Supplemental - ESF.

Data Sheet

USAID Mission:	Turkey
Program Title:	Cash Transfer Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	277-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$92,000 ESF
Proposed FY 2004 Obligation:	\$200,000,000 ESF
Year of Initial Obligation:	2002
Estimated Completion Date:	2004

Summary: Grant funds (\$200 million ESF) to the Government of the Republic of Turkey (GOT) were provided through the 2002 Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Attacks on the United States, to offset the economic stress in Turkey that resulted from Turkey's support for combating international terrorism. FY 2002 grant funds were transferred to enable Turkey to service debts to the United States and international financial institutions and to thereby aid its economic recovery. Proposed FY 2004 grant funds are anticipated to be used for the same purpose, tangibly demonstrating U.S. support for the GOT's continued assistance in the global fight against terrorism. Prior year unobligated funds includes \$92,000 from the FY 2002 Supplemental - ESF (parking fines).

Inputs, Outputs, Activities:

FY 2003 Program:

None.

FY 2004 Program:

FY 2004 funds are intended to be used to continue servicing Turkey's debts to the United States and to international financial institutions. With policy guidance from the Department of State, USAID implements this cash transfer program to the Government of Turkey.

Performance and Results: The U.S. grant funds were obligated at the end of FY 2002 and fully disbursed to the GOT in early FY 2003, thereby enabling the GOT to address immediate debt servicing requirements. The proposed future ESF funds will demonstrate the U.S. support for Turkey during the global war on terrorism. The funds will enable the GOT to continue its strong implementation of the IMF-supported economic program, to achieve Turkey's economic recovery.

US Financing in Thousands of Dollars

Turkey

277-0410 Cash Transfer Program	ESF
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	199,908
Expenditures	0
Through September 30, 2002	
Obligations	199,908
Expenditures	0
Unliquidated	199,908
Prior Year Unobligated Funds	
Obligations	92
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	92
Proposed Fiscal Year 2004 NOA	
Obligations	200,000
Future Obligations	0
Est. Total Cost	400,000

FY 2002 Obligations of \$199.908m and Prior year unobligated funds of \$0.092m totalling \$200.000m represent funds appropriated under the FY 2002 Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Attacks on the United States (P.L. 107-206).

Europe Regional

The Development Challenge: The northern tier countries are the transition leaders. They are integrating into international markets and organizations and no longer require bilateral USAID assistance, although they still face challenges related to accession to the European Union (EU).

In Southeast Europe, reconstruction of war torn areas is near completion following a decade of ethnic violence. With some exceptions, these countries now appear to be following the transition path charted by the northern tier, although they are well behind the reform targets achieved by the northern tier countries when they graduated from USAID assistance. Weak labor markets in general, combined with large youth populations and poor human capital in select countries, pose special challenges. Corruption remains an issue across the sub-region. Unresolved ethnic clashes lay below the surface and could easily re-emerge without institutional mechanisms for inter-ethnic understanding and cooperation, particularly given the scheduled decline in donor assistance to these countries. Broad access to the benefits of reform is essential to mitigate the risk of further conflict and to offset the debilitating impact of corruption.

All of the European transition countries aspire to membership in regional organizations such as the North Atlantic Treaty Organization (NATO) and the EU. While the countries presently targeted for EU accession will gain immediate benefits, there may be a cost to those not yet ready for membership (e.g., Macedonia, Albania, Kosovo, Serbia, Montenegro, Bosnia, and possibly Croatia). These countries are small and poorly integrated among each other. The challenge in the short-run is to minimize any backsliding that might occur as the price of exclusion.

The USAID Program: The regional program in Europe is carried out through program support objectives in economic growth, democracy and governance, social transition, and cross-cutting initiatives. USAID's strategy for regional assistance is to target multi-country and region-wide interventions that support the achievement of bilateral assistance objectives but cannot be easily funded through individual country budgets.

Regional activities in Europe address cross-border issues (such as energy infrastructure), promote dialogue and networking between countries on transition themes of common concern (local government networking), support regional professional organizations in targeted sectors (international accounting standards), fund directives and special initiatives not covered by country budgets (human trafficking), and achieve cost savings through regional training events and conferences and specialized technical assistance in emerging priority areas (values and youth).

In Southeast Europe, USAID continues to focus on reducing ethnic tension, supporting democratic processes, furthering economic reforms, and promoting regional cooperation and the speedy integration of transition countries into Europe proper. Regional programs are designed to establish common standards and practices across the region in a variety of sectors, including trade and customs, health, labor, energy, and the environment. This strategy is intended to facilitate economic relationships among neighbors, reinforce stability, attract foreign investment and increase competitiveness in international markets. As Southeast Europe begins to prepare for graduation from USAID bilateral assistance, the United States looks to the Europeans to continue to support the integration of these countries into regional institutions.

The overall decline in resource levels in FY 2004 requires substantial adjustments to the regional program. Funding will end in FY 2003 for almost all programs directed toward the European northern tier as well as the region-wide environmental partnerships program, ECOLINKS. At the same time, new priorities in human trafficking and values will receive support under cross-cutting initiatives.

During the next fiscal year, USAID will approach completion of its work related to the Stability Pact. Activities under the economic growth area will include those directed at increased competitiveness, accounting reform, and energy cooperation and trade. Regional activities under the democracy and

governance rubric will continue to support civil society and conflict prevention, the rule of law and judicial strengthening, and local government development. Activities under social transition will encompass efforts directed at populations at risk such as the Roma minority, youth, and those exposed to infectious diseases such as HIV/AIDS and tuberculosis. This rubric will also address health promotion and access issues through medical partnerships and select social safety net issues.

Cross-cutting programs will support two new initiatives: one to raise the profile of the values and ethics inherent in a successful transition to market-oriented democracy; and the other to tackle the increase in human trafficking. The cross-cutting category will also include activities for anti-corruption, conflict mitigation, participant training, and program evaluation, assessment and support needs.

Other Program Elements: The Europe regional program complements bilateral assistance programs and does not contain other program elements of its own.

Other Donors: Other donors are reflected in the country overviews of the bilateral programs supported by these program objectives.

Europe Regional PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Asst. for E. Europe and the Baltic States	86,081	74,139	60,000	51,000
Child Survival and Health Programs Fund	770	0	0	0
Total Program Funds	86,851	74,139	60,000	51,000

STRATEGIC OBJECTIVE SUMMARY

180-0110 Privatization				
AEEB	502	0	0	0
180-0120 Fiscal Reform				
AEEB	219	733	248	621
180-0130 Private Enterprise Development				
AEEB	4,591	1,256	1,968	553
180-0140 Strengthening the Financial Sector				
AEEB	4,268	1,312	694	826
180-0150 Sustainable Energy Systems				
AEEB	6,721	6,044	3,383	4,140
180-0160 Better Environmental Management				
AEEB	8,010	5,244	2,861	1,133
180-0210 Civil Society				
AEEB	3,846	2,875	3,150	1,597
180-0220 Rule of Law				
AEEB	2,282	896	862	728
180-0230 Local Government and Urban Development				
AEEB	962	961	508	327
180-0310 Strengthened Humanitarian Responses to Crises				
AEEB	155	110	0	0
180-0320 Health Promotion and Care				
AEEB	1,754	2,984	2,516	2,855
CSH	770	0	0	0
180-0340 Social Sector Reform				
AEEB	1,867	720	232	150
180-0410 Special Initiatives				
AEEB	3,676	3,445	0	0
180-0420 Cross-Cutting Programs				
AEEB	5,024	4,510	4,808	5,070
TRANSFER				
AEEB	42,404	43,049	38,790	33,000

Acting Deputy Assistant Administrator,
Paula Feeney

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Fiscal Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0120
Status:	Continuing
Proposed FY 2003 Obligation:	\$248,000 AEEB
Prior Year Unobligated:	\$108,000 AEEB
Proposed FY 2004 Obligation:	\$621,000 AEEB
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

Summary: USAID's fiscal reform program promotes fiscal transparency and accountability in the region through development and implementation of 1) programmatic interventions aimed at combating corruption and promoting integrity in targeted public sector institutions; 2) interventions that improve financial transparency and disclosure and enhance private sector corporate governance and ethical business conduct; 3) activities that build regional associations of accounting professionals committed to fair and accurate disclosure and audit of financial transactions; 4) activities that further professional certification of public and private sector accounting professionals based on standardized curricula and corruption-free examination protocols; and 5) activities that replace the communist legacy of opaque, statutory accounting standards with market-oriented International Accounting Standards necessary for integration of regional economies into the global marketplace. FY 2003 funds will be provided for accounting reform and FY 2004 funds will be provided for accounting reform and anti-corruption.

Inputs, Outputs, Activities:

FY 2003 Program:

Regional transparency, accountability and accounting reform. (\$248,000 AEEB). Working with international, regional and national accounting institutions, this activity promotes expansion and improvement of a regional Certified International Professional Accountant (CIPA) program. By developing and implementing uniform accounting standards, curricula and examinations and providing technical expert advice not available within USAID for mission support and management of regional projects, the CIPA program and related regional activities increase fiscal transparency and accountability and prevent corruption in the certification of public and private sector accounting professionals. The principal contractors/grantees are the Carana Corporation, the University Research Corporation and the Center for Institutional Reform and the Informal Sector, and the Center for International Private Enterprise.

FY 2004 Program:

Regional transparency, accountability and anti-corruption. (\$421,000 AEEB). Through results obtained from field work, this activity provides USAID Missions in SEED countries with refined, practice-oriented diagnostic and analytical tools to combat corruption and promote integrity in targeted public and private sector institutions based on the Europe and Eurasia Bureau's strategic framework for combating corruption (Transparency-Accountability-Prevention-Enforcement-Education or "T A P E E") and technical expert advice not available within USAID for mission support and management of regional projects.

Regional transparency, accountability and accounting reform. (\$200,000 AEEB). Working with international, regional and national accounting institutions, this activity supports and expands the regional Certified International Professional Accountant (CIPA) program. By developing and implementing uniform accounting standards, curricula and examinations and providing technical expert advice not available within USAID for mission support and management of regional projects, the CIPA program and related regional activities increase fiscal transparency and accountability and prevent corruption in the certification of public and private sector accounting professionals.

Performance and Results: USAID's fiscal reform activities are achieving three sets of results that promote financial transparency, accountability and integrity and combat corruption in public-private relationships and transactions. The regional anti-corruption activity is generating, testing, implementing and refining new, practice-oriented diagnostic and analytical tools tailored to the specific anti-corruption programming needs of USAID field missions. The regional accounting reform activity introduced the Certified International Professional Accountant Program (CIPA) in the SEED region based on the successful model first implemented in Central Asia and Ukraine. Through targeted networking, small implementation grants, and online resources, the corporate governance activity has increased public awareness and demand for improved corporate governance within stakeholder and regulatory communities and has provided channels for transfer of knowledge and skills to diverse constituencies involved in combating corruption and promoting integrity in public and private sector relationships and transactions.

US Financing in Thousands of Dollars

Europe Regional

180-0120 Fiscal Reform	AEEB
Through September 30, 2001	
Obligations	2,068
Expenditures	1,932
Unliquidated	136
Fiscal Year 2002	
Obligations	793
Expenditures	201
Through September 30, 2002	
Obligations	2,861
Expenditures	2,133
Unliquidated	728
Prior Year Unobligated Funds	
Obligations	108
Planned Fiscal Year 2003 NOA	
Obligations	248
Total Planned Fiscal Year 2003	
Obligations	356
Proposed Fiscal Year 2004 NOA	
Obligations	621
Future Obligations	0
Est. Total Cost	3,838

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Private Enterprise Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,968,000 AEEB
Prior Year Unobligated:	\$731,000 AEEB
Proposed FY 2004 Obligation:	\$553,000 AEEB
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2005

Summary: This regional program provides support for the Bureau's enterprise development work across the transition countries of Europe in small enterprise support and finance, in commercial dispute resolution, in promoting harmonized competition policies, and in encouraging food industry cluster formation, competition, and trade.

Inputs, Outputs, Activities:

FY 2003 Program:

Technical advice and finance for micro, small and medium enterprise development. (\$1,550,000 AEEB). In order to build institutions and programs capable of supporting the development of micro, small and medium-sized business, funding is provided to the NGO community and other organizations to improve the business environment, to encourage the provision of business services, and to expand and improve business finance. The Micro Finance Center in Warsaw works with organizations throughout the region to support "best practices" in micro finance, thereby helping to build sustainable and effective lending programs for micro enterprise. The Small Enterprise Assistance Fund focuses on financing small and medium-sized firms that exhibit significant potential for growth. Citizens Democracy Corps and the International Executive Service Corps are partners in developing a network of business support institutions and consultants to facilitate trade and train SMEs to adopt international business standards and practices.

Promotion of a regional approach to harmonizing competition policies and regulatory frameworks. (\$168,075 AEEB) The Federal Trade Commission (in conjunction with the Department of Justice) will continue its work (pursuant to an Interagency Agreement) with competition agencies in the region to strengthen their capacities to enforce their national competition laws in ways that promote the development of market economies. This is accomplished by developing regional awareness among counterpart governments as they implement competition policy; and by providing technical assistance on latest trends in consumer protection as it specifically relates to e-commerce.

Encouragement of food industry cluster formation, competition and trade on a regional basis. (\$250,000 AEEB). Contacts with agribusiness and food industry firms are being pursued throughout the region to identify clusters of business that are capable and committed to working together to produce quality products that respond to the demands of the markets in the region and beyond. Clusters in two countries will be chosen and technical assistance will be provided to the clusters. The principal contractor is Chemonics.

FY 2004 Program:

Encouragement of food industry cluster formation, competition and trade on a regional basis. (\$552,500 AEEB). The work with the clusters chosen in two countries will continue. USAID will work with the groupings of businesses to better understand the demands of the markets, to work to improving the business environment directly impacting the cluster, to improve the productivity up and down the supply chain, and to participate actively in trade.

Performance and Results: Nearly all country programs have focused significant resources on improving the environment for private sector economic growth. In each country in the region, policy reforms and laws have been enacted to give the private sector greater access to information, credit, technology, markets, and an improved commercial legal and regulatory environment. Inputs include technical assistance and training directed at improving human resource knowledge and capacity, business management and information, commercial laws and regulations, and technology transfer. Land reforms are being enacted enabling the use of land and property to be traded or consolidated to expand the productivity of previously dead assets and the development of a land market system. The private sector is rapidly gaining greater access to financial instruments and new markets. Trade and investment events have generated intra-regional export momentum. Competition among domestic businesses and farmer associations encourage firms and farmers, throughout the region, to improve product value and volume primarily for sale in domestic, regional or European Union markets.

US Financing in Thousands of Dollars

Europe Regional

	AEEB	DA
180-0130 Private Enterprise Development		
Through September 30, 2001		
Obligations	67,090	1,506
Expenditures	62,259	1,506
Unliquidated	4,831	0
Fiscal Year 2002		
Obligations	2,491	0
Expenditures	3,286	0
Through September 30, 2002		
Obligations	69,581	1,506
Expenditures	65,545	1,506
Unliquidated	4,036	0
Prior Year Unobligated Funds		
Obligations	731	0
Planned Fiscal Year 2003 NOA		
Obligations	1,968	0
Total Planned Fiscal Year 2003		
Obligations	2,699	0
Proposed Fiscal Year 2004 NOA		
Obligations	553	0
Future Obligations	0	0
Est. Total Cost	72,833	1,506

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Strengthening the Financial Sector
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0140
Status:	Continuing
Proposed FY 2003 Obligation:	\$694,000 AEEB
Prior Year Unobligated:	\$203,000 AEEB
Proposed FY 2004 Obligation:	\$826,000 AEEB
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2006

Summary: The goal of activities under S.O. 1.4 is to accelerate the development of sound, vibrant, private and competitive financial sectors in SEED countries which promote growing financial intermediation in support of private sector development and sustainable economic growth. The focus of the regional activities is on the introduction of new products to broaden and deepen the financial sector, cross-border trading and risk management, institutional development and capacity building of financial and regulatory institutions, and anti-money laundering activities. A key element in all the programs is harmonization and meeting international standards to ensure faster integration of financial markets into the international financial system.

Inputs, Outputs, Activities:

FY 2003 Program:

Competitive financial markets (\$150,000 AEEB). USAID will provide technical support in select countries to structure and place corporate debt instruments. Building upon pilot project in several countries, a comprehensive package of resource materials to support corporate debt issuance in other countries in the region will be developed. A corporate bond workshop will be held bringing together bond market experts and practitioners with public and private financial sector players in the region.

USAID will assist in the development of secondary mortgage markets in Southeast Europe (SEE). Assessments will be done of three mortgage finance systems in SEE which will provide the basis for the development of strategies and a model action plan to promote secondary mortgage market development. A secondary mortgage market workshop will be held which brings together American and European mortgage finance experts with bankers, financial sector regulators, government housing officials and international financial institutions to promote standardization and harmonization of mortgage finance practices in the region with international standards and norms.

Both the corporate bond and mortgage finance activities intend to establish regional networks or working groups of primarily private financial sector practitioners to develop specific recommendations regarding regional harmonization of financial sector laws, policies and practices to facilitate greater financial flows and cross-border placement and trading. A communications mechanism to provide an interactive on-line forum and a posting point for resources and materials will be established. The principal contractors are Deloitte Touche, Chemonics, and the Urban Institute.

Partners for financial stability (PFS) (\$100,000 AEEB). The PFS program supports the economic transition of the eight CEE countries where USAID was previously active, but no longer maintains a bilateral program: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. PFS is an excellent example of a public/private partnership which includes required cost-sharing from recipients as well as substantial contribution in cash and in-kind volunteer services from implementing partners.

In 2003, training and technical assistance activities under PFS will focus on four main areas: 1) strengthening bank regulatory authorities and helping them to meet international bank supervision standards; 2) strengthening the capacity of the target countries to combat financial crimes, money-laundering and to comply with The Patriot Act; 3) developing the capital markets to better serve individuals, businesses and institutional investors including pension funds; 4) improving corporate governance with a focus on increasing the use of international accounting standards (IAS). The principal contractors are the East-West Management Institute, BearingPoint, DeloitteTouche and the Financial Services Volunteer Corps.

Policy and technical support to missions (\$443,792 AEEB). Supports technical expertise for financial sector reform in the region.

FY 2004 Program:

Competitive financial markets (\$150,000 AEEB). Technical support to develop corporate bonds in additional countries in the region is contemplated as well as a second workshop building on the findings of the first workshop.

A second workshop related to the development of secondary mortgage markets is contemplated, targeted on a specific obstacle identified in the assessments, the workshop and the regional working group that is established.

Policy and technical support to missions (\$676,250 AEEB). Supports technical expertise for financial sector reform in the region.

Performance and Results: Competitive Financial Markets: The first activities -- assessment, templates, and workshops -- will take place in FY 2003.

Partners For Financial Stability(PFS): Significant achievements to date in the eight graduated countries include: initiation of programs in cooperation with U.S. Treasury and leading private sector experts to assist commercial bankers and other financial sector intermediaries to combat financial crime and money laundering as well as to amend and/or help draft anti-money laundering laws, policies and procedures; the creation of the Training Institute for Bank Supervision in Warsaw in conjunction with the National Bank of Poland which uses Polish bank supervisors to train other bank supervisors in the Eurasia region; the development of laws on National Accounting Standards in Lithuania; and, the training of hundreds of senior financial sector officials in the region in International Accounting Standards in order to improve the usefulness, reliability and transparency of financial reporting.

US Financing in Thousands of Dollars

Europe Regional

180-0140 Strengthening the Financial Sector	AEEB
Through September 30, 2001	
Obligations	21,055
Expenditures	16,487
Unliquidated	4,568
Fiscal Year 2002	
Obligations	3,959
Expenditures	3,129
Through September 30, 2002	
Obligations	25,014
Expenditures	19,616
Unliquidated	5,398
Prior Year Unobligated Funds	
Obligations	203
Planned Fiscal Year 2003 NOA	
Obligations	694
Total Planned Fiscal Year 2003	
Obligations	897
Proposed Fiscal Year 2004 NOA	
Obligations	826
Future Obligations	0
Est. Total Cost	26,737

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Sustainable Energy Systems
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0150
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,363,000 AEEB
Prior Year Unobligated:	\$1,011,000 AEEB
Proposed FY 2004 Obligation:	\$4,140,000 AEEB
Year of Initial Obligation:	FY 1991
Estimated Completion Date:	FY 2006

Summary: The regional energy program increases regional cooperation in electricity, heat and gas regulatory harmonization, market development, and energy efficiency.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve policy and energy regulatory capacities (\$813,083 AEEB). The development of professional, independent energy regulatory agencies is a central requirement of creating efficient and financial viable energy systems in this region. Fifteen countries in the region have established such bodies and are members of the Energy Regulators Regional Association (ERRA). This program element finances a cooperative agreement with the US Association of Regulatory Utility Commissions to support the professional development programs and regulatory exchanges of the ERRA. The regulators work together on practical, common issues in tariff policy and implementation, licensing and standards, market design and operation, public involvement and anti-corruption. Some of these issues are ones directly applicable to the accession process with the European Union. This element of the program is also financing regional analysis on energy infrastructure development issues, e.g. low income energy needs and strategies, and provides critical technical expertise not available within the agency to support mission programs and manage regional contracts.

Establish Balkan regional electricity and gas markets (\$1,250,000 AEEB). The Energy and Economic Ministers of the Balkans agreed in Athens on November 15, 2002, to work together to create a Southeast Europe regional electricity market integrated with the internal EU electricity market by 2005. USAID is participating in a multi-donor effort under the Stability Pact framework to support this historic process. USAID is financing regional efforts focusing on: 1) harmonization of legal and regulatory frameworks; 2) development of transparent and standard electricity commercial trading and contracting mechanisms; 3) implementation of the plan USAID previously helped to develop for a tele-information system connecting national dispatch centers; and 4) planning of transmission grid development and identification of priorities for investment. Principal contractors/grantees are Pierce Atwood, Hunton and Williams, U.S. Energy Association, National Association of Regulatory Utility Commissioners, Electrotek Concepts, Montgomery Watson Harza.

Promote private financing and investment in energy efficiency (\$1,300,000). USAID has been working with municipal governments and private/NGO groups to overcome barriers to commercial financing of energy efficiency. Funding support will continue for the regional wide Municipal Energy Efficiency Network (MUNEE) and project development activities in the Balkans involving: 1) an Alliance to Save Energy activity with the Bulgarian Energy Efficiency Center and other NGOs on municipal energy efficiency activities; 2) Nexant efforts in Romania, Bulgaria, Serbia, Croatia, and Macedonia on municipal heat and efficiency project development for funding by the World Bank, European Bank for Reconstruction and Development and the Black Sea Trade and Development Bank; 3) support for a Development Credit Authority loan guarantee program involving private banks and energy service companies.

FY 2004 Program:

Improve energy regulatory capacities (\$740,000 AEEB). USAID will provide continued funding to NARUC for the Energy Regulatory Regional Association. The emphasis in FY04 will be on developing a training strategy and pilot activities that seek to move ERRA towards greater financial sustainability and cost-sharing. Additional countries in the region, i.e. Bosnia, Macedonia, Serbia and Montenegro will likely have established regulatory agencies and joined ERRA. They will be able to benefit in their early development by participating in ERRA technical working groups and training programs. Close coordination will be pursued with the Council of European Energy Regulators (CEER) to seek their support for ERRA activities. In addition to financing technical expertise to support mission programs and manage regional projects, this component will focus on East-West energy system integration issues in electricity and natural gas as part of an overall effort involving both Europe and Eurasia missions.

Establish Balkan regional electricity and gas markets (\$2,300,000 AEEB). USAID will continue to play a catalytic role in fostering the national and regional reforms necessary to meet the target of regional market development and integration into the EU internal market by 2005. A key focus will be on development of transmission and distribution system operators and preparation of market rules and grid codes by June 2004 as specified in the Athens Agreements. USEA and NARUC will conduct regional regulatory and utility partnership (twinning) arrangements involving one- to-one cost sharing with US state regulatory commissions and US utility and industry companies.

Promote private financing and investment in energy efficiency (\$1,100,000 AEEB). USAID will continue to foster the exchange of experiences in municipal energy efficiency programs and effort to develop regional financing mechanisms with private banks and energy service companies. The focus will be on: 1) replication of successful concession, management contract experiences in district heating system; 2) the role of energy efficiency to help low-income households meet the rising costs of energy; and 3) more efficient alternatives to electricity for space heating.

Performance and Results: USAID regional energy programs have achieved significant results by focusing resources on strategic regional institutional development. Several highlights from this performance are presented below.

- 1) A success story has been the development, through a cooperative effort with NARUC of the Energy Regulators Regional Association, an independent association of 19 national energy regulatory agencies legally-registered in Hungary, and the improvement of the knowledge and credibility of the new energy regulatory agencies in the countries and in the region.
- 2) Another institutional development achievement has been the Energy Management Development Institute, which has been legally-chartered in Poland and which offers training and professional development activities, in utility management areas. Although USAID provided small, seed funding to the US Energy Association, the EMDI is now self sustaining with US and European corporate sponsorship.
- 3) Under a partnership with the Alliance to Save Energy, a network of committed NGOs and private organizations has been established through which lessons in municipal efficiency and heat projects have been disseminated and municipal capabilities increased.
- 4) USAID regional efforts in regulation and transmission system development have been instrumental in the development and high-degree of support for the creation of a regional electricity market in the region. Benefits from regional trading alone are estimated at over \$200 million per year.
- 5) USAID has worked with the international financial institutions to develop municipal energy efficiency projects in Romania, Bulgaria, Serbia and Croatia that have been or will soon be financed by these institutions and will serve as models for other cities.

US Financing in Thousands of Dollars

Europe Regional

	AEEB	ESF
180-0150 Sustainable Energy Systems		
Through September 30, 2001		
Obligations	50,188	1,724
Expenditures	40,635	1,724
Unliquidated	9,553	0
Fiscal Year 2002		
Obligations	5,350	0
Expenditures	7,063	0
Through September 30, 2002		
Obligations	55,538	1,724
Expenditures	47,698	1,724
Unliquidated	7,840	0
Prior Year Unobligated Funds		
Obligations	1,011	0
Planned Fiscal Year 2003 NOA		
Obligations	3,363	0
Total Planned Fiscal Year 2003		
Obligations	4,374	0
Proposed Fiscal Year 2004 NOA		
Obligations	4,140	0
Future Obligations	0	0
Est. Total Cost	64,052	1,724

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Better Environmental Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0160
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,861,000 AEEB
Prior Year Unobligated:	\$779,000 AEEB
Proposed FY 2004 Obligation:	\$1,133,000 AEEB
Year of Initial Obligation:	FY 1990
Estimated Completion Date:	FY 2006

Summary: Abuse of the environment under communist governments took its toll on the countries in the region. The transition to free markets provides unique opportunities to introduce innovative approaches to incorporating the efficiencies of cleaner production into the industrial cycle and end subsidies which waste power, water and raw material. This program develops partnerships between U.S. firms and businesses and municipalities to solve environmental problems and to support Stability Pact infrastructure efforts and private sector investment.

Inputs, Outputs, Activities:

FY 2003 Program:

Regional Infrastructure Program (\$2,408,341 AEEB). The principal objective of the Balkans Regional Infrastructure Program (RIP) is to facilitate infrastructure projects throughout Southeast Europe while improving regional capability for sustainable public utilities and transport agencies. The U.S.-based contractor along with U.S. and local subcontractors provides assistance to bring forward projects in six Southeastern European countries by providing: 1) project preparation, 2) project implementation, 3) project investment and financing, and 4) policy reform. Direct partners providing the loan and grant resources for the projects facilitated by technical assistance under the RIP include the World Bank, the European Bank for Reconstruction and Development and the European Investment Bank, as well as several European Union grant programs.

Recognizing the limitations of grants as well as the sovereign borrowing capacity of Southeastern European nations to meet the region's need for improved infrastructure, RIP has developed an innovative concept termed the Balkans Infrastructure Development Facility (BIDFacility). This new institution will use a revolving fund of \$10 million to develop public infrastructure projects in water, energy and transport for private sector investment, recouping the costs of preparation from successfully-financed projects. The International Finance Corporation (IFC) has joined with USAID to raise the needed capital from various European donors. USAID resources of \$1.5 million have been joined by IFC's pledge of between \$1 million and \$2 million. Fund-raising among European donor nations for the balance of the \$10 million in needed capital is underway in 2003, with strong initial interest expressed by the governments of Greece and Switzerland.

The final component of the RIP is a proposed Balkans Infrastructure Investment Guarantee Fund utilizing USAID's Development Credit Authority to attract private sector investment in the water, energy and transportation infrastructure sectors in Southeast Europe.

EcoLinks environmental trade partnerships (\$376,000 AEEB). EcoLinks, the Eurasian-American Environmental Partnership, promotes market-based solutions to environmental problems in Central and Eastern Europe by supporting cross-border partnerships either within the region or between the region and the US. EcoLinks provides financial assistance through its Partnership Grants Program and facilitates trade and investment in the region in conjunction with an interagency agreement with the

Department of Commerce. A key component of EcoLinks is the identification and emphasis of industry best practices.

The EcoLinks grants program has awarded 133 Challenge Grants totaling \$6.2 million for feasibility studies to address environmental problems in nine countries and 187 Quick Response Awards totaling about \$1 million for travel-related partnering activities. Most of these involve U.S. partners. EcoLinks is working to identify investment capital and to facilitate the financing of its environmental projects. In this regard, EcoLinks awarded five follow-on Challenge Grants in the region to prior grant recipients to support preparation of financial documents and business plans.

The Trade and Investment program supports representatives in six Commercial Service offices in the region. These "Tech Reps" make use of resources from the Commercial Service, their host governments, USAID's Global Trade & Technology Network, the U.S.-based Environmental Export Council, and a state-of-the-art partnering Web site. They identify business opportunities, linking U.S. firms with partners in the region and assist in financing projects.

Environmental impact compliance (\$77,000 AEEB). Each USAID activity must go through environmental impact assessment prior to obligation, pursuant to the Agency's federal impact assessment regulations (22 CFR 216). The E&E Bureau processes over 150 impact assessments annually. This funding provides technical support to ensure that potentially significant adverse environmental impacts are identified prior to project start-up and mitigated to acceptable levels.

FY 2004 Program:

Regional Infrastructure Program (\$1,058,000 AEEB). Plans call for the continued operation of the BIDFacility, with the US serving on a board of donors with other European supporters of this new institution. This year should see the first projects developed under BIDFacility receive financing from the private sector. Also planned will be the initiation and first transactions under the Development Credit Authority guarantee fund for infrastructure investment in the Balkans.

Environmental impact compliance (\$75,000 AEEB). This funding will continue to provide technical support, helping to ensure that potentially significant adverse environmental impacts are identified prior to project start-up and mitigated to acceptable levels.

Performance and Results: Under the RIP, results during both 2002 and 2003 have been significant. An estimated \$2.5 billion euro in water and transportation infrastructure project investments have been facilitated by technical assistance delivered through the RIP. The projects include water facilities in Albania, Croatia, Serbia and Romania; highway projects in Romania and Bulgaria; and seaport projects in Bulgaria and Albania. Progress was also made in improving the efficiency of project management and implementation of various loans and grants in Albania and Romania. Another result of technical assistance from the RIP was the creation of a self-financed network of groups of project management professionals from six of the countries of Southeast Europe, institutionalizing the use of western methods of construction management and planning in a region where these techniques were little understood in the past.

Over this past year, EcoLinks conducted two cycles of competitively awarded Challenge Grants to promote market-based solutions to environmental problems and provided six follow-on grants to support financing of previous Challenge Grant projects. This past year the Technology Representatives attended two major U.S. trade shows, bringing nearly 100 foreign delegates and holding over 200 one-on-one meetings with environmental technology firms. EcoLinks to date has leveraged \$175 million in follow-on investment for environmental technology in the region.

US Financing In Thousands of Dollars

Europe Regional

180-0160 Better Environmental Management	AEEB
Through September 30, 2001	
Obligations	20,779
Expenditures	8,933
Unliquidated	11,846
Fiscal Year 2002	
Obligations	5,873
Expenditures	12,890
Through September 30, 2002	
Obligations	26,652
Expenditures	21,823
Unliquidated	4,829
Prior Year Unobligated Funds	
Obligations	779
Planned Fiscal Year 2003 NOA	
Obligations	2,861
Total Planned Fiscal Year 2003	
Obligations	3,640
Proposed Fiscal Year 2004 NOA	
Obligations	1,133
Future Obligations	0
Est. Total Cost	31,425

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Civil Society
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	180-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,150,000 AEEB
Prior Year Unobligated:	\$2,309,000 AEEB
Proposed FY 2004 Obligation:	\$1,597,000 AEEB
Year of Initial Obligation:	FY1989
Estimated Completion Date:	FY 2006

Summary: USAID's program to increase the quality and quantity of citizen participation in the political and economic decision-making includes grants, training and technical assistance in the following areas: Civil society and NGO strengthening; Independent media support; Regional labor networking; and Program development support.

Inputs, Outputs, Activities:

FY 2003 Program:

Civil society and NGO strengthening (\$2,153,740 AEEB). The Regional Networking Program (RNP) strengthens the capacity of NGOs to inform public opinion and to influence public policy, in order to accelerate the region's transition to open political and economic systems. Cross-border projects between CEE and NIS organizations that promote the reform process will be a priority in FY2003. Activities include a major conference, Russia-CEE exchanges, and more than \$400,000 in grants supporting cross-border cooperation in such areas as foreign policy and regional security; economic transformation and development; defense of civil, minority and human rights; and the promotion of youth engagement in policy. The principal grantee is Freedom House.

The NGO Legal Reform Initiative (NGOLRI) will continue to work throughout CEE to develop legal frameworks that support the constructive role of NGOs in their communities. Activities in FY03 to strengthen the regional network of NGO law specialists include regional workshops, analytical publications and comparative surveys, fellowship programs, educational activities, and the development of an indigenous regional resource center in Budapest. Modest levels of technical assistance in USAID close-out countries will also be provided to ensure that the legal framework continues to support NGO operations and sustainability. FY2003 is anticipated to be the last year of funding for this project. The principal grantee is the International Center for Not-for-Profit Law (ICNL).

The Roma Support Program, expected to begin in early 2003, will benefit Hungary, the Czech Republic, and Slovakia. The program will focus on disseminating models of community services, leadership and advocacy training for Roma leaders, and media programs to improve the self-image of Roma populations and their image in society at large. The principal grantee(s) will be determined in March 2003.

Independent media support (\$450,000 AEEB). The Regional Media Program strengthens independent print and broadcast media in the region. FY2003 priorities include encouraging more cross border and regional investigative reporting; monitoring media legal issues, including the drafting and implementation of media laws; defining best practices in media development; and assessing and ranking media systems in the region through the Media Sustainability Index (MSI). The principal grantee is the International Research and Exchanges Board (IREX).

Regional labor networking (\$300,000 AEEB). USAID promotes multinational cooperation among Balkan labor activists by bringing together union leaders and members through a series of roundtables, follow-up consultations, and leadership exchanges, with the aim of establishing a network that will endure beyond

the life of this activity. The principal grantee is the American Center for International Labor Solidarity (ACILS).

Program development support (\$246,094 AEEB). The above program areas will be supported by program-funded technical staff, travel, conferences, and informational meetings.

FY 2004 Program:

Civil society and NGO strengthening (\$511,650 AEEB). In FY2004, RNP will continue its efforts to strengthen key think tanks and civic organizations with institutional grants and anticipates increased regional networking and grant activities between Russia/NIS and CEE with support from USAID as well as private sources.

Independent media support (\$500,000 AEEB). The Regional Media Program will continue to support regional and cross-border media development activities, creating linkages between journalists in different countries.

Regional labor networking (\$300,000 AEEB). The sharing of lessons learned and best practices between labor activists in the Balkans will continue. Specific priorities will be determined by a mid-program assessment to be conducted in early FY2003.

Program development support (\$285,000 AEEB). Program-funded staff, travel, conferences and meetings will continue to support the above program areas.

Performance and Results: In addition to the award of 14 grants and sponsorship of partnership exchanges, RNP completed a strategic plan for the program's expansion to Russia and the NIS and to diversify funding sources for this successful networking activity. NGOLRI organized regional activities on NGO tax provisions, volunteerism and philanthropy; strengthened NGO law courses within CEE-based universities; provided comparative information to support NGO law reform in the region; and organized US fellowship programs and cross-border consultations.

The Regional Media Program published the second edition of the MSI, increased the number of investigative journalism stories that led to real reform, continued work on defining best practices in media development, and promoted greater cooperation between European partners and USAID in drafting media laws and monitoring their implementation.

As a result of regional labor union roundtables held in FY2002, activists from unions in the region formed a network to standardize their approach to dealing with issues such as in privatization, globalization, and core labor standards. As a result, regional unions are better able to negotiate with businesses and government to rebuild the social safety net and smooth the transition to a market-based economy.

US Financing in Thousands of Dollars

Europe Regional

	AEEB	ESF
180-0210 Civil Society		
Through September 30, 2001		
Obligations	34,523	1,943
Expenditures	30,145	1,943
Unliquidated	4,378	0
Fiscal Year 2002		
Obligations	2,987	0
Expenditures	3,452	0
Through September 30, 2002		
Obligations	37,510	1,943
Expenditures	33,597	1,943
Unliquidated	3,913	0
Prior Year Unobligated Funds		
Obligations	2,309	0
Planned Fiscal Year 2003 NOA		
Obligations	3,150	0
Total Planned Fiscal Year 2003		
Obligations	5,459	0
Proposed Fiscal Year 2004 NOA		
Obligations	1,597	0
Future Obligations	0	0
Est. Total Cost	44,566	1,943

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	180-0220
Status:	Continuing
Proposed FY 2003 Obligation:	\$862,000 AEEB
Prior Year Unobligated:	\$435,000 AEEB
Proposed FY 2004 Obligation:	\$728,000 AEEB
Year of Initial Obligation:	FY 1989
Estimated Completion Date:	FY 2006

Summary: USAID's rule of law program promotes legal systems that better support democratic processes and market reforms including through training, grants and technical assistance in the following areas: regional approaches to legal education, including distance learning; building local legal reform organizations; and program development support for missions in rule of law and anti-corruption.

Inputs, Outputs, Activities:

FY 2003 Program:

Rule of law (\$862,000 AEEB). USAID will continue to fund advisors to provide organizational development assistance to key legal reform partner NGOs in Central and Eastern Europe. Three additional partner NGOs are being added, bringing the number of partner organizations receiving organizational development assistance to 53. Course material for a distance learning program will be developed in collaboration with CEE organizations. Two additional country assessments are planned (Bulgaria and possibly Russia) as part of the E&E Regional Legal Impact Assessment, following which all eight country assessment findings will be synthesized into a final report on impact experience in the E&E region. Support to missions will continue with assessments, strategy advice, and program design to support mission rule of law and anti-corruption objectives. The Baltic Regional Initiative will be ending in early FY 2003. Implementers include the American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI) (prime); Management Systems International (prime); OECD (prime); Florida State University (prime); local legal reform organizations.

FY 2004 Program:

Rule of law (\$728,000 AEEB). In FY 2004, funding will be used to continue the institutionalization of legal education in the region, through distance learning methods with collaborative partner institutions in Russia and Bulgaria. It will also be used to continue to support the development of local legal reform NGOs so that they become sustainable, viable entities, and to continue assessments, strategy advice and program support to missions.

Performance and Results: In FY 2002, USAID completed its support to the OECD Anti-Corruption Network. Following the review of various proposals, USAID also transferred its Anti-Corruption Gateway for Europe & Eurasia website (<http://www.nobribes.org>) to Transparency International/Russia (TI/Russia) and ABA/CEELI. TI/Russia and ABA/CEELI have agreed to operate the website jointly without USAID funding. A regional institution building advisor (RIBA) and in-country institution building advisors (IBAs) provided comprehensive organizational development assistance to key legal reform partner NGOs in Central and Eastern Europe. The E&E Regional Legal Impact Assessment program began in October 2001. Two additional country assessments were completed in FY 2002, bringing to six the total number of country assessments completed so far.

US Financing in Thousands of Dollars

Europe Regional

	AEEB	ESF
180-0220 Rule of Law		
Through September 30, 2001		
Obligations	13,515	123
Expenditures	9,649	122
Unliquidated	3,866	1
Fiscal Year 2002		
Obligations	958	0
Expenditures	2,645	0
Through September 30, 2002		
Obligations	14,473	123
Expenditures	12,294	122
Unliquidated	2,179	1
Prior Year Unobligated Funds		
Obligations	435	0
Planned Fiscal Year 2003 NOA		
Obligations	862	0
Total Planned Fiscal Year 2003		
Obligations	1,297	0
Proposed Fiscal Year 2004 NOA		
Obligations	728	0
Future Obligations	0	0
Est. Total Cost	16,498	123

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Local Government and Urban Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	180-0230
Status:	Continuing
Proposed FY 2003 Obligation:	\$508,000 AEEB
Prior Year Unobligated:	\$678,000 AEEB
Proposed FY 2004 Obligation:	\$327,000 AEEB
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2006

Summary: The USAID Central and Eastern Europe (CEE) Regional Local Government Program consists of activities to strengthen local government.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthen local government (\$508,000 AEEB). USAID will use FY 2003 AEEB resources to provide technical assistance to facilitate the decentralization process in CEE countries and to assist local governments in becoming more effective, responsive and accountable to their citizens. Support for better local governance through training will assist the overall transition to more open, democratic, market-driven societies. The program will draw on region-wide experience to provide technical assistance to overseas missions for the development and implementation of country-specific programs. The program will leverage U.S. Government resources by actively participating in the Local Government Information Network (LOGIN), a multi-donor effort to support decentralization process and strengthen local government management capacity. USAID will conduct regional networking training, conferences, evaluations and policy studies in areas critical to local government and promote inter-regional cooperation among CEE countries. Topics may include local economic development, municipal finance, strategic planning, crisis management and conflict prevention, fiscal and administrative decentralization and municipal association development. The principle contractors/grantees are the International City/County Management Association (ICMA), the Urban Institute (UI), Chemonics, and Development Alternatives International (DAI).

FY 2004 Program:

Strengthen local government (\$327,000 AEEB). Regional activities under this program will be similar to those in FY 2003, focussing on the further development of the LOGIN Network. The World Bank, the United Nations Development Program; the Open Society Institute; and key regional counterpart organizations contribute significant resources to the LOGIN program. Principal contractors and grantees are ICMA, UI, Chemonics, and DAI.

Performance and Results: The LOGIN Internet portal is now operational in six CEE countries (Bulgaria, Latvia, Lithuania, Poland, Czech Republic, Hungary) and will expand by the end of 2003. The activity has successfully developed software to operate in several languages.

US Financing in Thousands of Dollars

Europe Regional

180-0230 Local Government and Urban Development	AEEB	ESF
Through September 30, 2001		
Obligations	15,230	110
Expenditures	14,007	90
Unliquidated	1,223	20
Fiscal Year 2002		
Obligations	1,022	0
Expenditures	819	20
Through September 30, 2002		
Obligations	16,252	110
Expenditures	14,826	110
Unliquidated	1,426	0
Prior Year Unobligated Funds		
Obligations	678	0
Planned Fiscal Year 2003 NOA		
Obligations	508	0
Total Planned Fiscal Year 2003		
Obligations	1,186	0
Proposed Fiscal Year 2004 NOA		
Obligations	327	0
Future Obligations	0	0
Est. Total Cost	17,765	110

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Health Promotion and Care
Pillar:	Global Health
Strategic Objective:	180-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,516,000 AEEB
Prior Year Unobligated:	\$227,000 AEEB
Proposed FY 2004 Obligation:	\$2,855,000 AEEB
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2004

Summary: The collapse of communism in the late 1980s resulted in a difficult transition from planned to market economies in the 1990s. With the exception of countries in the northern tier, the health of the region's populations and the capacity of the health care systems to serve them remain marginal in the 17 countries in the Central and Eastern European (CEE) Region. USAID's CEE Regional Program seeks to increase health promotion and access to quality health care by providing technical assistance, training and related activities to promote synergy among USAID's bilateral programs and to expand opportunities for USAID Missions, implementing partners, and CEE countries to learn from each other.

Inputs, Outputs, Activities:

FY 2003 Program:

Prevent the spread of HIV/AIDS (\$920,000 AEEB). Cross-border activities to control the epidemic and strengthen policy dialogue in 2003 include developing treatment standards for sexually transmitted infections (STIs) through professional organizations and developing cost data on the impact of AIDS on health systems in CEE. The Regional HIV/AIDS Program includes the Baltic Sea Initiative with the three countries of Estonia, Latvia and Lithuania, in collaboration with Kaliningrad and St. Petersburg, Russia, to build the capacity of non-governmental organizations (NGOs) through technical assistance and small grants for interventions to prevent the spread of HIV/AIDS. A regional Southeast Europe Initiative will build the capacity of NGOs in Bosnia, Bulgaria, Croatia, Macedonia, Romania, and Serbia to learn from each other and to collaborate in cross-border prevention activities. This network of NGO's ("Risk-Net") will increase the quality of HIV/STI prevention among high-risk groups. Principal contractors, grantees, and agencies include: Ministries of Health in CEE, the American International Health Alliance, Family Health International, Open Society Institute (OSI), Population Services International, UNAIDS, UNFPA, the U.S. Department of Health and Human Services, the World Health Organization, and the World Bank.

Control the spread of tuberculosis (TB) and anti-microbial resistance (\$710,000 AEEB). The Regional Tuberculosis Program includes Estonia, Latvia, Lithuania, Kosovo, and Romania, the latter in a cross-border activity with Moldova. The Latvian National TB Laboratory is providing training courses on the accurate identification of multi-drug resistant (MDR) TB and will be assisting Lithuania to analyze the results of a survey of MDR TB and to begin an intervention program. Through a health partnership this center of excellence will develop its business skills to become a training center for the entire region. The Program has initiated a cross border TB control activity between Romania and Moldova, which will strengthen TB diagnostic laboratories and improve procurement of pharmaceuticals for treating TB in both countries. Principal contractors, grantees, and agencies include: Ministries of Health in CEE, the American International Health Alliance, Doctors of the World, Management Sciences for Health, Open Society Institute (OSI), the University of Arkansas Medical School, the U.S. Department of Health and Human Services, and the World Health Organization.

Improve child survival (\$400,000 AEEB). Prevention of iodine deficiency disorder will address the leading preventable cause of mental retardation for children in Europe, building on community-based primary care and health promotion initiatives. Principal grantees and agencies include Kiwanis and UNICEF.

Improve maternal and reproductive health (\$486,000 AEEB). The regional program supports linkages of four women's wellness centers, two primary health care centers and two healthy communities to the Eurasia Health Partnership Program. These linkages help identify lessons learned among successful health partnerships and support task forces to improve quality of maternal and reproductive health care. The Hungarian Association of Healthy Cities will expand reproductive health services through its network. Learning Resource Centers (LRCs) supply health professionals with current information on the most effective practices within their specialization, while helping them build new medical programs based on published research. The program also supports regional workshops, information exchange and cross-border initiatives to develop professional cadres of health workers and managers. Principal contractors, grantees, and agencies include American International Health Alliance.

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

FY 2004 Program:

Prevent the spread of HIV/AIDS/ID (\$1,700,000 AEEB). Support will be provided for regional and bilateral activities aimed at preventing the spread of HIV/AIDS and for other health related activities.

Control the spread of tuberculosis (TB) and anti-microbial resistance (\$200,000 AEEB). A TB reference laboratory will be established in Romania.

Improve child survival (\$300,000 AEEB). Additional funding will consolidate efforts to reduce iodine deficiency disorder.

Improve maternal and reproductive health (\$655,000 AEEB). Through a health partnership in Albania, cervical cancer screening will be expanded. National health accounts will provide a tool for costing maternal and reproductive health services.

Performance and Results: Latvian peer education manuals were drafted and an outreach education program for intravenous drug users was put in place in Riga, developing 3,000 contacts. Estonian peer education and prevention efforts targeting youth involved in risky behaviors and sex work provided training for 510 youth in 34 workshops. An assessment of the risk of STIs and the potential for condom social marketing was completed in Southeastern Europe, revealing STI levels of 10% - 30% among youth. Approximately \$500,000 was leveraged from UNFPA to fund social marketing and media efforts to raise awareness and increase safer sexual health practices among youth with a focus on Bosnia, Bulgaria, and Serbia. USAID, partners from the European Union, and the private voluntary organization Doctors of the World have supported the tuberculosis program in Kosovo for the past two years. Despite the challenges presented by the lack of government and the parallel health care systems for Albanians and Serbs, Kosovo has more than 95% DOTS implementation and an 84% treatment success rate in new smear-positive patients. The Healthy Community partnership in Romania held an international partnership dissemination conference to present a strategy for expanding the domestic violence prevention program it had successfully developed. The first ever cross-border partnership was developed between Romania's Institute of Health Services Management, and Albania's Institute for Public Health to institutionalize health management training for general practitioners. The Romanian Institute, a graduated partnership, is playing a major role in reforming the hospital payment system to reduce the huge payments to hospitals for performing abortions and to pay instead for family planning services provided by primary care physicians. The LRC Information Coordinator at the Maternity Hospital in Tirana, Albania learned about the use of a type of local anesthesia during deliveries. The Coordinator encouraged physicians to use this method instead of general anesthesia on four patients. The physicians were pleased with the method and plan hope to introduce it as standard practice in the hospital. In addition to the lower cost and ease of application, the new anesthesia method provides more comfort for women compared with currently used procedures and is safer for newborns.

US Financing in Thousands of Dollars

Europe Regional

180-0320 Health Promotion and Care	AEEB	CSH	ESF	FSA
Through September 30, 2001				
Obligations	30,054	570	1,400	820
Expenditures	26,235	0	1,400	0
Unliquidated	3,819	570	0	820
Fiscal Year 2002				
Obligations	2,860	200	0	0
Expenditures	3,271	499	0	0
Through September 30, 2002				
Obligations	32,914	770	1,400	820
Expenditures	29,506	499	1,400	0
Unliquidated	3,408	271	0	820
Prior Year Unobligated Funds				
Obligations	227	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	2,516	0	0	0
Total Planned Fiscal Year 2003				
Obligations	2,743	0	0	0
Proposed Fiscal Year 2004 NOA				
Obligations	2,855	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	38,512	770	1,400	820

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Social Sector Reform
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	180-0340
Status:	Continuing
Proposed FY 2003 Obligation:	\$232,000 AEEB
Prior Year Unobligated:	\$38,000 AEEB
Proposed FY 2004 Obligation:	\$150,000 AEEB
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: USAID's regional social sector program in Central and Eastern Europe includes analytical work, technical assistance, and dissemination of best practices to: promote programs to protect vulnerable groups; improve labor market function and education system reform at all levels; improve the strategic approaches taken by missions to mitigate adverse social conditions and trends, which include tracking key social indicators and benchmarking country performance, and facilitating the transfer and sustainability of social sector reform efforts in countries preparing to graduate from USAID assistance.

Inputs, Outputs, Activities:

FY 2003 Program:

Promote programs to protect vulnerable ethnic or demographic groups (\$75,000 AEEB). USAID will pilot test a rapid, cost-effective methodology to identify and address issues negatively affecting youth. Previously assumed to be untarnished by the communist legacy and ready champions of market-based democracy, the youth population in the E&E Region has instead evinced high rates of unemployment, drug use, crime, social disaffection, and reduced rates of educational attainment and civic commitment. This rapid appraisal methodology will make it possible for missions to hone in on specific crises affecting young people in their country and develop targeted, effective interventions with the goal of improving youth's adaptation and participation in market-based democracies. Principal contractors include: International Science and Technology Institute (prime), Aguirre International (sub).

Strategic analysis, support and coordination. (\$157,000 AEEB). Program-funded technical staff carry out critical strategic analysis on social sector topics and provide support to EE senior management, field missions and other Washington USAID operating units. In addition they will coordinate information on social sector issues and programs with policy and pillar bureau colleagues, other U.S. government agencies, other donor agencies, implementing partners and non-governmental organizations. A key focus of staff will be on those field missions that are introducing, improving, or evaluating social transition programs. Social transition staff will also give special attention to critical social problems that left untreated could impede timely country graduation. Additionally, funds will support a second workshop in the region to disseminate best practices in social sector reform; improve content on the ST website; and track key indicators such as safety net performance, education, employment and income security, and poverty. Principal contractors include: International Science and Technology Institute (prime), Aguirre International (sub).

FY 2004 Program:

Strategic analysis, support and coordination (\$150,000 AEEB). Staff will continue to provide strategic guidance and technical assistance to field missions, as well as provide support to EE senior management and Washington USAID operating units. Coordination with policy and pillar bureau colleagues, other U.S. government agencies, other donor agencies, implementing partners and non-governmental organizations will be a continued priority.

In FY 2004, USAID will also complete a region-wide assessment to benchmark the status of social transition indicators to guide further programming and facilitate the transfer and sustainability of social sector reform efforts in countries preparing to graduate from USAID assistance. The results of this assessment will be the subject of the third regional workshop and disseminated through the ST website. Principal contractors are the International Science and Technology Institute (prime) and Aguirre International (sub).

Performance and Results: The results achieved under this objective improve the sustainability of USAID's assistance in E&E countries by helping to halt and eventually reverse the declines in living standards experienced by citizens in the transition countries. In addition to reducing human suffering and deprivation, strategic assistance in the social sectors increases public support for reform in among citizens in countries who had been accustomed to relatively high levels of social services.

Two regional programs began multi-year activities with FY 2002 funding support. The International Youth Foundation (IYF) has begun, under a major regional grant to the Balkan Children and Youth Foundation (BCYF), to award sub-grants and build a network among promising local youth organizations in the Balkans. The Center for Democracy and Reconciliation in Southeast Europe (CDRSEE) has begun a project to produce teaching materials and scholarly papers that promote a more factually based, and less biased understanding of the shared history of this conflict afflicted region. In FY 2003 CDRSEE will finish producing the revised texts and in FY 2004 it will convene junior scholars from the region to complete its dissemination and training using these history teaching materials.

The USAID-funded U.S. Department of Labor project will complete the institutionalization and transfer of its employment generation models across five countries in Central and Eastern Europe (Bulgaria, Hungary, Macedonia, Poland, and Romania) before September 30, 2003. It will leave in place a regional task force to oversee its model implementation, a series of linked websites featuring manuals and best practices, and a resource bank of local economic development and industrial adjustment specialists.

Representatives from five Central and East European missions (Croatia, Serbia, Bulgaria, Macedonia, and Romania) attended the first ST workshop and contributed to discussions and presentations of best practices, strengthening the basis for comparison of social indices across the region.

US Financing in Thousands of Dollars

Europe Regional

180-0340 Social Sector Reform	AEEB
Through September 30, 2001	
Obligations	2,462
Expenditures	386
Unliquidated	2,076
Fiscal Year 2002	
Obligations	3,807
Expenditures	2,570
Through September 30, 2002	
Obligations	6,269
Expenditures	2,956
Unliquidated	3,313
Prior Year Unobligated Funds	
Obligations	38
Planned Fiscal Year 2003 NOA	
Obligations	232
Total Planned Fiscal Year 2003	
Obligations	270
Proposed Fiscal Year 2004 NOA	
Obligations	150
Future Obligations	0
Est. Total Cost	6,689

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,808,000 AEEB
Prior Year Unobligated:	\$3,646,000 AEEB
Proposed FY 2004 Obligation:	\$5,070,000 AEEB
Year of Initial Obligation:	FY 1991
Estimated Completion Date:	FY 2008

Summary: The USAID regional cross-cutting program support objective supports activities that contribute to the achievement of other bureau objectives and agency initiatives. The objective comprises the following key elements: training, values, program develop and support, and special activities.

Inputs, Outputs, Activities:

FY 2003 Program:

Training (\$630,000 AEEB). Technical and administrative support is provided to all Europe missions for training and partnership design, planning and administration, performance monitoring and evaluation, and financial analysis and human capacity assessments. Training is also provided for program-funded staff and partners in performance measurement and reporting and other aspects of assistance oversight. Principal contractors are Aguirre International (prime) and the International Science and Technology Institute (sub).

Values (\$1,250,000 AEEB). USAID plans to provide procurement awards to qualified organizations to implement innovative ideas that cultivate and strengthen universally recognized values that support USAID goals and objectives in the region. The goal of this initiative is to achieve positive, lasting attitudinal change, reflected in realizing more permanent advancements in social, economic and political practices.

Values are the necessary underpinning for lasting reforms in promoting democracy, human rights, religious freedom, free and open markets, anti-corruption efforts, and prevention of violence, and reduction of conflict. Failure to focus more attention on cultivating values means that efforts to sustain free societies in post-communist societies could be in vain. Examples of such values include human and minority rights, respect for rule of law, honesty and truthfulness, strong business ethics, saving money, truth in advertising, ending resentment and promoting reconciliation.

Program development and support (\$2,778,000 AEEB). Funds will be used to assess particular transition problems such as trafficking, and to evaluate the effectiveness of selected programs being implemented in multiple countries in the region to share lessons learned, improve effectiveness, and deepen an understanding of the progress of transition. In addition, USAID will provide assistance through institutional and personal services contractors (PSCs) to manage activities and to help field missions and their partners design and manage their programs; to support the inter-agency costs of the regional services center in Budapest and the Washington facility; and, through transfers to a USAID pillar bureau, to support the work of HBCUs. As permitted by law, up to \$500,000 of program funding may be transferred to the Operating Expense account.

Special Activities (\$150,000 AEEB). Funds are expected to be provided to the Hungarian American Partnership Program (HAPI), an exchange program to build regional connections and share successful approaches to economic and democratic transitions. This activity utilizes Hungarian expertise to transfer knowledge on Hungary's successful economic and democratic transition to other countries in the region.

There are four primary areas of concentration: private financial sector, nonprofit NGO sector, media, and reform of public finances. The principal grantee is the Foundation for the Development of Human Rights.

FY 2004 Program:

Use of funds in this objective in FY 2004 will be similar to uses in FY 2003. The estimated breakdown by functional area is: training (\$800,000 AEEB), values (\$1,000,000 AEEB), program development and support (\$3,232,000 AEEB), and special activities (\$38,000 AEEB).

Performance and Results: Under the values component of this objective, specific activities selected organizations might implement could include innovative programs in anti-corruption, cessation of conflict, promotion of inter-religious dialogue, business ethics, corporate governance, anti-trafficking of persons, and information technology/media professionalism. Typical results could be establishment of an ongoing dialogue of reconciliation, joint projects started between previously feuding groups, reduction in number of hate crimes, lower incidence of business and government corruption, reduction in trafficking of persons, establishment of and enforcement of codes of conduct for professional associations, civil society organizations, and government institutions, establishment and enforcement of regulatory bodies, and greater public understanding of ethics in business and government.

Under the HAPI program, in FY 02, 266 participants from 12 countries benefited from exchanges on common challenges. As an indication of the quality of this program approach, HAPI has leveraged over \$250,000 in program funding from the European Union and another UNHCR grant for refugees. Similar results are anticipated in FY 2003.

US Financing in Thousands of Dollars

Europe Regional

	AEEB	DA
180-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	63,697	3,042
Expenditures	57,955	3,041
Unliquidated	5,742	1
Fiscal Year 2002		
Obligations	3,746	0
Expenditures	4,408	0
Through September 30, 2002		
Obligations	67,443	3,042
Expenditures	62,363	3,041
Unliquidated	5,080	1
Prior Year Unobligated Funds		
Obligations	3,646	0
Planned Fiscal Year 2003 NOA		
Obligations	4,808	0
Total Planned Fiscal Year 2003		
Obligations	8,454	0
Proposed Fiscal Year 2004 NOA		
Obligations	5,070	0
Future Obligations	0	0
Est. Total Cost	80,967	3,042

**Eurasia
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	6,012	0	0	0
FREEDOM Support Act	808,218	784,000	755,000	576,000
Emergency Response Fund - FSA/NIS	0	64,000	0	0
Supplemental - FSA/NIS	0	110,000	0	0
PL 480 Title II	25,079	29,377	0	10,400
Total Program Funds	839,309	987,377	755,000	586,400

Deputy Assistant Administrator,
Gloria Steele

Armenia

The Development Challenge: Armenia's socio-economic and democratic transition has been hampered by the legacy of central planning, severe economic shocks arising from the collapse of the USSR, and reluctance of national decision makers to undertake critical reforms to restructure the economy. In the political sphere, flawed presidential elections in 1996 and 1998 contributed to widespread public cynicism. Government of Armenia (GOAM) inability to address many key social safety net issues and a lack of citizen involvement in the policy dialogue process have sustained this cynicism. The key political party in the coalition that supports the president won a large majority of the October 2002 local government elections, and opposition leaders have accused this party of numerous, widespread election irregularities. An additional impediment to Armenia's emergence as a free market democracy has been the ongoing conflict with Azerbaijan over the predominantly ethnic Armenian enclave of Nagorno-Karabakh (NK). As a result of this conflict, Azerbaijan and Turkey imposed blockades across the borders they share with Armenia. The blockades have produced regional isolation, and this has significantly affected Armenia's economic development, since Turkey and Azerbaijan offer important trade routes and should be significant trade partners. Successful resolution of the situation would allow the reopening of trade routes, making Armenia more attractive to potential investors.

Government data show an increase of 11 percent in gross domestic product (GDP) for the first nine months of 2002, with an especially large increase in construction and manufacturing sectors. By the end of 2002, Armenia's inflation rate was well below the three percent target. Exports are growing rapidly and the external deficit should narrow significantly. The trade deficit for January - September 2002 contracted by 16.1% compared with the same period the previous year, amounting to but \$318.9 million. Official unemployment decreased from 10.9% in 2000 to 10.1% in 2001 and 9.5% (January - September 2002) in 2002, although these figures do not include underemployment and are widely thought to underestimate the actual level, estimated at triple the official figure. Despite the steady macroeconomic progress reflected in consistently high growth and low inflation rates, the standard of living for Armenians in poverty is not improving. Fifty one percent of Armenians live below the poverty line, with 16% considered extremely poor and spending less than \$22 a month.

The issue of corruption is one of the most acute problems in Armenia. There is an imbalance of power between the three branches of government resulting from a lack of effective checks and balances, leading to Executive Branch domination. This is compounded by a fusion of political and economic power within the Executive Branch that blurs the line between public and private sectors, enabling the widespread corruption evident in Armenia today.

Since its independence, Armenia has emerged as a strategically important country in the Caucasus, and its progress towards becoming a stable, European-oriented, democratic country with a transparent, market-based economy is important to U.S. security and economic interests in the region. In addition, a settlement of the NK conflict and a rapprochement between Armenia and Turkey are both important U.S. foreign policy goals. U.S. ties to Armenia are many and varied, ranging from the cultural bond of the large Armenian-American Diaspora community to diverse personal connections, commercial interests, and broader political relationships.

The USAID Program: USAID assistance focuses on: restructuring the economy, developing the private sector, reforming the energy sector to promote economic and environmental efficiency, strengthening democratic governance, improving social welfare and health systems, and reducing the number of families living in temporary shelters as a result of the 1988 earthquake. USAID's cross-cutting program supports efforts under these program areas, including a human capacity development activity, a regional program on water management issues, and a grants program to promote economic growth, good governance, civil society, and the media. USAID has provided some humanitarian assistance, primarily targeting the most vulnerable populations and the victims of the 1988 earthquake. While USAID's assistance has contributed to the legislative framework necessary for a democratic, law-based, market economy, the implementing institutions still lack the capacity to carry out and enforce their mandates.

Therefore, much work remains to be done in order to help Armenia achieve prosperity for many of its citizens.

Other Program Elements: In addition to the FSA-funded elements of the bilateral program described in this document, USAID is carrying out a farmer-to-farmer assistance program in Armenia that provides short-term, U.S. volunteer technical assistance to increase farming and agribusiness productivity and incomes.

Other Donors: The United States is the largest bilateral donor. The second largest bilateral donor is Germany (private sector, small and micro enterprise development, export promotion, infrastructure development, public administration, and education). Other bilateral donors include France (education and culture), United Kingdom (public sector reform, civil society, and support for the national census), the Netherlands (agribusiness), Japan (private sector development and technical assistance), and Italy (health and culture). The largest multilateral donor is the World Bank (WB) (natural resource management and poverty reduction, foreign investment and export promotion, information technologies, economic infrastructure, education, health, social sector, agricultural reform, municipal development, transport, and judicial reform). WB and USAID activities complement each other's efforts in most sectors -- particularly social, judicial reform, and information technologies development. Other multilateral donors include (a) the International Monetary Fund (macroeconomic policy); (b) the United Nations network of agencies - United Nations Development Program (poverty reduction, democracy and governance, post-crisis management, infrastructure, and information technologies), United Nations High Commission for Refugees (refugee support), United Nations International Children's Emergency Fund (health and education), World Food Program and World Health Organization; (c) European Union (civil society, social sectors, energy, education, private sector development, land titling and registration, agriculture, statistics and transport); and (d) European Bank for Reconstruction and Development (enterprise credit and energy). Most donors participate in formal monthly donors' meetings, co-chaired by the WB, UNDP and USAID. Over 20 sector-specific theme groups meet periodically as well, reporting critical technical and policy information to the donor coordination group. There are also several Armenian Diaspora donors, the largest of which is the Lincy Foundation (road network, Yerevan public works restoration and improvements, tourism, and earthquake recovery). The Soros Foundation is also active in Armenia (civil society, education, public health, culture, media, and judicial reform).

**Armenia
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	90,811	90,200	70,000	49,500
PL 480 Title II	742	911	0	0
Total Program Funds	91,553	91,111	70,000	49,500

STRATEGIC OBJECTIVE SUMMARY

111-0130 Economic Restructuring				
FSA	15,350	15,800	14,306	12,162
111-0150 Energy Sector Reform				
FSA	6,000	2,600	6,524	5,725
111-0160 Water Management				
FSA	500	2,400	2,190	2,170
111-0210 Democracy and Governance				
FSA	9,475	9,450	6,757	6,100
111-0340 Social and Health Sectors				
FSA	14,472	15,471	9,973	7,858
111-0411 Earthquake Zone Recovery Program				
FSA	6,950	5,113	2,563	0
111-0420 Cross-Cutting Programs				
FSA	5,444	4,882	4,287	3,405
TRANSFER				
FSA	32,620	34,484	23,400	12,080

Mission Director,
Keith Simmons

Data Sheet

USAID Mission:	Armenia
Program Title:	Economic Restructuring
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$14,306,000 FSA
Prior Year Unobligated:	\$6,714,000 FSA
Proposed FY 2004 Obligation:	\$12,162,000 FSA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's program to facilitate the growth of a competitive private sector includes training, technical assistance, grants and limited commodity support (a) to foster the development of a policy, legal, and institutional environment conducive to private sector activity; (b) to increase access to financial capital for Armenian companies and entrepreneurs; and (c) to increase the capacity of private enterprises in selected sectors to conduct business.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthening policies, laws, and institutions for private sector activity (\$5,545,000 FSA). USAID is working to strengthen and make more transparent tax, fiscal, and customs regimes by: facilitating a more efficient tax administration with a high level of taxpayer compliance; creating a modernized customs administration; reforming fiscal relations between the central government and the municipalities; and strengthening budget and accounting systems. USAID is also providing support to strengthen the abilities of accountants and auditors working in the private sector. USAID will launch a new commercial law activity to facilitate legal and regulatory reform efforts intended to improve the commercial environment for trade, investment, and economic growth including enhancements to collateral, company and contract laws, banking, and intellectual property rights. Principal contractors/grantees are: BearingPoint and Institute of Chartered Accountants of Scotland (primes), and Metametrics (sub).

Access to financial capital (\$1,888,000 FSA). USAID is facilitating the development of capital market institutions that meet internationally accepted standards, helping to create a cadre of professionally competent brokers/dealers, and working to strengthen the capacity of the Armenian Development Agency to increase foreign direct investment for Armenian enterprises. USAID will continue to work with the Central Bank to adopt risk-based supervision practices employed in developed countries. In addition, USAID will initiate a new program to strengthen micro-enterprises that will include a component to provide small loans for working capital. Principal contractors/grantees are: IBM Business Consulting Services and BearingPoint (primes), and Metamatrix (sub).

Technical assistance to micro, small, and medium enterprises (\$6,873,000 FSA). USAID's program focuses on strengthening the capacity of private enterprises in selected sub-sectors, including information technology (IT), agribusiness, and tourism, to explore and identify new business opportunities and ultimately to create new jobs. USAID also will launch a new program to help micro-enterprises strengthen and expand their businesses. Principal contractors/grantees are: International Executive Service Corps, Development Alternatives, Inc., and SETA Corporation (primes).

FY 2004 Program:

Strengthening policies, laws, and institutions for private sector activity (\$6,442,000 FSA). USAID intends to continue those activities described for FY 2003. For commercial law, the emphasis may shift more towards strengthening institutions that implement commercial laws and policies rather than on legislative

drafting. In addition, USAID plans to complete activities for private sector accountants and may initiate a new program to strengthen government accounting procedures.

Access to financial capital (\$2,276,000). USAID intends to continue the activities described for FY 2003.

Technical assistance to micro, small, and medium enterprises (\$3,444,000 FSA). For small and medium enterprises, USAID intends to launch a new program that will target those sectors determined to have the greatest potential to provide for expansion and increased incomes. Pending the result of an assessment, USAID may launch a new program for labor markets that could focus on factors affecting current and projected demand for labor, obstacles to job seeking, and preparedness of the labor force.

Performance and Results: In FY 2002, small and medium enterprises receiving USAID assistance significantly increased their sales by \$8.7 million, which was more than double the target of \$4 million. As a result, they were able to hire over 2,000 new employees and exported \$1.7 million more in FY 2002 than in FY 2001. USAID also provided extensive support to the GOAM working group addressing customs issues related to World Trade Organization (WTO) accession. As a result of this assistance, the National Assembly passed all amendments required to bring Armenia closer to final WTO accession, which occurred in December 2002. USAID assistance in reforming tax and customs legislation and administration led to a significant increase in tax revenues as a share of gross domestic product (GDP), rising from 14.4% in 2001 to 16.3% in 2002. This increase was especially significant in terms of actual monetary collections, as GDP itself rose by over 9% during FY 2002. Other key results include: the creation of a specialized Economic Court; a reorganization within the Central Bank's Supervision Department that increased efficiency of operations; the creation of a new certification for accountants that is fully compliant with International Federation of Accountants' standards; and an increase in contacts between Armenian and foreign enterprises that will contribute to increased exports of Armenian products.

Continued progress in this objective will create a legal and regulatory environment that will encourage greater foreign direct investment and encourage Armenian enterprises to move from the shadow economy to businesses that are registered and paying appropriate taxes.

US Financing in Thousands of Dollars

Armenia

	ESF	FSA
111-0130 Economic Restructuring		
Through September 30, 2001		
Obligations	674	124,429
Expenditures	674	104,960
Unliquidated	0	19,469
Fiscal Year 2002		
Obligations	0	16,569
Expenditures	0	15,802
Through September 30, 2002		
Obligations	674	140,998
Expenditures	674	120,762
Unliquidated	0	20,236
Prior Year Unobligated Funds		
Obligations	0	6,714
Planned Fiscal Year 2003 NOA		
Obligations	0	14,306
Total Planned Fiscal Year 2003		
Obligations	0	21,020
Proposed Fiscal Year 2004 NOA		
Obligations	0	12,162
Future Obligations	0	10
Est. Total Cost	674	174,190

Data Sheet

USAID Mission:	Armenia
Program Title:	Energy Sector Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0150
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,524,000 FSA
Prior Year Unobligated:	\$2,665,000 FSA
Proposed FY 2004 Obligation:	\$5,725,000 FSA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's energy sector program provides technical assistance and training to address the economic and environmental effects of energy management, to promote cross-border cooperation, and to support facilitation of the closure of the Metzamor Nuclear Power Plant (MNPP). Specifically, the program supports legal and regulatory strengthening and commercialization, privatization and investment attraction, energy efficiency and demand-side management, renewable energy resource development, and expansion of the energy service companies (ESCOs).

Inputs, Outputs, Activities:

FY 2003 Program:

Private sector participation in energy sector (\$2,740,000 FSA). USAID will provide support, in close collaboration with the World Bank and other donors, for the effective implementation of the Government of Armenia's privatization program, including the electricity distribution company and hydro-generation. Technical assistance and training will focus on strengthening the capacity of the independent Armenian Energy Regulatory Commission (AERC) to issue licenses to sector entities and monitor their enforcement effectively, to maintain cost-based tariffs, and to formulate and promulgate the implementation of regulations required under the Energy Law as the legal basis for an effective, regulated power market. Principal contractors/grantees are: PA Consulting, Advanced Engineering Associates International, National Association of Regulatory Utility Commissioners, and United States Energy Association (primes).

Economic and environmental efficiency (\$2,479,000 FSA). In addition to collaborating with the AERC to ensure that market-driven tariffs are in place in order that actual tariffs meet sector entity needs for full cost recovery, USAID will work with energy sector entities to strengthen their commercial operations in anticipation of their sale to the private sector or the introduction of management contracts with private sector operators. This involves efforts to ensure that all energy sector companies are using international accounting standards as well as demonstration and development of customer billing and information systems. Working with key GOAM and other sector stakeholders, USAID will help to develop policies that promote more environmentally sound energy use; it will also develop a pipeline of energy efficiency pilot projects that demonstrate reduced end-use demand through enhanced efficiency which can replace expensive new generation investments. Principal contractors/grantees are: PA Consulting, Advanced Engineering Associates International, and Alliance to Save Energy (primes).

Diversified energy sources (\$1,305,000 FSA). This program supports development of projects for alternative electricity generation that would help diversify Armenia's energy sector away from its current over-reliance on imported gas and nuclear fuel and support the GOAM in moving to close the MNPP. Despite the serious constraints posed by the current regional political situation, USAID also supports attempts to increase technical-level dialogue among regional sector specialists and enhance system efficiency through increased trade. Principal contractors/grantees are: PA Consulting, Advanced Engineering Associates International, and National Renewable Energy Laboratory (primes).

FY 2004 Program:

Private sector participation in energy sector (\$1,975,000 FSA). USAID intends to continue the activities described for FY 2003. However, there will be decreasing emphasis on privatization activities for existing public sector entities, a shift in focus to opportunities for small-scale hydro development, and limited transition support for recently privatized entities. Technical assistance and training will strengthen AERC's capacity to maintain cost-based tariffs and to formulate and effectively monitor enforcement of the power market and its members.

Economic and environmental efficiency (\$2,503,000 FSA). USAID intends to continue the activities described for FY 2003, with an increased focus on developing effective demand for and supply of energy efficiency projects and building up a sustainable market for reduced end-use energy demand on the basis of pilot demonstration activities. To support the build up of a market for energy efficiency as a key element of Armenia's strategy to enhance energy security and to obviate the need for expensive new generation investments needed to close the MNPP, USAID will work with key GOAM and other sector stakeholders to develop and implement a set of policies that promote more environmentally- sound energy use.

Diversified energy sources (\$1,247,000 FSA). USAID intends to continue activities described for FY 2003

Performance and Results: In FY 2002, electric sector collected income as percent of revenue requirements improved from the previous year's level of 70% to 76%, yet fell short of the targeted level of 83%. Excess line losses (i.e., theft of electricity from transmission and distribution systems) declined from 14% to 10%. This last result is largely attributable to USAID's assistance through its \$15 million Power Sector Metering Project; the data acquisition system associated with this project was brought into full use to manage transmission system losses. Electric and gas sector energy consumption per unit of gross domestic product in 2002 was 0.69, which marked a substantial decline from its 2001 level of 0.79 and exceeded the target of 0.73 (lower is the aim). Finally, in 2002 the electricity distribution companies were consolidated into a single entity and privatized by sale to Midland Resources Holding. Although the precise nature of the tender and sale process did not meet USAID and other donor standards for openness and transparency, the purchaser did demonstrate reasonably strong commercial behavior in closing the sale. Also, the terms of the share purchase agreement and issuance of the license were in line with recommendations by USAID and other donors. Additional key results included: assisting the AERC to develop draft Market Rules for the wholesale power market; developing a pipeline of 17 energy efficiency and renewable energy pilot projects; conducting a wind energy resources assessment; continuing partnership development with the US energy industry; and initiating participation of municipalities in the energy efficiency network for Eastern Europe and the New Independent States.

Continued progress in this objective will support economic growth and competitiveness, reduce negative sector environmental effects and promote sustainable energy management, help Armenia to address key energy security concerns, and support the United States's objective of facilitating the closure of the MNPP.

US Financing in Thousands of Dollars

Armenia

111-0150 Energy Sector Reform	ESF	FSA
Through September 30, 2001		
Obligations	339	92,776
Expenditures	339	75,566
Unliquidated	0	17,210
Fiscal Year 2002		
Obligations	0	1,710
Expenditures	0	7,559
Through September 30, 2002		
Obligations	339	94,486
Expenditures	339	83,125
Unliquidated	0	11,361
Prior Year Unobligated Funds		
Obligations	0	2,665
Planned Fiscal Year 2003 NOA		
Obligations	0	6,524
Total Planned Fiscal Year 2003		
Obligations	0	9,189
Proposed Fiscal Year 2004 NOA		
Obligations	0	5,725
Future Obligations	0	0
Est. Total Cost	339	109,400

Data Sheet

USAID Mission:	Armenia
Program Title:	Water Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0160
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,190,000 FSA
Prior Year Unobligated:	\$2,312,000 FSA
Proposed FY 2004 Obligation:	\$2,170,000 FSA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's program for sustainable water resources management is designed to address some of the more severe consequences of environmental degradation in Armenia. In particular, it focuses on improving the national policy framework and institutions for water management, rehabilitating selected elements of the water quality and quantity monitoring systems, and providing support to local-level initiatives to develop capacity and implement market-based solutions to water management problems.

Inputs, Outputs, Activities:

FY 2003 Program:

National policy and institutional framework for water management (\$760,000 FSA). USAID will support the development of regulations and sub-laws and work to strengthen the capacity of the associated institutional structures required to begin effective implementation of the newly enacted Water Code. In particular, USAID will provide training and technical assistance to help develop the organization, staff, and methodological systems for the Water Resources Management and Protection Agency (WRMPA) of the Ministry of Nature Protection, which has the role of issuing water use and quality protection permits. USAID will provide logistical support to the National Water Council as well as technical assistance and training to the agencies the Council designated to develop policies and legislation in areas of water system management and regulation. USAID will also provide support to decentralized water basin management bodies that have a new and key role to play in the Water Code's system of integrated water management and planning. Principal contractor/grantee is: Associates in Rural Development (prime).

Water monitoring systems (\$1,093,000 FSA). USAID will provide equipment, renovate facilities, carry out training, and furnish technical assistance to ensure restored and enhanced monitoring capabilities for 29 water quality parameters at 65 key sites in the Lake Sevan-Hrazdan River basin system, including at the regional and central environmental monitoring laboratories. Renovations and upgrades for monitoring water quantity flow and depth will be completed at ten hydro-posts, in particular at 1) the Arpa tunnel inflow to Lake Sevan, 2) the outflow from Lake Sevan, 3) the major tributary to the Hrazdan River below Yerevan, 4) the point where the Hrazdan River flows into the Araks River, 5) three border posts along the Akurian and Araks rivers, and 6) the three posts on the Debed-Khrami Basin. USAID is supplying a limited number of water meters to wholesale water supply companies, along with enhanced accounting and customer billing and information systems; this will assist them in more effectively managing bulk water supplied to irrigation and drinking water distribution companies and to gauge their readiness to develop enhanced commercial operations in support of eventual privatization. Principal contractors/grantees are: Associates in Rural Development and Development Alternatives, Inc. (primes).

Stakeholder participation in integrated resources management (\$337,000 FSA). To support strengthening local capacity in water resources management, USAID awarded grants in the following areas: public awareness; lake and river clean-up; development of a model waste water treatment system for industrial pollution; alternative water facility and bio-gas regeneration for livestock operations; and enhancement of women's participation in water management for irrigation use. These grants will be implemented during FY 2003. Additional public outreach activities and local capacity building are being

implemented to support decentralized integrated river basin management in the Debed-Khrami Basin. Principal contractors/grantees are: Associates in Rural Development and Development Alternatives, Inc. (primes).

FY 2004 Program:

National policy and institutional framework for water management (\$489,000 FSA). USAID intends to continue the activities described for FY 2003, with an emphasis on strengthening capacity at the WRMPA and providing targeted assistance on policy and program implementation to the water system management and regulatory entities. USAID also plans to continue to provide institutional-strengthening and capacity-building support to decentralized Water Basin Management entities.

Water monitoring systems (\$1,314,000 FSA). USAID intends to continue the activities described for FY 2003. It plans to complete current support for rehabilitation of water quantity and quality monitoring systems and increase its focus on working to implement metering activities to support commercialization and privatization efforts of water supply companies.

Increase stakeholder participation in integrated resources management (\$367,000 FSA). USAID intends to continue the activities described for FY 2003.

Performance and Results: In FY 2002, substantial progress was made in improving the national policy and institutional framework for sustainable integrated water resources management. In particular, USAID provided key technical assistance to support development of a new, model "Water Code of the Republic of Armenia" that became effective in October 2002. Further support was provided in developing regulations and sub-laws to implement the new Water Code, including decrees on establishing the WRMPA and on rationalizing water monitoring in the new Hydrological and Environmental Monitoring Agency. In addition, assistance helped strengthen the institutional capacity of other key Government of Armenia agencies to implement the new Water Code, including the State Committee on Water Management and the proposed water regulatory agency. Working to rehabilitate selected water quality and quantity monitoring systems, key counterparts finalized the water monitoring plan, under which USAID proposes to equip, renovate, and provide training to upgrade capacity for monitoring 29 water quality parameters at 65 sites in the Sevan-Hrazdan Basin and quantity flow and depth measurement at ten hydro posts. Upgrades were completed at the seven posts in the Sevan-Hrazdan and Debed-Khrami basins. In support of strengthening local participation in integrated water management, the first round of local initiative grants was completed; four local capacity-building grants are now under implementation. Additional local-level support is being provided for public outreach and local capacity-building to support decentralized basin management in the Debed-Khrami Basin.

Continued progress in this objective will 1) support Armenia's economic growth by promoting integrated and sustainable management of a key, scarce natural resource and 2) help to address fundamental causes of the severe ecological effects of historically weak water management.

US Financing in Thousands of Dollars

Armenia

111-0160 Water Management	FSA
Through September 30, 2001	
Obligations	2,812
Expenditures	1,458
Unliquidated	1,354
Fiscal Year 2002	
Obligations	2,438
Expenditures	1,286
Through September 30, 2002	
Obligations	5,250
Expenditures	2,744
Unliquidated	2,506
Prior Year Unobligated Funds	
Obligations	2,312
Planned Fiscal Year 2003 NOA	
Obligations	2,190
Total Planned Fiscal Year 2003	
Obligations	4,502
Proposed Fiscal Year 2004 NOA	
Obligations	2,170
Future Obligations	0
Est. Total Cost	11,922

Data Sheet

USAID Mission:	Armenia
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	111-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,757,000 FSA
Prior Year Unobligated:	\$4,010,000 FSA
Proposed FY 2004 Obligation:	\$6,100,000 FSA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID/Armenia's democracy program seeks to achieve more transparent, accountable, and democratic governance by focusing on the following program areas: citizen participation, civil society/non-governmental organization strengthening, non-State media, local governance, legislative strengthening, rule of law, and anti-corruption.

Inputs, Outputs, Activities:

FY 2003 Program:

Increasing civic participation (\$3,643,000 FSA). In order to address public cynicism, USAID will promote increased citizen participation in the decision-making process through grassroots outreach. Working with the Government of Armenia, USAID will develop additional teaching materials for civic education courses in secondary schools, expand extra-curricular civic activities, and incorporate civic education into the curriculum of the pedagogical institutes. USAID will continue technical assistance to strengthen non-governmental organizations (NGOs) and expects to award grants to 77 NGOs, including watchdog NGOs implementing anti-corruption programming. USAID will develop voter education materials, train journalists on election coverage and judges in electoral adjudication, organize candidate debates, and increase transparency of election administration. USAID will continue supporting discussion groups, initiative groups, civic action groups, and town hall meetings that bring together citizens and government officials to solve community problems. Principal contractors/grantees are: World Learning, the International Foundation for Election Systems, the National Democratic Institute, and Junior Achievement International (primes).

Strengthening non-state media (\$1,356,000 FSA). Enhancing the professionalism and financial viability of Armenia's independent media outlets will continue to be an area of focus. Some 300 journalists, editors, and managers will be trained through programs in business management, fact-based journalism, and investigative journalism. USAID will also support technical assistance for reforms to create a more enabling legal framework for the media sector. Principal contractors/grantees are: Internews and International Research and Exchanges (primes).

Rule of law/governance (\$1,758,000 FSA). Local government strengthening will continue with an emphasis on legal and regulatory reform, capacity fortification, and increased responsiveness to and interaction with citizens. USAID will expand the number of pilot cities receiving assistance and intensify technical assistance to pilot cities that show progress. Under the new Armenian Legislative Strengthening Program, USAID will continue providing technical assistance to 1) strengthen the internal capacity of the National Assembly to support legislative processes, 2) enhance constituency relations and outreach, and 3) increase public and media access to information about the National Assembly. In rule of law, USAID will work with law schools, bar associations, the judges' association, and the courts to strengthen existing codes of ethics; and it will provide training in substantive areas of law to enhance professional skills and standards. Principal contractors/grantees are: Urban Institute, Development Associates, Inc., the American Bar Association/Central European and Eurasian Law Initiative (primes), and Development Alternatives, Inc. (sub).

FY 2004 Program:

Increasing civic participation (\$2,298,000 FSA). USAID intends to continue promoting grassroots outreach, the strengthening of NGOs, and civic education to increase citizen participation. The focus of the work with NGOs will be technical assistance and grants to the more advanced and those that are advocacy-oriented.

Non-state media (\$940,000 FSA). USAID plans to consolidate technical assistance to non-State television and radio stations, newspapers, and news outlets.

Rule of law/governance (\$2,862,000 FSA). USAID plans to continue efforts to promote the rule of law and combat corruption. Based on the success of legislative-strengthening and local government capacity-building programs, USAID will determine how to proceed with further assistance in these areas.

Performance and Results: USAID activities succeeded in enhancing citizens' understanding of their rights and responsibilities by engaging nearly 30,000 citizens in FY 2002 in dialogue and action groups on issues of concern to citizens, including the legal system, community needs, human rights, tax legislation, and the means with which to engage local government officials. USAID also supported programs that enhanced the understanding of the rights and responsibilities of youth. Over 1,400 additional teachers were trained to teach courses in human rights, civic education, the responsibilities of the State, and the law. As a result, all secondary schools in Armenia now have trained teachers teaching civic education courses. USAID support for NGOs resulted in increased institutional capacity and more effective government engagement in policy dialogue; e.g., NGO advocacy resulted in changes to various legislation and policies. Support for print and broadcast media enhanced independent media outlets' professionalism and improved their prospects for financial viability. Over 350 journalists, editors, and managers were trained. The impact of this training is evident. Specifically, during 2002, news quantity (hours of news time) and financial viability of non-governmental television stations increased by 53% and 17% respectively. As a direct result of USAID training, 20% of stations started new programs, such as talk shows, public educational programs, and regional news exchanges; 15% of TV and radio stations reorganized their newsrooms; and 25% of trainees were promoted to positions with more responsibility and editorial control.

To strengthen local government and make it more responsive to citizens, USAID's local government activity is facilitating fiscal and administrative decentralization and more responsive local governance. USAID comments on the draft Law on Apartment Building Management were incorporated into the law. Through increased numbers of town hall meetings, local government officials are becoming more responsive to their citizens. In order to make governance at the national level more transparent and effective, USAID's assistance to the National Assembly helped to establish a non-partisan Research and Analysis Working Group that will 1) coordinate all research and analysis provided to the parliament, 2) consider budgetary implications of draft legislation, and 3) ensure the harmonization of draft legislation with existing laws. For the judiciary, in FY 2002, through training for legal professionals, judges, and court administrators, USAID strengthened the substantive legal skills of professionals, familiarized judges with the legal implications of Armenia's accession to the Council of Europe, and improved the efficiency and transparency of court management. In a significant step toward increasing transparency, USAID, in conjunction with the judiciary, published all decisions of the Court of Cassation and selected decisions of the Economic Court of Armenia. The decisions are also being posted on the Internet. Through legal resource centers, USAID has made legal information more widely accessible and, through legal aid centers, has helped make legal services available to the most vulnerable. USAID also facilitated outreach to citizens on the constitutional amendment process.

With the completion of this program, USAID expects 1) enhanced citizen participation in policy development, 2) increased oversight of government through NGOs, 3) greater community involvement and advocacy, 4) better availability and quality of news through improved print, television, and radio media outlets, 5) more responsive and effective local governments and the parliament, and 6) a more transparent, dependable, and effective legal system.

US Financing in Thousands of Dollars

Armenia

111-0210 Democracy and Governance	FSA
Through September 30, 2001	
Obligations	41,660
Expenditures	31,679
Unliquidated	9,981
Fiscal Year 2002	
Obligations	8,857
Expenditures	8,056
Through September 30, 2002	
Obligations	50,517
Expenditures	39,735
Unliquidated	10,782
Prior Year Unobligated Funds	
Obligations	4,010
Planned Fiscal Year 2003 NOA	
Obligations	6,757
Total Planned Fiscal Year 2003	
Obligations	10,767
Proposed Fiscal Year 2004 NOA	
Obligations	6,100
Future Obligations	0
Est. Total Cost	67,384

Data Sheet

USAID Mission:	Armenia
Program Title:	Social and Health Sectors
Pillar:	Global Health
Strategic Objective:	111-0340
Status:	Continuing
Proposed FY 2003 Obligation:	\$9,973,000 FSA
Prior Year Unobligated:	\$2,094,000 FSA
Proposed FY 2004 Obligation:	\$7,858,000 FSA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's social sector program seeks to strengthen and assure the sustainability of key aspects of the social safety net and health care systems, while providing urgently needed services to the most vulnerable in selected regions of the country. Specifically, USAID provides technical assistance, training, and commodity support to: improve the efficiency of social and health care systems and the quality of services provided; reform the social safety net at the macro level, e.g., pensions, unemployment benefits, and health finance reform; better the targeting and delivery of government-funded social welfare payments and free or subsidized primary health care services; and introduce new, more sustainable approaches for non-governmental organizations (NGOs) to provide services necessary to meet basic health and nutrition needs.

Inputs, Outputs, Activities:

FY 2003 Program:

Social and health service delivery and finance systems (\$3,217,000 FSA). In FY 2003, USAID will continue to expand existing activities, focusing on supporting systemic change within Government of Armenia's institutions that are responsible for delivering health and social services. This will include ensuring that the legal and regulatory framework for sustainable financing of health service delivery and social services, including pensions and unemployment, is in place. The implementation of the Personal Code System (each person in Armenia will be assigned a number, equivalent to a social security number in the United States) will start in January 2003. The Personal Code System is linked to reforms in social insurance, social assistance, and health care finance and case management. The health information system, designed by USAID in FY 2002 to assist the Ministry of Health to manage the country's health system, will be implemented. With support from USAID, it is anticipated that the National Assembly will pass the Mandatory Health Insurance Law in early 2003 that includes steps necessary to prepare the mechanisms and regulations for phasing in a national system. Pilot testing of the prototype personified reporting system (the collection system for the social insurance contribution for each individual) will begin in May 2003. National policies and service delivery protocols for maternal and newborn care will be finalized. Principal contractors/grantees are: PADCO and Intrah (primes).

Health and social services (\$4,433,000 FSA). Four independent Family Group Practices pilot sites will be established in FY 2003. A pilot Integrated Social Service Center will be renovated and made fully operational, and lessons learned will be applied in other locations. The unified curriculum for family medicine will be completed. Activities to improve the performance of primary health care providers include opening five rural practitioner training centers. Service delivery activities will include the provision of health services to remote rural populations. USAID will continue its Health Partnerships Program, which links Armenian and American health institutions with the goal of improving quality of primary health care services. In FY 2003, USAID will implement bridging activities in HIV/AIDS/Sexually Transmitted Infections (STI) that will provide support for USAID's long-term HIV/AIDS/STI strategy (FY 2004-2008). The bridging activities will include behavior change communication programs for new military recruits, development of voluntary counseling guidelines, and training activities for counseling on HIV/AIDS/STI and treatment of STI. Building capacity in the non-governmental sector in order to expand its participation

in the delivery of social and health services will continue in FY 2003. An initiative focusing on the role of primary health care providers in addressing gender-based violence will be implemented. Principal contractors/grantees are: PADCO, Intrah, World Council of Hellenes Abroad, Armenian Assembly of America, United Methodist Committee on Relief, and American International Health Alliance (primes); Abt Associates and International Relief and Development (subs).

Nutrition and short-term employment for the needy (\$2,323,000 FSA). USAID-supported activities will include feeding programs for the poor, elderly, and school-age children. Public works programs will provide short-term job opportunities and some permanent jobs to the most vulnerable populations in rural areas while improving the infrastructure related to social and health service delivery. Principal contractors/grantees are: Catholic Relief Services, United Methodist Committee on Relief, and Save the Children (primes); Armenia Caritas and Mission Armenia (subs).

FY 2004 Program:

Social and health insurance systems (\$2,491,000 FSA). Implementation of the Personal Code System and the personified reporting system will continue. Work will also continue on improving the legal and regulatory environment for NGO participation in social assistance and primary health care. Preliminary planning for the 2005 Demographic Health Survey will begin.

Health and social services (\$3,895,000 FSA). Activities will continue, consisting of the Health Partnerships Program, HIV/AIDS/STI program, the upgrade of the quality of primary health care delivery, and the provision of medical services to rural populations. Implementation of the Family Group Practices and Integrated Social Service Centers will begin.

Nutrition and short-term employment for the needy (\$1,472,000 FSA). While the bulk of activities will be similar to those described for FY 2003, the Direct Assistance Evaluation to be conducted in February 2003 may result in some fine-tuning.

Performance and Results: Significant progress has been achieved in establishing the legal and regulatory framework necessary for social insurance and assistance programs to operate in a fair, transparent, and more equitable manner. The Law on Personal Code and the Personal Privacy Protection Law were enacted in 2002. The Pension Reform Law, created with USAID assistance, passed the third reading of the National Assembly. The Mandatory Health Insurance Law was drafted and hearings are being held. Improved information management systems are in place that are critical for improved targeting of 1) the poverty family benefit program and 2) other health and social assistance programs that benefit the most vulnerable. Specific accomplishments include the following: 1) the Personal Code system was successfully pilot tested with implementation to start in FY 2003; 2) the Poverty Family Benefit program used by the Ministry of Social Security has been adjusted to better focus on the most vulnerable families; 3) a health management system for the country has been designed; 4) the annual and semi-annual surveys that monitor the effects of social health reform continue to be produced; and 5) personnel and training data bases have been installed in the Ministry of Social Security. An Actuarial Science degree program was established and recognized by the Ministry of Education. Service delivery programs to provide improved nutrition to vulnerable populations, urgently needed medical services, and short-term employment opportunities were implemented largely within the projected timeframe and were largely successful in reaching the number of beneficiaries targeted for FY 2002.

At the completion of this program, USAID anticipates that most of the groundwork will have been laid for the legal and regulatory framework for sustainable social and health service delivery and finance systems. In addition, the delivery system and the quality of social and primary health care services will have been improved.

US Financing in Thousands of Dollars

Armenia

111-0340 Social and Health Sectors	FSA
Through September 30, 2001	
Obligations	30,077
Expenditures	15,782
Unliquidated	14,295
Fiscal Year 2002	
Obligations	15,358
Expenditures	13,255
Through September 30, 2002	
Obligations	45,435
Expenditures	29,037
Unliquidated	16,398
Prior Year Unobligated Funds	
Obligations	2,094
Planned Fiscal Year 2003 NOA	
Obligations	9,973
Total Planned Fiscal Year 2003	
Obligations	12,067
Proposed Fiscal Year 2004 NOA	
Obligations	7,858
Future Obligations	0
Est. Total Cost	65,360

Data Sheet

USAID Mission:	Armenia
Program Title:	Earthquake Zone Recovery Program
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	111-0411
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,563,000 FSA
Prior Year Unobligated:	\$681,000 FSA
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2004

Summary: The Earthquake Zone (EQZ) Recovery Program assists the Government of Armenia to compensate families who lost housing in the 1988 earthquake and still live in temporary shelters. Through the provision of housing certificates and housing improvement grants, USAID's program operates within the context of a comprehensive, integrated approach to redevelopment in the target area.

Inputs, Outputs, Activities:

FY 2003 Program:

Permanent housing for earthquake victims in temporary shelters (\$1,666,000 FSA). In FY 2003, USAID expects to complete issuance of up to 5,000 housing certificates for displaced earthquake victims in the EQZ. While certificates are being issued, a variety of factors will be continuously monitored, including housing prices in the various markets, emigration of sellers, supply of housing, and turnaround time for certificate redemption; adjustments in program implementation will be made as necessary. The principal contractor/grantee is: Urban Institute (prime).

Improve homes of earthquake victims (\$692,000 FSA). USAID will provide rural housing improvement grants. Approximately 560 rural houses are expected to be completed in FY 2003. The final mix of housing certificates and rural grants to be issued under this program will be determined based on GOAM reviews of the remaining housing compensation needs and the progress made by other donors toward completion of their programs. Principal contractors/grantees are: Urban Institute (prime) and Catholic Relief Services (sub).

Donor coordination in EQZ (\$205,000 FSA). USAID will continue to take the lead in establishing mechanisms for ongoing consultations among donors, GOAM officials, and implementing organizations on planning and development in the Earthquake Zone. Principal contractor/grantee is: Urban Institute (prime).

FY 2004 Program:

No additional funds will be allocated in FY 2004 for the earthquake activity. All remaining housing certificates will be redeemed, and all construction under rural grants will be completed. Reclamation and redevelopment of urban land cleared of temporary shelters or "domics" through the use of housing certificates will continue through the coordinated efforts of Armenian partners and other donors and investors.

Performance and Results: USAID has helped over 1,500 earthquake-displaced families obtain titles to permanent homes. Through the end of FY 2002, 2,565 housing certificates were issued, exceeding the target of 2,500. Of the certificate beneficiaries, 1,528 signed agreements to purchase new homes, slightly below the target of 1,600. The rural housing improvement grant pilot ended successfully, turning over 90 renovated houses to beneficiary families. An evaluation judged the urban housing improvement grant pilot to be less effective than the rural model. Therefore, in consultation with the GOAM, the decision was made to concentrate the funds budgeted for both urban and rural grants on rural grants.

By program completion, USAID will have enabled approximately 7,000 families to move out of domics and into permanent homes while simultaneously facilitating EQZ redevelopment. Also, donor collaboration will have created a synergy that resulted in improved quality of urban life and communities.

US Financing in Thousands of Dollars

Armenia

111-0411 Earthquake Zone Recovery Program	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	12,063
Expenditures	0
Through September 30, 2002	
Obligations	12,063
Expenditures	0
Unliquidated	12,063
Prior Year Unobligated Funds	
Obligations	681
Planned Fiscal Year 2003 NOA	
Obligations	2,563
Total Planned Fiscal Year 2003	
Obligations	3,244
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	15,307

Data Sheet

USAID Mission:	Armenia
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	111-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,287,000 FSA
Prior Year Unobligated:	\$1,890,000 FSA
Proposed FY 2004 Obligation:	\$3,405,000 FSA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: This cross-cutting program encompasses efforts that are either limited in time/scope, address targets of opportunity outside of the USAID/Armenia strategic framework, or produce results across a number of programmatic areas concurrently. This program promotes human capacity development, private sector development, good governance and strengthened civil society, media and communications capacity, and dialogue among countries of the region regarding sustainable water management.

Inputs, Outputs, Activities:

FY 2003 Program:

Participant training program (\$1,684,000 FSA). USAID will continue to provide participants with new leadership skills and knowledge to help produce results across all the programmatic areas that USAID is pursuing. Funds will provide for training and training-related technical assistance, grants, and the establishment of partnerships. Principal contractor/grantee is: Academy for Educational Development (prime).

Eurasia Foundation grant and loan program (\$1,684,000 FSA). USAID will continue to assist small businesses and business and professional associations, in addition to funding initiatives promoting stronger civil society. In FY 2003, specific emphasis will be placed on providing support to the information technology sector, development of grassroots community action mechanisms, institutional development, expansion of existing municipal information centers, and media strengthening. Principal contractor/grantee is: Eurasia Foundation (prime).

Regional water management (\$64,000 FSA). USAID will continue to support the regional water management dialogue. Principal contractor/grantee is: Development Alternatives, Inc. (prime).

Logistical and administrative support (\$855,000 FSA). Logistical and administrative support for the USAID/Armenia portfolio will be funded under this cross-cutting program. As a part of this, the Mission will conduct gender and human capacity development (HCD) assessments. The gender assessments will 1) identify program areas in which gender issues are of greatest significance and 2) formulate detailed recommendations to integrate gender throughout the USAID/Armenia portfolio. The HCD assessments also will assist USAID in formulating a strategic approach to its HCD activities, as part of its new five-year strategy. USAID also will increase its Diaspora outreach efforts by hiring an Outreach Coordinator. The Coordinator will strengthen USAID's Global Development Alliance activities as well as increase outreach to the Diaspora community.

FY 2004 Program:

Participant training program (\$1,300,000 FSA). USAID plans to continue participant training to support all its various programs with the aim of these participants taking a key lead role in program implementation.

Eurasia Foundation grant and loan program (\$1,500,000 FSA). USAID plans to continue assistance to the Eurasia Foundation to support private sector development and democracy and governance in Armenia.

Logistical and administrative support (\$605,000 FSA). USAID envisages a continued need to utilize resources to support its logistical and administrative expenses. Diaspora outreach efforts also will continue, strengthening USAID's Global Development Alliance activities.

Performance and Results: These efforts are cross-cutting and have contributed directly or indirectly to the results generated by the entire USAID/Armenia portfolio, detailed above.

US Financing in Thousands of Dollars

Armenia

	ESF	FSA
111-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	1,260	60,966
Expenditures	1,260	41,666
Unliquidated	0	19,300
Fiscal Year 2002		
Obligations	0	5,627
Expenditures	0	17,094
Through September 30, 2002		
Obligations	1,260	66,593
Expenditures	1,260	58,760
Unliquidated	0	7,833
Prior Year Unobligated Funds		
Obligations	0	1,890
Planned Fiscal Year 2003 NOA		
Obligations	0	4,287
Total Planned Fiscal Year 2003		
Obligations	0	6,177
Proposed Fiscal Year 2004 NOA		
Obligations	0	3,405
Future Obligations	0	0
Est. Total Cost	1,260	76,175

Azerbaijan

The Development Challenge: In the ten years since regaining independence, Azerbaijan has made only an incomplete transition to a democratic polity and a market economy. The democratic process is nominally in place, but supporting traditions and institutions are still in a developmental phase. The governance process is still authoritarian, but not oppressive by regional standards. The country has been unable to take advantage of its substantial petroleum resource base, and some 60% of Azerbaijanis live below the poverty line. The dispute with Armenia over the Nagorno-Karabakh enclave remains unresolved. As a result, about 20% of Azerbaijan is occupied by Armenians and some 800,000 Azerbaijanis are refugees or internally displaced.

Important U.S. interests are at stake. The Azerbaijani citizenry is favorably disposed towards Americans, and the government has strongly supported U.S. anti-terrorism initiatives. Secular Islam prevails, roughly similar to that of the Turks to whom ethnic Azeris are related. However, serious humanitarian, development, and democracy issues exist. Lastly, petroleum resources in Azerbaijan and the Caspian Sea Basin region are of geo-strategic significance.

On the positive side, there are encouraging signs. Rich agricultural resources, petroleum reserves, a well-educated population, and relative political stability augur well. Properly used, petroleum funds can finance Azerbaijan's development. Short-term external assistance needs are considerable, particularly with respect to refugee and displaced populations. However, in the medium-term, if the country's economic potential can be activated, ample public sector resources and strong economic opportunities can facilitate solutions to social problems and provide an economic underpinning to a viable democracy. More negatively, poor political or economic systems could negate the country's potential oil wealth, fomenting internal unrest and inciting outside actors. Although progress has been slow, the government is increasingly receptive to policy initiatives and institutional development supportive of democracy and market economics. An effective USAID program is essential to help guide the political and economic transition currently in process, and clearly serves a wide spectrum of U.S. interests.

The USAID Program: The USAID Program concentrates on three areas - humanitarian assistance, economic development, and democracy. The humanitarian program element targets displaced populations and affected communities. Health services and other assistance are provided, and community self-help is promoted. Economic assistance is directed at the development of market institutions, credit access, business services, helping to restructure private sector operations, especially in the agricultural sector, and competitiveness. Following the waiver of Section 907, USAID has been increasingly active in promoting sound economic and regulatory policy, and market-friendly economic governance institutions. An efficient free market-oriented economic structure will not only advance current economic opportunities but also position the country to make good use of large anticipated petroleum revenues. Lastly, USAID programs promote democratic processes and the rule of law, focusing on civil institutions and public advocacy, the professional development of lawyers and judges, strengthening independent, competent media professionals and outlets, political party development, and electoral process. In all program areas, progress has been steady, and targets have been met or exceeded. USAID's strategy envisions an increasing shift of program resources from humanitarian activities to democratic process and economic development.

Other Program Elements: The country program receives important support from global and regional USAID programs. A regional Caucasus farmer-to-farmer program funded through P.L. 480 proceeds operates in Azerbaijan. The program provides short-term technical assistance to increase farm and agribusiness productivity and incomes.

Other Donors: Recognizing the need, the political context, and the opportunities present the International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), EU, and UN all have a program presence in Azerbaijan. The donor programs tend to be small. Donor coordination seems to work reasonably well, although at an informal level. The USAID banking system reform activity, for example, is integral to larger IBRD and IMF programs. The IMF and IBRD also have a major poverty

reduction activity under design. A number of European countries and international humanitarian agencies have been active in refugee and displaced persons relief. The EU is active in a multiplicity of economic areas including agriculture and environmental programs. The United Nations Development Program has a wide range of small programs - e.g., conflict mitigation, environmental, and poverty alleviation activities.

**Azerbaijan
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	36,350	43,510	46,000	41,500
PL 480 Title II	2,501	2,239	0	0
Total Program Funds	38,851	45,749	46,000	41,500

STRATEGIC OBJECTIVE SUMMARY

112-0130 Development of Small and Medium Enterprises				
FSA	8,200	10,300	13,800	14,100
112-0210 Civil Society				
FSA	5,129	5,500	6,000	6,000
112-0310 Humanitarian Assistance				
FSA	9,170	8,900	7,500	8,890
112-0420 Cross-Cutting Programs				
FSA	3,500	3,494	5,750	5,200
TRANSFER				
FSA	10,351	15,316	12,950	7,310

Mission Director,
Michael Farbman

Data Sheet

USAID Mission:	Azerbaijan
Program Title:	Development of Small and Medium Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	112-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$13,800,000 FSA
Prior Year Unobligated:	\$4,230,000 FSA
Proposed FY 2004 Obligation:	\$14,100,000 FSA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: USAID's program to accelerate the growth and development of private small and medium enterprises (SMEs), particularly in the agricultural sector, is focused on: expanding access to micro and SME credit; improving business and technical skills; strengthening producer and processor associations; and improving the use of production inputs. With the waiver of Section 907 in January 2002, USAID began implementation of a closely targeted economic reform program focused on strengthening the banking sector, improving financial management practices, and encouraging reform in the energy sector.

Inputs, Outputs, Activities:

FY 2003 Program:

Develop sustainable financial institutions that provide access to credit for agricultural producers (\$1,500,000 FSA). USAID will continue to support development of the private sector with emphasis on the agriculture sector by providing loans to farmers and other agricultural producers in nine regions of Azerbaijan. Limited access to credit has been consistently identified as the largest impediment to entrepreneurial development. The program will target nine regions of Azerbaijan that would otherwise be completely devoid of credit opportunities. In 2003, USAID grantees will disburse more than \$3,000,000 in loans to agricultural producers and processors and will strive to maintain a historical repayment rate exceeding 99%. Principal contractor and grantee is ACDI/VOCA (prime).

Improve access to and use of production inputs (\$1,500,000 FSA). Improving the availability, distribution, and application of production inputs is essential to raising crop yields and productivity in Azerbaijan's agricultural sector. Working through associations of input dealers, USAID will provide training and technical assistance to improve the use of seed, fertilizer, animal feed, and crop protection products throughout Azerbaijan. The principal contractor and grantee is International Fertilizer Development Center (prime).

Increase the competitiveness of rural enterprises (\$7,000,000 FSA). USAID will strive to rebuild Azerbaijan's once-robust agricultural sector by identifying products that can be competitive in both domestic and international markets, and by providing technical assistance, training, and technology to nurture the development of these products. Emphasis will be placed on developing a business infrastructure that can support business development, including distribution, marketing, and information exchange systems. Policy-related activities will help Azerbaijan further remove administrative constraints to business growth and support other U.S. assistance to Azerbaijan in World Trade Organization accession. Principal contractors and grantees are to be determined by competition.

Increase access to credit among urban populations (\$2,800,000 FSA). USAID support for agricultural credit is augmented by a program to help meet urban credit needs. Various loan products are offered both to traders and larger producers. In 2003, these programs will disburse more than \$2,500,000. Additionally, the activity will incorporate a new component focused on real estate (mortgage) lending and will provide the first commercial real estate loans in Azerbaijan. Principal contractors and grantees are: Shorebank (prime) and Foundation for International Cooperative Assistance (prime).

Energy sector reform (\$1,000,000 FSA). USAID will help Azerbaijan develop an effective regulatory framework for a commercially viable energy sector. Emphasis will be placed on reforms necessary to enable Azerbaijan to meet World Bank and International Monetary Fund requirements. Program elements include introducing modern tariff, licensing, and market oversight methodologies and instruments; creating an efficient market structure for the domestic electricity and gas sub-sectors; and designing a viable energy assistance program for low-income and vulnerable populations. Principal contractors and grantees are to be determined by competition.

FY 2004 Program:

Increase the competitiveness of rural enterprises (\$6,000,000 FSA). USAID will incrementally fund this activity in support of the agricultural sector.

Increase access to credit (\$1,000,000 FSA). USAID will continue to support economic opportunities for vulnerable populations through the provision of micro-credit services. The activity will build upon prior work done in refugee/internally displaced persons areas under the humanitarian assistance objective.

Strengthen the banking sector (\$1,000,000 FSA). USAID will provide support to the National Bank of Azerbaijan in implementing reforms to increase consolidation and capitalization of the banking sector. These efforts will, inter alia, lead to better credit services to SMEs. Emphasis on banking supervision and the regulatory framework governing commercial banks will continue.

Improved fiscal management (\$1,600,000 FSA). USAID will conclude support to the Ministry of Finance in designing, procuring, and implementing a completely automated Treasury Information Management system.

SME training and development (\$2,500,000 FSA). In order to encourage sustainable delivery of SME development services, USAID will develop local business consulting and marketing capacity. Through intensive and targeted training and technical assistance, USAID will enable local consultants and educators to provide needed business development services to local businesses.

Energy (\$2,000,000 FSA). USAID will expand upon work in the energy sector, enlarging and extending sector reform activities.

Performance and Results: USAID private sector development activities continued to provide valued support to Azerbaijani entrepreneurs and SMEs. USAID programs disbursed more than \$5,000,000 in credit to over 2,500 recipients in 2002. USAID credit programs, which boast a 99% repayment rate, are sustaining more than 8,000 local businesses and have led to the creation of more than 2,000 new businesses. Through the provision of training and consulting services, USAID enabled more than 40 SMEs to adopt international standards and better compete for contracts with international firms, mostly in the oil sector.

With the waiver of Section 907, USAID began implementation of a new economic reform program. Already, USAID technical advisors are working with the National Bank of Azerbaijan to introduce better practices for bank inspectors. USAID also has begun implementation of a program to automate Azerbaijan's Treasury.

US Financing in Thousands of Dollars

Azerbaijan

112-0130 Development of Small and Medium Enterprises	FSA
Through September 30, 2001	
Obligations	19,220
Expenditures	11,104
Unliquidated	8,116
Fiscal Year 2002	
Obligations	11,045
Expenditures	5,898
Through September 30, 2002	
Obligations	30,265
Expenditures	17,002
Unliquidated	13,263
Prior Year Unobligated Funds	
Obligations	4,230
Planned Fiscal Year 2003 NOA	
Obligations	13,800
Total Planned Fiscal Year 2003	
Obligations	18,030
Proposed Fiscal Year 2004 NOA	
Obligations	14,100
Future Obligations	0
Est. Total Cost	62,395

Data Sheet

USAID Mission:	Azerbaijan
Program Title:	Civil Society
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	112-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,000,000 FSA
Prior Year Unobligated:	\$842,000 FSA
Proposed FY 2004 Obligation:	\$6,000,000 FSA
Year of Initial Obligation:	1996
Estimated Completion Date:	2005

Summary: The Civil Society Better Organized and Represented SO is made up of the following main components implemented through seven U.S. organizations: 1) civic education for selected municipalities and their citizens; 2) information, organizational training, and activity support for advocacy-oriented civic and political groups; 3) professional development opportunities for judges, lawyers, election officials, political parties, journalists and municipal leaders; 4) promotion of an independent media; and 5) legislative commentary and drafting assistance.

Inputs, Outputs, Activities:

FY 2003 Program:

Legal system enhancement (\$3,600,000 FSA). USAID will support two new rule of law programs with some 6,000 expected beneficiaries. Building upon current rule of law activities, the program will improve the knowledge and skills of legal professionals; enable better representation, prosecution, and defense; and strengthen the ability of civil society to protest corruption and pursue legal rights. The program will address administrative, curriculum, and teaching methodology reforms at Azerbaijani law schools; broaden public knowledge and national debate on legal framework reforms, human rights, and anti-corruption issues; provide considerable continuing legal training for legal professionals; and assist the Ministry of Justice with training, legal system information access/dissemination and court management systems. Principal contractors and grantees are to be determined by competition.

Strengthened electoral process (\$1,500,000 FSA). The program will promote the implementation of impartial electoral frameworks through public education and continued technical support for the drafting of a Unified Election Code (UEC) and its implementation. Other elements of the program include training for the Election Commission officials and observers; improvements in the voter registration system; public opinion polling; and support for national dialogue on electoral reforms and civic rights. This program is particularly important in view of the planned October 2003 Presidential and October 2005 Parliamentary elections. The principal contractor and grantee is International Foundation for Election Systems (prime).

Public outreach and advocacy (\$900,000 FSA). This activity will supplement the current civil society capacity-building activity that promotes public interest advocacy. It will improve the ability of civic and community organizations to effectively represent the interests of well-defined constituencies. The principal contractor and grantee is Catholic Relief Services (prime).

FY 2004 Program:

A viable multi-party system (\$3,500,000 FSA). Two new awards are planned in support of political and civic groups working to develop a viable multi-party system. Planned activities include message and platform development; voter contact and constituency relations; management and strategic planning; and candidate nomination procedures.

Empowerment and mobilization of the media (\$1,200,000 FSA). USAID plans to continue the media activity. Access to unbiased and reliable information will be increased through promotion of professionally skilled, financially-viable, and legally-protected print and broadcast media.

Improved capacity for public outreach and advocacy (\$1,300,000 FSA). These two planned activities will continue to improve public interest advocacy and promote public understanding of the role of civil society in Azerbaijan.

Performance and Results: USAID civil society activities resulted in substantially enhanced dialogue between government officials and civil society representatives. The technical ability of legal and media professionals to support civil society rights and interests was strengthened. Further, annual statistics gathered by USAID partners reflects a slow but steady rise in the citizen awareness of civic associations, advocacy groups, and the role of such organizations in the democratic process. Some 4,560 females participated in FY 2002 programs, more than doubling the previous year's total. Despite progress in increasing the number of women participants, societal restrictions on women in Azerbaijani society continue to represent a challenge to including females in USAID-supported activities

In FY 2002, 226 organizations were assisted; 5,929 individuals were provided with advocacy, outreach, ethics, and management skills; 355 advocacy events were organized; 13,807 individuals accessed legal information and resources; 141 media professionals received new skills; and 47 regional media exchanges occurred.

US Financing in Thousands of Dollars

Azerbaijan

112-0210 Civil Society	FSA
Through September 30, 2001	
Obligations	14,772
Expenditures	9,616
Unliquidated	5,156
Fiscal Year 2002	
Obligations	7,270
Expenditures	4,107
Through September 30, 2002	
Obligations	22,042
Expenditures	13,723
Unliquidated	8,319
Prior Year Unobligated Funds	
Obligations	842
Planned Fiscal Year 2003 NOA	
Obligations	6,000
Total Planned Fiscal Year 2003	
Obligations	6,842
Proposed Fiscal Year 2004 NOA	
Obligations	6,000
Future Obligations	0
Est. Total Cost	34,884

Data Sheet

USAID Mission:	Azerbaijan
Program Title:	Humanitarian Assistance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	112-0310
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,500,000 FSA
Prior Year Unobligated:	\$3,037,000 FSA
Proposed FY 2004 Obligation:	\$8,890,000 FSA
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2005

Summary: The physical and economic well-being of vulnerable populations in conflict-affected areas is being improved through direct provision of health services and support for community-based social and economic services.

Inputs, Outputs, Activities:

FY 2003 Program:

Humanitarian Assistance (\$5,170,000 FSA). The major vehicle for providing assistance is the Azerbaijan Humanitarian Assistance Program (AHAP). Under an umbrella cooperative agreement with Mercy Corps International, U.S. and local NGOs provide health and community services in the context of promoting community development and self-help. Principal contractors and grantees are: Mercy Corps International (prime), Save the Children (sub), International Rescue Committee (sub), World Vision International (sub), Adventist Development Relief Agency (sub), Cooperative Housing Foundation (sub), Pathfinder International (sub), and International Medical Corps (sub).

Organize communities to address self-defined needs. Conflict-affected communities are provided with organizational training and limited material resources. Specifically, the communities will receive training in community appraisal systems, help with the design of local projects and the formation of local implementation groups, and provision of limited material support for their endeavors.

Increase access to economic opportunities and support services. Micro-credit and small business development activities provide demand-driven business development and financial services. The micro-credit programs use group and individual lending with increasing loan amounts over time. The implementing U.S. NGOs will continue the gradual shift away from direct provision of training and consultation to providing services offered in cooperation with local private organizations.

Increase access to quality health services. Delivery of health services will be improved through: 1) promoting and strengthening self-sufficient community-based health care systems, including cost-recovery mechanisms, drug revolving funds, and insurance systems; and 2) advancing quality services in the community-based clinics and health services providers. Health education will continue to concentrate on reproductive health and maternal and child health. Medical providers will continue to receive training to update their skills to apply World Health Organization standards in treatment and assist in upgrading their clinics through community participation.

Health (\$2,330,000 FSA). Three hospital partnerships will continue to train hospital-based physicians, using curricula and techniques that are appropriate to the local expertise and resources. Internally displaced persons and refugees benefit through improved public medical services. The principal grantees is the American International Health Alliance (prime).

FY 2004 Program:

Azerbaijan humanitarian assistance program (\$6,990,000 FSA). The SO will continue along current lines with increasing integration of health, social, and economic assistance activities in multidimensional community-based endeavors. Many FY 2003 subgrants are likely to be extended through FY 2004. New subgrants are also anticipated.

Health (\$1,900,000 FSA). An extension of the American International Health Alliance Hospital Partnership grant is planned.

Performance and Results: All relevant targets have been essentially met. The health and well-being of displaced persons has been materially improved; impacted communities have been assisted; and community self-help capacity is being developed. Specifically, in FY 2002, 461 community projects were completed. Participating communities contributed cash, labor, and materials totaling \$732,719, an average of 28% of project costs. While the total numbers reflect some double counting as individuals may have participated in multiple activities, 582,750 direct recipients received community development, health services, and economic opportunities, including trainings and business management consultations, of which 302,594 were women.

Additionally, 187 health providers received and applied training (including 119 women) to improve the community-based clinics and health services. A total of 256,483 individuals received health services at health clinics or other service delivery points. Further, the three hospital partnerships trained over 100 hospital-based physicians, opened a new Breast Health Education Center, examined 900 children with a donated ultrasound scanner, and distributed 78 medical bags with basic equipment and supplies. Lastly, the partnership revitalized primary health care in 15 districts for the benefit of IDPs/refugees, with a special focus on women, children, adolescents, and young people.

US Financing in Thousands of Dollars

Azerbaijan

112-0310 Humanitarian Assistance	DA	ESF	FSA
Through September 30, 2001			
Obligations	83	100	87,843
Expenditures	83	100	67,435
Unliquidated	0	0	20,408
Fiscal Year 2002			
Obligations	0	0	8,541
Expenditures	0	0	20,703
Through September 30, 2002			
Obligations	83	100	96,384
Expenditures	83	100	88,138
Unliquidated	0	0	8,246
Prior Year Unobligated Funds			
Obligations	0	0	3,037
Planned Fiscal Year 2003 NOA			
Obligations	0	0	7,500
Total Planned Fiscal Year 2003			
Obligations	0	0	10,537
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	8,890
Future Obligations	0	0	0
Est. Total Cost	83	100	115,811

Data Sheet

USAID Mission:	Azerbaijan
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	112-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,750,000 FSA
Prior Year Unobligated:	\$3,000 FSA
Proposed FY 2004 Obligation:	\$5,200,000 FSA
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2005

Summary: There are three components to the Cross-Cutting SO: the Eurasia Foundation Small Loan Program, the Mission-wide Participant Training Program, and the Mission Program Development Support Budget.

Inputs, Outputs, Activities:

FY 2003 Program:

Eurasia Foundation grants program (\$3,000,000 FSA). The Eurasia Foundation, which undertakes programs throughout the Eurasia area, funds small grants aimed at promoting cultural, political, and economic linkages and shared values among countries in the region and with the US. The principal grantee is Eurasia Foundation (prime).

Participant training (\$2,000,000 FSA). The participant training program will provide short-term targeted training in support of programs in economic development, democracy, and health. It also will provide long-term academic training - up to two years in duration, or masters-level - in areas of public health, business and agriculture. The principal contractor and grantee is World Learning (prime).

Program development and support (\$750,000 FSA). USAID will provide funding for the assessment and design of new activities across the entire portfolio.

FY 2004 Program:

Eurasia Foundation grants program (\$2,000,000 FSA). FY 2004 resources requested will continue activities funded in FY 2003.

Participant training (\$2,500,000 FSA). FY 2004 resources requested will continue activities funded in FY 2003.

Program development and support (\$700,000 FSA). FY 2004 resources requested will continue activities funded in FY 2003.

Performance and Results: In FY 2002, The Eurasia Foundation/Azerbaijan (EF) awarded grants to 32 NGOs and private enterprises for a total amount of \$1,000,194. The two major sectors of support continued to be civil society and private enterprise development, but with the waiving of Section 907, EF expanded work in public administration and policy. One notable activity this past year involved the creation of the first independent food-testing lab in Azerbaijan, which contributed to the practice of improved quality standards of small and medium sized enterprises (SMEs) involved in food production. With BP co-financing, the Azerbaijan Association of Lawyers has improved market-driven legal services provided to SMEs by introducing a new clinic-based commercial law course into Azerbaijani universities, and training young law faculty in this interactive teaching methodology. A competition for a trade development program awarded a cluster of three grants to NGOs to support more transparent trade and customs operations. The transparency will strengthen export-oriented SMEs, educate agricultural

producers on safety and quality control, strengthen the ability of consumer unions to advocate for product improvements, and foster public-private partnerships in the agricultural sector.

The groundwork for competitions that will award grants early in FY 2003 to help communities outside Baku tackle local needs is completed. A joint World Bank-EF program on rural infrastructure development will bring municipalities and communities together in three regions of Azerbaijan to prioritize and implement small infrastructure projects. Lessons learned from these pilots will be used in a country-wide World Bank project. Another competition will select an NGO to develop pilots for "socially active schools" that will enable the schools and their surrounding communities to share resources to address local problems.

The participant training program supported all three strategic objectives and improved the performance of Azerbaijanis at work. The participants received training in a variety of development fields such as provision of rural health services, community mobilization and assessment, strengthening of individual NGOs and associations to advocate for NGOs, gender equity, and poverty reduction strategy preparation. During FY 2002, 953 in-country, third-country, and United States technical, informational, and long-term training opportunities were supported across the USAID portfolio. USAID also provided training opportunities for community outreach, legislative drafting and judicial reform, and government capacity-building.

US Financing in Thousands of Dollars

Azerbaijan

112-0420 Cross-Cutting Programs	FSA
Through September 30, 2001	
Obligations	8,532
Expenditures	4,532
Unliquidated	4,000
Fiscal Year 2002	
Obligations	4,994
Expenditures	2,976
Through September 30, 2002	
Obligations	13,526
Expenditures	7,508
Unliquidated	6,018
Prior Year Unobligated Funds	
Obligations	3
Planned Fiscal Year 2003 NOA	
Obligations	5,750
Total Planned Fiscal Year 2003	
Obligations	5,753
Proposed Fiscal Year 2004 NOA	
Obligations	5,200
Future Obligations	0
Est. Total Cost	24,479

Belarus

The Development Challenge: Belarus is one of the most backward and repressive countries of the former Soviet Union and Freedom House classifies it as "a consolidated autocracy." After a hopeful start at the beginning of its first decade of independence, Belarus has, for the past eight years, moved in the opposite direction and become significantly less free than neighboring countries. The 2000 Parliamentary and 2001 Presidential elections were so egregiously flawed that the international community did not recognize the results. The state resorts to an authoritarian government and isolationism, threatening and eroding democratic institutions by suppressing dissent and controlling access to information. According to the 2002 United Nations Development Program (UNDP) Human Development Index Report, most indicators of progress towards democracy for Belarus are lower than for the majority of the Eurasia states (especially the indicator of civil liberties). A European Parliamentary delegation visiting Belarus in November 2002, noted the lack of progress towards democracy since the 2001 presidential elections. The Belarusian government's decision to discontinue the work of the Organization for Security and Cooperation in Europe (OSCE) Advisory Monitoring Group has strained the country's relations with European and American powers, and prompted the European Union (EU) and United States Government (USG) decision to impose a visa ban on the Belarusian leader and seven top government officials in December 2002.

After the Presidential election of 2001, the government increased its interference in the activities of trade unions, pro-democracy political parties, NGOs, and independent media, harassing and intimidating their leaders. Polish, Lithuanian, Latvian, and even Russian national legislators formed official Belarus Working Groups or held hearings on Belarusian issues to highlight their concern over increasing restrictions on freedom (e.g., religion and speech) and other human rights. This indicates the new political reality for Belarus; its current policies are leading to further isolation from the neighboring countries that are consolidating democratic pluralism and forming regional alliances.

On the economic front, the state continues to resist reforms. The Heritage Foundation ranks Belarus 151 out of 156 countries in economic freedom. Economic mismanagement has caused a dramatic increase in stocks of unsold goods, which currently stand at 60% of the average monthly output. The industrial base has become obsolete, and more than 40% of the industrial enterprises work at a loss. The ability of firms to remain liquid is further constrained by mandated wage increases and the inability to release surplus personnel. Arrears are rising for both wage and tax payments. Payments to the state social security fund are declining, resulting in arrears in pension payments. In some cases, banks have been "directed" to lend to illiquid enterprises to permit them to pay wages and social security taxes.

The U.S. national interests: Belarus remains the last "authoritarian regime" in Europe, but has the potential to become a democratic and economically developed country and join its neighbors in transition to democratic pluralism. The U.S. has a vital national interest in a prosperous, free, and peaceful Europe which must include a stable, democratic, and market-oriented Belarus. After the first round of integration, the EU will become contiguous with Belarus, leaving it potentially vulnerable to political and economic instability across the border. The U.S. foreign policy priorities in Belarus are to help foster a political and economic environment which is more democratic and in harmony with the region, through its work to strengthen civil society, political process, and the independent media.

The USAID Program: Given the existing environment in Belarus, USAID's FY2003-2005 Assistance Strategy takes a long-term perspective and continues to prepare the soil for democracy so that when real reform comes, it might take root. This strategic plan aims to engage diverse and as yet under-empowered elements of Belarusian society, including independent media, non-governmental organizations (NGOs) and pro-democracy groups, under a common overall goal reflected in the single Strategic Objective: "Increased citizen participation in democratic practices." This goal coincides with the Agency's objective for "better informed citizen participation in political and economic decision-making" within the Democracy, Conflict and Humanitarian Assistance Pillar.

The Program Data Sheets cover the single strategic objective for which USAID is requesting FY 2003 and FY 2004 funds. This objective concentrates on activities that foster citizens' participation in democratic practices.

Other Program Elements: In addition to the resources requested in the Program Data Sheets, CNFA, centrally funded, implements the West NIS Agribusiness Volunteer Program in Belarus. The objectives are to strengthen the ability of private farmer associations to improve the incomes and businesses of their members, to develop private agribusinesses, and to stimulate the development of entrepreneurial initiatives within former collective farms.

Other Donors: The USG is the largest donor in Belarus, working almost exclusively with the structures of civil society through the Small Grants Program of the Democracy Commission, the National Endowment for Democracy, and other agencies. USAID has taken the lead in donor coordination and its technical assistance was increasingly matched by other donors' financial support, or by implementing joint projects in the areas of independent media development, political process strengthening, civil society development, and civil society legal defense capacity building.

The German federal government had been one of the largest bilateral donors in the country in the economic sphere through its Transform Program, active since 1993. However, it recently curtailed its technical assistance program that supported civil society and the development of bilateral micro-level contacts. The Swedish International Development Agency provides support to civil society, small and medium business and business associations, independent media, local self-governance, and land reform. The British Department for International Development provides limited funding to projects in the fields of democratization, good governance, human rights, and the environment. The Canadian International Development Agency has supported efforts to promote economic reform in Belarus by working with independent think tanks, business associations, and the private sector.

Multilateral donors include the World Bank, whose 2002-2004 Country Assistance Strategy for Belarus envisions a loan to the GOB for tackling relevant economic and social issues (e.g., TB/AIDS, the Chernobyl disaster, the environment, a Social Investment Fund). The International Monetary Fund completed its monitoring program in 2002 and is negotiating further involvement with the country. The European Bank for Reconstruction and Development (EBRD) has a limited portfolio of successful investment in the private sector. The EU TACIS Program was established to contribute to structural reform and modernization in areas key to transition and currently focuses on civil society strengthening initiatives. Its 2003 budget is higher than in previous years and targeted to projects that combat human trafficking, illegal drugs, and money laundering. The United Nations (UNDP) has a small grants program that offers support to CSOs in various spheres, though mainly in social services, health, and the environment. Various private organizations provide small grants for the development of civil society organizations, independent media, and pro-democracy political parties.

**Belarus
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	11,879	10,572	9,500	8,000
Total Program Funds	11,879	10,572	9,500	8,000

STRATEGIC OBJECTIVE SUMMARY

113-0210 Citizen Participation in Democratic Practices

FSA	4,856	4,998	3,900	5,080
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TRANSFER

FSA	7,023	5,574	5,600	2,920
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Mission Director,
Christopher Crowley

Data Sheet

USAID Mission:	Belarus
Program Title:	Citizen Participation in Democratic Practices
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	113-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,900,000 FSA
Prior Year Unobligated:	\$2,527,000 FSA
Proposed FY 2004 Obligation:	\$5,080,000 FSA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

Summary: The USAID program in Belarus promotes civil society participation, a strengthened democratic political process, and development of independent media through technical assistance, training, and small grants to local non-governmental organizations (NGOs) and the independent media, and technical assistance and training to pro-democracy political parties.

Inputs, Outputs, Activities:

FY 2003 Program:

Increased effectiveness of democratically-oriented Civil Society Organizations (CSOs) (\$1,800,000 FSA). USAID will advance its community initiative program, aimed at involving citizens in democratic decision making. Two approaches will be used for implementation of the program: support to "capacity-related" community initiatives and capacity building for NGOs in those communities. Ten sites will be selected for training in democratic governance, community appraisal, and support in the formation of representative community project boards. USAID technical assistance and grants will provide these communities with the resources to promote a greater flow of information on issues which are important to and identified by the citizens. A grant competition will also support NGO projects that mobilize targeted communities for participation in community initiatives. The NGO training in these communities will cover areas of governance, membership and volunteer recruitment, fundraising, strategic planning, and public advocacy. Principal contractor/grantees are Counterpart International, Inc. and the Eurasia Foundation (prime).

Elevated responsiveness of political parties to public needs (\$1,050,000 FSA). USAID will focus on the following areas for the pro-democracy party training, technical assistance, and cross-border exchanges: internal governance practices, effectiveness of strategic planning and operations, membership recruitment and retention, and message formulation. The latter involves building party public relations and media communications skills, and improving the capacity for productive use of public opinion research. These activities will assist the national and regional political party network to identify issues resonating with the people and build their platforms around them. A civic organization will be established that conducts public awareness campaigns to educate Belarusians about their constitutional rights and democratic electoral processes. Principal contractors/grantees are the International Republican Institute (IRI) and the National Democratic Institute for International Affairs (NDI). (prime).

Support to independent media (\$700,000 FSA). USAID's assistance will improve the professional skills of non-state media owners and professionals, including publishers, accountants and journalists; strengthen the legal and financial status of independent media; and increase the journalists' capacity to provide the public with objective, fact-based, and useful information. USAID will work with independent print and electronic media, the latter including private regional TV and radio stations. The technical assistance will include a wide range of expert services: journalism and management training, legal defense, on-site business consultations, and free-of-charge service provision (e.g., photo archive, Internet access, specialized software development and transfer, etc.). The principal contractor/grantee is the International Research and Exchanges Board (IREX).

Increased legal defense capacity (\$350,000 FSA). USAID plans to extend the current program promoting human rights and the rule of law by continuing to train local lawyers, activists, the free trade unions, NGOs and the citizenry to advocate for greater respect by Belarusian authorities. Continued support will be provided to the network of Legal Advice Centers. The principal contractor/grantee is the American Bar Association Central European and Eurasian Law Institute (ABA/CEELI).

FY 2004 Program:

Increased effectiveness of democratically-oriented CSOs (\$2,780,000 FSA). USAID expects to expand the community improvement initiative program to ten new, competitively-selected locations and to provide follow-on awards to communities who previously successfully implemented prior initiatives. The CSO training and grant program will match the activities in targeted communities. The principal contractor/grantees are Counterpart International and the Eurasia Foundation (prime).

Elevated responsiveness of political parties to public needs (\$1,250,000 FSA). USAID technical assistance priorities may be related to the Parliamentary election: campaign planning and management; public and media relations, door-to-door activities, etc. The civic election observation network is expected to be operational and able to conduct public awareness campaigns on electoral rights and democratic electoral practices and watchdog and observation functions during elections. The principal contractor grantees are IRI and NDI.

Support to independent media (\$700,000 FSA). USAID will continue focusing on the financial viability of the independent media, introducing alternative distribution systems to counter the government's discriminatory distribution price structure. Media professionalism and legal expertise will remain a high priority as the government continues to suppress the media with libel suites and other forms of harassment. The FY 2003 activities will be continued in FY 2004. The principal contractor grantee is IREX.

Increased legal defense capacity (\$350,000 FSA). The program will continue to focus on enhancing the ability of lawyer and non-legal Belarusians to demand that the government respect the rights of individual citizens. FY 2003 activities will continue in FY 2004. The principal contractor grantee is ABA/CEELI.

Performance and Results: Civil society organizations were provided with training to improve their expertise in protecting their constituency's rights. As a result, about 40% of the training recipients employed these techniques in their work. Based on the successes of USAID's 2002 NGO Sustainability Development Project, eight rural clubs throughout all the regions of Belarus were established. These clubs provided community members with access to information, technical instruction, and a forum to discuss issues of local importance.

USAID political process strengthening program in Belarus has developed into an intensive, in-country, broad-coverage program with the main focus on the organizational capacity of pro-democracy forces. Some positive trends in party development can be attributed to USAID assistance: at least one party used the new skills to develop its national platform and several parties, including their regional branches, developed campaign plans for the local 2003 elections.

The USAID media development program increased business viability of the media and the quantity and quality of objective information. Under the distance learning initiative that began in 2002, approximately 30 well-researched articles are generated per month. Technical assistance provided to the regional independent TV stations resulted in the production of more than a hundred documentaries that were presented at the First National Regional TV Festival Focus 2002. These documentaries also were presented numerous times on all of the independent stations. As a result of business planning seminars and on-site consultations, six newspapers drew up business plans. These plans represent a first and important step toward their business viability. Market research gave the major newspapers tools to approach advertisers, and several local newspapers raised their advertising revenues. By the end of the program, a nightly news bulletin will be established using the network of regional TV stations, to provide a balanced alternative to the state-controlled media.

US Financing in Thousands of Dollars

Belarus

113-0210 Citizen Participation in Democratic Practices	ESF	FSA
Through September 30, 2001		
Obligations	165	22,558
Expenditures	65	14,589
Unliquidated	100	7,969
Fiscal Year 2002		
Obligations	0	3,422
Expenditures	78	9,694
Through September 30, 2002		
Obligations	165	25,980
Expenditures	143	24,283
Unliquidated	22	1,697
Prior Year Unobligated Funds		
Obligations	0	2,527
Planned Fiscal Year 2003 NOA		
Obligations	0	3,900
Total Planned Fiscal Year 2003		
Obligations	0	6,427
Proposed Fiscal Year 2004 NOA		
Obligations	0	5,080
Future Obligations	0	0
Est. Total Cost	165	37,487

Georgia

The Development Challenge: Despite a period of limited development progress following the political and social turbulence of the 1990s, Georgia continues to be plagued by a centralized, executive-dominated authority, rampant corruption, and unresolved territorial conflicts, which obstruct attempts to improve the country's overall development. A weak government unable or unwilling to implement laws and regulations throughout the country inhibits the ability of the state to govern and undermines serious political reform efforts. The arbitrary application of taxes and a large shadow economy hamper economic development by depriving the government of much-needed tax revenue. Economic conditions are deteriorating with 51.1% of the population below the poverty line and 23.6% unemployment. Georgians are also faced with a decline in the quality of basic social services such as health and education. The energy sector is paralyzed by improper diversions of cash and electricity, inefficiency, non-payment for about 80% of the energy consumed, and heavy dependence on external sources of energy. Georgia's internal security is strained. The situation is highlighted by the unresolved territorial conflicts with Abkhazia and South Ossetia that displaced 250,000 persons. Strained relations with Russia regarding the Chechen segment of the border and the existence of Russian military bases in Georgia continue to fuel insecurities.

The annual growth rate rose to 4.5% in 2001, and slightly declined to 4.2% in 2002. Fiscal performance remains one of Georgia's most intractable problems, with tax revenues remaining amongst the lowest in the region. The country's foreign debt is large (about 51% of GDP) owing to the weakness of fiscal performance and to high trade and current account deficits. The overall investment climate (both domestic and foreign) is impaired by pervasive corruption, Georgia's poor fiscal situation, and uneven application of laws.

Georgia's development as a stable, democratic country, increasingly integrated into the global economy, remains a key U.S. national interest at this crossroads linking Russia, Iran and Turkey. The U.S. government finances programs that support stable and secure regional partners, economic growth, democracy-building, and counterterrorism.

The USAID Program: The Program Data Sheets that follow cover five strategic objectives for which USAID is requesting FY 2003 and FY 2004 funds. These five objectives concentrate on: energy sector reform; economic growth (agriculture, banking and financial sector reforms, and private sector development); democracy and governance (improving electoral processes, promoting efficient and responsive local governance, civil society, legal reforms, independent media); humanitarian assistance, community development and health; and human resources development. FY 2003 funds will be used to implement the current programs in agriculture, micro-finance, banking sector reforms, improving the tax administration, energy sector reforms, strengthening electoral processes, improving local government management, rule of law, community development, health and humanitarian relief and human resources development. Most of these programs have cross-sectoral support. USAID also will use FY 2003 funds to start three new activities in energy security, agricultural business development, and micro-finance to consolidate major gains accomplished by previous activities. In addition, USAID intends to use FY 2003 funds to start other new activities that have been identified for inclusion in the new Strategic Plan (FY 2004-2008). Increased programmatic emphasis will be put on anti-corruption activities, support for upcoming Parliamentary and Presidential elections in 2003 and 2005, respectively, and community development in potential conflict areas.

Other Program Elements: A regional Caucasus farmer-to-farmer program funded through P.L. 480 proceeds operates in Georgia. The program provides short-term technical assistance to farmers on problems relating to production, appropriate processing technology, and business planning and management.

Other Donors: Major donors in Georgia are the World Bank, the IMF, the United States, the Government of Germany, UNDP, the European Bank for Reconstruction and Development (EBRD), and the European Union (EU). Donor coordination has been satisfactory in poverty reduction, economic growth, free-and-

fair elections, banking sector reform, energy security, and health care reform. The Mission is working to improve donor coordination in land reform, tax policy, agriculture, and disaster assistance. The World Bank supports projects in energy (including electricity and oil transportation), municipal infrastructure, and institution building. These programs complement several elements of USAID's programs. Similarly, EBRD programs in banking, small and medium sized enterprises, micro-finance, and in the energy sector complement USAID activities in these areas. The EU activities support institutional, legal, and administrative reform, food security, health care, border guards, and transport infrastructure. UNDP programs complement the USAID programs supporting poverty reduction, democracy, and capacity-building of government institutions.

**Georgia
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	95,361	89,807	87,000	75,000
PL 480 Title II	9,205	0	0	0
Total Program Funds	104,566	89,807	87,000	75,000

STRATEGIC OBJECTIVE SUMMARY

114-0130 Increased Economic Growth				
FSA	14,353	14,700	14,700	14,000
114-0150 Energy and Environment				
FSA	21,650	13,498	8,850	9,000
114-0220 Rule of Law				
FSA	870	3,208	4,025	4,500
114-0230 Good Local Governance				
FSA	3,866	7,805	5,375	6,000
114-0310 Reduced Human Suffering				
FSA	7,572	11,908	10,250	10,500
114-0420 Cross-Cutting Programs				
FSA	4,770	3,878	8,650	6,700
TRANSFER				
FSA	42,280	35,014	35,150	24,300

Mission Director,
Michael Farbman

Data Sheet

USAID Mission:	Georgia
Program Title:	Increased Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	114-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$14,700,000 FSA
Prior Year Unobligated:	\$4,244,000 FSA
Proposed FY 2004 Obligation:	\$14,000,000 FSA
Year of Initial Obligation:	1993
Estimated Completion Date:	2004

Summary: USAID's broad, multi-year economic growth program includes demand-driven policy reform, comprehensive banking sector reform, credit provision, land reform, improved fiscal policy and administration, agricultural reform and assistance to agribusiness. While direct beneficiaries are private enterprises, all Georgians stand to gain from a growing and commercially sustainable private sector. USAID-funded activities in Georgia focus on three intermediate results: Improved Policy and Operating Environment; Increased Access to Credit; and Increased Market-oriented Production.

Inputs, Outputs, Activities:

FY 2003 Program:

Demand-driven policy reform, increased access to finance through institutional strengthening and competitiveness (\$2,800,000 FSA). This new five year activity will begin in FY 2003. Support to the demand side of policy reform will be accomplished by working with business associations to develop a national business agenda and its implementation through public/private partnership. The private sector's access to credit will be strengthened through the development of a wholesale lending facility, a better understanding of financial sector constraints through analytical studies, and establishment of a collateral registry and credit information bureau. A competitiveness component will identify key industrial clusters, and will support efforts to remove constraints to their development. Training will be provided for enterprises to improve their competitiveness. Principal contractors and grantees are to be determined.

Restructuring and policy assistance for the Ministry of Agriculture and Food (\$300,000 FSA). A long-term U.S. advisor and a small team of Georgian professionals provide restructuring and policy advice. Restructuring support to the Ministry of Agriculture and Food (MAF) includes: training in conducting risk assessments; reorganization of the Ministry's operating units; strengthening of the Ministry's audit capacity; adopting international standards for exports of agricultural products; training for national-level Ministry staff; and developing a policy analysis capacity. The downsizing and reorganization of the ministry along with a plan to provide a living wage for the remaining employees serve as the basis for future activities. A self-sustaining agricultural policy analysis unit established with USAID support will be turned over to the MAF in FY 2003. The principal contractor is Development Alternatives, Inc (prime).

Land reform (\$1,500,000 FSA). USAID has been supporting registration of ownership rights in agricultural and commercial land parcels, as well as the registration of ownership changes arising out of secondary transactions (e.g., mortgages, re-sales). USAID assistance uses Georgian institutions and expertise to survey land parcels and provide information and assistance to local registrars in carrying out agricultural land and other real estate registrations. An important facet contributing to the institutionalization and sustainability of these state procedures is the reinforcement of an effective advocate organization (the Association for the Protection of Landowners Rights) for protection of property owners' rights. The principal grantee is Terra Institute (prime).

Micro-credit and rural credit (\$2,500,000 FSA)

USAID has been supporting farmers' and agribusinesses' access to credit through the development of six regional credit associations. FY 2003 is the last year of this program. A new five year activity will begin in late FY 2003 to provide technical assistance and grant funding in support of micro and small enterprise finance in both urban and rural markets. Principal contractors and grantees are: ACDI/VOCA (prime) and others to be determined.

Banking supervision (\$1,630,000 FSA). The banking infrastructure support program will continue to assist the National Bank of Georgia to develop prudential regulations, on-site and off-site inspection systems, and analytical tools to appraise problem banks and assist in improving their management. Additionally, the program will ensure that both banking laws and central bank regulations are improved and implemented, and internationally accepted accounting policies are disseminated to commercial banks. The principal contractor is Bankworld, Inc. (prime).

Agribusiness development (\$5,000,000 FSA). Agribusiness development will be addressed through a multi-phased activity, Support Added Value Enterprises in Agriculture (SAVE), which identifies markets for Georgian value-added products and then works through the marketing chain, identifying and mitigating critical constraints to enable the production, processing, and sale of the specific product. Phase one of this project has identified potential markets for several products in EU countries and in Russia. Based on the outputs of Phase 1, this activity will be expanded (Phase 2) during FY 2003 to help agribusinesses develop processing and marketing plans and enter into export contracts. The principal contractor is ACDI/VOCA (prime).

Program Development and Support (\$970,000 FSA). USAID will utilize these funds to support program-funded management staff and other costs related to program design, development, and evaluation.

FY 2004 Program:

Demand-driven policy reform, increased access to finance through institutional strengthening and competitiveness (\$4,000,000 FSA). Priorities for implementing the national business agenda identified by the private sector are expected to begin emerging early in FY 2004. Technical assistance is expected to increase to address identified needs related to policy, financial infrastructure, and competitiveness.

Land reform (\$1,000,000 FSA). Selected aspects of the land privatization program are expected to continue in FY 2004, through a new follow-on activity that is under consideration.

Microfinance and rural credit (\$2,000,000 FSA). This follow-on activity, built upon the momentum of the previously funded micro-finance program, provides technical assistance and grant funding in support of micro and small enterprise finance operations in both urban and rural markets. This activity will focus on long-term sustainability (both operational and financial) of the microfinance institutions, including their ability to attract additional funds and enter into service relationships with commercial banks.

Agribusiness development (\$6,000,000 FSA). Support Added Value Enterprises in agriculture (SAVE) will continue developing distribution channels and potential markets for selected products in FY 2004 under the second phase of the program.

Program Development and Support (\$1,000,000 FSA). USAID will utilize these funds to support program-funded management staff and other costs related to program design, development, and evaluation.

Performance and Results: USAID's economic growth efforts achieved results in three main areas in FY 2002: 1) the policy and operating environment improved with better administrative capacity and a strengthened State Tax Department's ability to collect taxes, while the Ministry of Agriculture and Food adopted sanitary and food safety standards consistent with World Trade Organization requirements; 2) USAID-supported microfinance institutions achieved a high degree of operational sustainability and provided over 60,000 loans to micro and small enterprises, while banking supervision at the National Bank of Georgia was strengthened; and 3) a new activity, SAVE, was launched to promote Georgian agriculture exports through the identification and mitigation of processing and marketing constraints. As a

result of this program, target commodities for assistance and assessment of market opportunities for export to EU and Eurasian countries were identified.

By improving the policy and operating environment, increasing access to credit, and removing constraints to the development of market-oriented production, these programs will accelerate the development and growth of private enterprises in Georgia. It is planned that by the end of the current USAID strategy period, Georgia will have over 80,000 operating private enterprises, up from fewer than 56,000 in 1999.

US Financing in Thousands of Dollars

Georgia

	ESF	FSA
114-0130 Increased Economic Growth		
Through September 30, 2001		
Obligations	3,888	53,827
Expenditures	3,888	43,286
Unliquidated	0	10,541
Fiscal Year 2002		
Obligations	0	12,605
Expenditures	0	10,618
Through September 30, 2002		
Obligations	3,888	66,432
Expenditures	3,888	53,904
Unliquidated	0	12,528
Prior Year Unobligated Funds		
Obligations	0	4,244
Planned Fiscal Year 2003 NOA		
Obligations	0	14,700
Total Planned Fiscal Year 2003		
Obligations	0	18,944
Proposed Fiscal Year 2004 NOA		
Obligations	0	14,000
Future Obligations	0	0
Est. Total Cost	3,888	99,376

Data Sheet

USAID Mission:	Georgia
Program Title:	Energy and Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	114-0150
Status:	Continuing
Proposed FY 2003 Obligation:	\$8,850,000 FSA
Prior Year Unobligated:	\$5,932,000 FSA
Proposed FY 2004 Obligation:	\$9,000,000 FSA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: The purpose of this strategic objective is to support a more economically sustainable energy sector. USAID's emphasis is two-fold: 1) to create a climate that will attract private sector participation and ownership, with subsequent improvements in the management of resources and provision of services; and 2) to improve energy sector efficiency in economic terms, with subsequent increases in capital and operating resources. The current state of Georgia's energy sector infrastructure borders on failure; internally-generated revenues and private investments need to increase before real improvements in services will be provided to customers. Beneficiaries of this objective are the approximately 1.3 million residential household and commercial consumers of electricity, and potentially an equal number of natural gas customers.

Inputs, Outputs, Activities:

FY 2003 Program:

Energy restructuring and privatization (\$6,600,000 FSA). The Government of Georgia (GOG) recently prepared a national energy strategy designed to improve the supply and distribution of energy resources throughout Georgia. Key elements of this strategy include improving the financial state of the sector, ensuring energy independence, assistance to socially vulnerable groups, increased energy efficiency, and modernization and rehabilitation of the electric power sector. To assist the government in implanting this GOG strategy, USAID will fund an Energy Sector Initiative (ESI) in FY 2003. This initiative will provide technical assistance for implementing this strategy, leading to Georgia's energy security and energy independence.

The level of funding for this activity will be based upon the GoG meeting specific conditions. These include conditions precedent to first disbursement as well as meeting other targets to be accomplished over the life of the program. Most of the conditions will be related to implementing the GOG national energy strategy. Emphasis will be placed on the implementation of critical policies related to: sector debt management; improved collections from electricity market customers; rationalizing state budget management; honoring payments for energy supplied by external sources; and planning for the utilization of national energy resources. Other critical conditions will be identified during the implementation phase. The redesigned Georgia Winter Heat Assistance Program currently funded by USAID will be a component of this program. Principal contractors and grantees are to be determined.

Environmental policy, legislation and regulation (\$500,000 FSA). Training and operational guidance for the oversight and monitoring of environmental compliance related to exploration, development, and transportation of oil and gas resources will be provided primarily to the State Agency for the Regulation of Oil and Gas Resources (SAROGR). Other agencies of the GoG (Ministry of Fuel and Energy and the Georgian National Energy Regulatory Commission) also will be provided training to a limited extent. The proposed training will increase Georgia's capacity to effectively protect the environment and natural resources while developing indigenous sources of energy. The principal contractor is PA Government Services, Inc. (prime).

Management of natural resources and biodiversity (\$1,500,000 FSA). Sixty percent of the Georgian population lives at or below the poverty line. Individual choices of energy sources are influenced both by family financial situations and on the reliability of the supply of energy. During the winter months electricity and gas supply is especially sporadic and uncertain. Commercial customers also are faced with critical decisions relating to energy choice based on the reliability of energy sources. The environmental impact of energy sources is now a national concern, specifically the use of firewood with high potential for forest destruction and air quality. The proposed program will identify and implement measures that will lead to rational utilization of energy sources by Georgians. The principal contractor is Development Alternatives, Inc. (prime).

Program development and support (\$250,000 FSA). USAID will utilize these funds for supporting program-funded management staff and other costs related to program design and development.

FY 2004 Program:

Energy restructuring and privatization (\$6,000,000 FSA). Incremental funding to support the program initiated in FY 2003.

Environmental policy, legislation and regulation (\$1,000,000 FSA). Incremental funding to support the program initiated in FY 2003.

Management of natural resources and biodiversity (\$1,650,000 FSA). Incremental funding to support the program initiated in FY 2003.

Program development and support (\$350,000 FSA). USAID will utilize these funds for supporting program-funded management staff and other costs related to program design and development.

Performance and Results: Performance of the SO did not meet expectations over the past year. Throughout FY 2002, the energy sector in Georgia continued to be plagued by extremely low revenue collection and poor cash-flow management. USAID's efforts to address the poor financial discipline were focused on the start-up of operations of the management contracts for the wholesale electricity market and the transmission and dispatch organizations. There were minimal efforts by the GOG to privatize energy sector assets in the past year. Until revenues are collected from customers, little interest exists in the private sector for purchasing the assets. Efforts to privatize the Tbilisi gas distribution company (Tbilgazi) failed for a number of commercial reasons, however the high commercial losses (about 60%) and total collections estimated to be as low as 20% are cited as the fundamental causes for the breakdown in negotiations. The Government of Georgia continues to move ahead in the approval process for transit oil and gas pipelines from the Caspian Sea to Western markets. Following the USAID assistance for the baseline environmental evaluation of the proposed oil pipeline route, several advanced discussions have taken place concerning specific sections of the route through the Borjomi and Tsalkha regions of Georgia. Both regions are considered environmentally sensitive and have received international attention on the environmental impact of the proposed pipeline route. USAID assistance continues to provide guidance to the Ministry of Environment on the requirements to respond and comment on the Environmental and Social Impact Assessment prepared by the BTC (the pipeline Consortium) in June 2002.

US Financing in Thousands of Dollars

Georgia

114-0150 Energy and Environment	FSA
Through September 30, 2001	
Obligations	38,905
Expenditures	30,482
Unliquidated	8,423
Fiscal Year 2002	
Obligations	26,595
Expenditures	17,738
Through September 30, 2002	
Obligations	65,500
Expenditures	48,220
Unliquidated	17,280
Prior Year Unobligated Funds	
Obligations	5,932
Planned Fiscal Year 2003 NOA	
Obligations	8,850
Total Planned Fiscal Year 2003	
Obligations	14,782
Proposed Fiscal Year 2004 NOA	
Obligations	9,000
Future Obligations	0
Est. Total Cost	89,282

Data Sheet

USAID Mission:	Georgia
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	114-0220
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,025,000 FSA
Prior Year Unobligated:	\$323,000 FSA
Proposed FY 2004 Obligation:	\$4,500,000 FSA
Year of Initial Obligation:	1993
Estimated Completion Date:	2004

Summary: USAID's Rule of Law (ROL) program supports efforts to assist Georgia to lay a sound legal foundation on which to build a stable market economy and democratic governance. USAID programs encourage local empowerment through public awareness of legal rights and supporting legal access mechanisms enabling pursuit of these rights, and increasing the capacity of legal institutions to implement and enforce better laws and regulations.

Inputs, Outputs, Activities:

FY 2003 Program:

Rule of law (\$3,725,000 FSA). USAID will continue its support to empower citizens through public awareness of their legal rights, and will support legal access mechanisms to enable them to pursue these rights. Assistance also will continue to increase the capacity of legal institutions to enact and implement better laws and regulations in a predictable and transparent manner. Clear legal boundaries on the exercise of government power need to be established to enhance accountability and reduce opportunities for corruption and self-dealing. Citizen awareness and action to challenge government actions will provide the key monitoring and enforcement mechanisms to maintain these boundaries. Assistance for supporting independent judiciary and enhancing legal professionalism will continue. Principal contractors and grantees are: the American Bar Association's Central European and Eurasian Law Initiative (ABA/CEELI) (prime), IRIS Center at the University of Maryland (prime), the Georgian Young Lawyers Association (sub), Liberty Institute (sub), Internews, Center for International Legal Cooperation (sub), AMEX International (sub), Court Management Associates (sub), Abt Associates (sub), and Nathan Associates (sub).

Program development and support (\$300,000 FSA). USAID will utilize these funds for supporting program-funded management staff and other costs related to program design and development.

FY 2004 Program:

Rule of law (\$ 4,200,000 FSA). The Rule of Law program is expected to be refined to respond to the new strategic directions and will build on the experiences of the current program.

Program development and support (\$300,000 FSA). USAID will utilize these funds for supporting program-funded management staff and other costs related to program design and development.

Performance and Results: The adoption of the General Administrative Code and the Administrative Procedure Code, which went into force in January 2000, represented extraordinary advances for Georgia, breaking new legal ground for Eurasian states. Initial USAID assistance focused on the provisions dealing with freedom of information and the transparency of public agency meetings. Interested citizens and informed courts have used the codes, helping to bring about a noticeable impact in their implementation. A reformed judiciary has decided cases and given meaning to the Administrative Codes' progressive provisions. For example, government agencies have been compelled to disclose information they sought to withhold, and disputes between citizens and agencies have been resolved pursuant to the

new procedures. In FY 2002, "Know Your Rights" public service announcements were launched on all major TV channels addressing issues such as bribery, equality under the law, court decisions, and religious rights.

Licensing is a quintessential administrative law function of the government, and one of the most susceptible to abuse and corruption in the absence of transparent procedures and standards. In FY 2002, with the support of USAID and other donors, a new reform Licensing Law was enacted and harmonized with the provisions of the Administrative Code. Implementation of this new law provides opportunities to improve the administrative process for individual citizens and private enterprises. In addition to supporting administrative rights, USAID provides significant resources to support human rights through legal clinics and legal service organizations. In FY 2002, the legal aid centers have been expanded into Georgia's regions to cover larger groups of indigent citizens. The number of cases and legal consultations has increased substantially. There is a growing need for public defense and increasing willingness of the population to access legal remedies to solve disputes.

Progress on judicial reform continues. In FY 2002 the Council of Justice held one judicial qualification examination. After passing the examination, the seven judicial candidates participated in a competition for vacant positions and underwent a vetting process. The implementation of a merit-based system for selecting judges represents a major achievement for judicial independence. The Judges of Georgia, a private judges' association established with USAID support, continues to grow and has extended its services to judges in the regions. Judicial reform progress, however, could be hindered if the GOG does not provide the judges adequate salary.

In spite of several years of stiff opposition from Soviet-era legal associations, Parliament, with support from legal advocacy organizations and private attorneys, enacted a Law on Advocates. This progressive law mandates the qualification examinations and the introduction of a Code of Ethics for advocates. Prior to the examinations, the Collegium of Advocates (the former Soviet lawyers' union) initiated retrograde amendments to the law. These amendments are still pending in Parliament, thus stalling the entire process of introducing qualification exams and establishing a national bar association.

US Financing in Thousands of Dollars

Georgia

114-0220 Rule of Law	FSA
Through September 30, 2001	
Obligations	6,394
Expenditures	5,312
Unliquidated	1,082
Fiscal Year 2002	
Obligations	3,130
Expenditures	327
Through September 30, 2002	
Obligations	9,524
Expenditures	5,639
Unliquidated	3,885
Prior Year Unobligated Funds	
Obligations	323
Planned Fiscal Year 2003 NOA	
Obligations	4,025
Total Planned Fiscal Year 2003	
Obligations	4,348
Proposed Fiscal Year 2004 NOA	
Obligations	4,500
Future Obligations	0
Est. Total Cost	18,372

Data Sheet

USAID Mission:	Georgia
Program Title:	Good Local Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	114-0230
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,375,000 FSA
Prior Year Unobligated:	\$2,051,000 FSA
Proposed FY 2004 Obligation:	\$6,000,000 FSA
Year of Initial Obligation:	1999
Estimated Completion Date:	2004

Summary: USAID activities under this objective emphasize local and political decision-making in the regions outside of Tbilisi, responding to citizens' needs and priorities for services, and laying the foundation for the parliamentary elections in 2003 and Presidential elections in 2005. Activities are categorized into three main topic areas: 1) more efficient and responsive local governance; 2) civil society strengthening and media development; and 3) political processes.

Inputs, Outputs, Activities:

FY 2003 Program:

Local governance reform (\$1,000,000 FSA). USAID's technical assistance in local governance will continue to focus on both local government officials and the stakeholders in the communities they serve. Intensive reforms in pilot cities will continue to emphasize working simultaneously with both the "supply side" (local government services) and "demand side" (citizen needs). USAID aims to help Georgians achieve both an active citizenry and an accountable local government system. Utilizing a system of direct funding support through USAID's implementing partners coupled with cities matching the direct funding with donated labor, materials, and funds, USAID will continue to provide technical assistance for 35 local councils to carry out community services with citizen input and participation. Additional assistance will provide support in the development and submission of additional draft legislation for consideration in the Georgian Parliament in the areas of budget and finance, property transfer from the central government to the local level, and fiscal decentralization. The principal contractor is the Urban Institute (prime).

Civil society and media development (\$2,300,000 FSA). USAID launched a new "Citizens Advocate!" program in August 2002 that will help leading Georgian NGOs establish a firm constituency base, achieve financial sustainability, develop more effective lobbying techniques for citizen interests, and actively address legislative concerns governing the NGO sector. As a result of USAID technical assistance, at least 40 NGOs formed coalitions, targeting citizen concerns through issue-based advocacy campaigns. In the area of media development, USAID launched a new program, "Media Innovations," that seeks to improve journalistic skills, foster management skills that allow media outlets to emerge as profit-seeking businesses, and improve and strengthen the legal and regulatory framework to provide a safeguard for free speech and access to public information. Principal grantees are: Save the Children (prime), IREX (prime), and the Horizonti Foundation (prime).

Political process (\$1,800,000 FSA). In FY 2003, USAID will increase its emphasis on election processes to better enable a peaceful transition of power and help strengthen democratic reformers' ability to effectively compete in the 2003 parliamentary elections, a prelude to the 2005 presidential elections. Through the use of direct technical assistance, USAID will continue to provide non-partisan aid to reform-minded political parties and parliamentary factions in their efforts to form coalitions around reformist agenda items, such as enforcement of the rule of law, safeguarding freedom of the press, the right of NGOs to operate free of government interference, and opposition to human rights violations and religious oppression. USAID also will provide assistance to political parties to encourage youth and women's participation in Georgia's political process. USAID's election assistance in FY 2003 will include direct

technical assistance to the government of Georgia in administering the election and voting process, and will support training to election poll workers, domestic monitoring efforts, voter education, "Get Out the Vote" campaigns, and the development of a computerized voter registration system (conditioned on other international donor organizations sharing the cost). Principal grantees are: the National Democratic Institute (prime) and International Republican Institute (prime).

Program Development and Support (\$275,000 FSA). USAID will utilize these funds for supporting program-funded staff and for other costs related to program design and development.

FY 2004 Program:

Political processes (\$1,450,000 FSA). USAID will continue efforts in election processes with an emphasis on preparing for the early spring 2005 Georgian presidential elections. Additional support will be given to a newly-elected parliament with the aim of assisting in its reorganization as a transparent and open institution that fosters confidence among citizens.

Civil Society and Media Development (\$2,450,000 FSA)

USAID will continue to support civil society and media development programs that were launched in FY 2003.

Local Governance Reform (\$1,700,000 FSA)

USAID is in the process of assessing the impact of the current program and developing a follow-up program that will complement continuing local government reform efforts.

Program Development and Support (\$400,000 FSA)

USAID will utilize these funds for supporting program-funded staff and for other costs related to program design and development in the new Strategic Plan (FY 2004 - FY 2008).

Performance and Results: Through its implementing partners, USAID provided technical assistance to support Georgia's first direct election of mayors in the June 2002 local elections. Although the election was largely deemed chaotic, it nonetheless reflected the will of the people in virtually all cities throughout Georgia. The election represented several steps forward in Georgia toward meeting the goals of a more diverse multi-party democracy that responds to constituent concerns; improved election legislation that helps prevent mass fraud; and increased voter interest in the election process. Official and unofficial accounts of turnout estimated that nearly 60% of voters came to the polls - far higher than the prior estimates of 45%. Increased voter commitment to these elections reflected the public's understanding that they had a real stake in these elections. A new local governance law transferred significant responsibilities to city councils, local governments that are legitimately elected and respond to citizens' needs, and NGOs that can better articulate and lobby for local concerns. All these forces combined to increase voter interest in the elections. Political party and civic outreach targeted at increasing youth and women participation in the election process also produced solid results: five young independent candidates were elected to city councils - their first foray into the political scene; a "Rock the Vote" campaign targeting youth contributed to a 10 percent increase in young people's voting throughout the country, boosting youth turnout by nearly 30 percent in targeted cities; and a Women in Politics campaign also achieved notable success with 26 female candidates in seven cities (nearly 40% of those trained) winning elected office.

US Financing in Thousands of Dollars

Georgia

114-0230 Good Local Governance	FSA
Through September 30, 2001	
Obligations	20,856
Expenditures	9,932
Unliquidated	10,924
Fiscal Year 2002	
Obligations	6,082
Expenditures	11,846
Through September 30, 2002	
Obligations	26,938
Expenditures	21,778
Unliquidated	5,160
Prior Year Unobligated Funds	
Obligations	2,051
Planned Fiscal Year 2003 NOA	
Obligations	5,375
Total Planned Fiscal Year 2003	
Obligations	7,426
Proposed Fiscal Year 2004 NOA	
Obligations	6,000
Future Obligations	0
Est. Total Cost	40,364

Data Sheet

USAID Mission:	Georgia
Program Title:	Reduced Human Suffering
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	114-0310
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,250,000 FSA
Prior Year Unobligated:	\$5,761,000 FSA
Proposed FY 2004 Obligation:	\$10,500,000 FSA
Year of Initial Obligation:	1993
Estimated Completion Date:	2004

Summary: The key elements of USAID's program aimed at reducing human suffering in targeted communities include the following activities: community mobilization, public works and job creation, conflict management, emergency relief and disaster response, partnerships between Georgian and U.S. health care institutions, primary health care, infectious disease program (tuberculosis, sexually transmitted infections/HIV, immunization support, and health management information system strengthening), and women's health-care initiatives.

Inputs, Outputs, Activities:

FY 2003 Program:

Community mobilization (\$5,300,000 FSA). USAID will continue to support community mobilization activities aimed to empower communities by increasing their involvement in decisions and actions that affect their own development. These activities will demand great involvement of community members in the decision-making and implementation processes of community projects, and will create not only a sense of ownership for community projects but also foster self-sufficiency and transparency at all levels. Typical activities chosen by communities are predominantly infrastructure, irrigation, and/or school rehabilitation projects. While service provisions to alleviate human suffering are a near-term objective of this activity, the long-term objective is to mobilize and empower communities to be able to solve their own problems. In FY 2003, USAID will initiate 425 community projects and will develop the Community Action Groups' capacity to be catalysts for service provision, and agents of social change within and outside their communities. Regional clusters will be formed to facilitate cross-community activities. Principal grantees are: Mercy Corps (prime) and CARE (prime).

Conflict management (\$300,000 FSA). Youth-centered activities will continue to concentrate on providing services to youth affected by conflict and on facilitating meetings and joint activities between ethnic groups in conflict. The principal grantee is United Methodist Committee on Relief (prime).

Emergency relief and disaster response (\$400,000 FSA). The current food program for vulnerable pensioners will continue. Possible responses to emergencies will be reviewed on a case-by-case basis. The principal grantee is the Salvation Army (prime).

Infectious disease (\$1,900,000 FSA). Health activities will continue to focus primarily on prevention of infectious diseases aimed at strengthening the Georgian national immunization program. Since 1995, USAID has been the primary donor for national immunization programs in Georgia, resulting in overall child immunization levels of 85.7 percent in FY 2002. The STI/HIV prevention project will focus on behavioral change and outreach activities targeted at high-risk groups in Tbilisi and Batumi; strengthen the quality, accessibility, and utilization of STI/HIV prevention services; and enhance the capacity of local organizations engaged in STI/HIV activities. The number of anticipated high-risk individuals reached throughout this project is 12,000, and approximately 6,000 will be reached during the first year of implementation which began in FY 2003. In collaboration with the Ministry of Health and several international donors, USAID launched a new infectious disease program on TB prevention and treatment

aimed at sustained reduction in TB morbidity in Georgia. Principal grantees are: the United Nations Children's Fund (UNICEF) (prime), Save the Children (prime), and others to be determined by competition.

Health partnerships and primary health care (\$1,500,000 FSA). Primary care will continue to be supported through the expansion of existing health partnerships into rural areas, and implementation of a new pilot activity in the impoverished Tsalka Region (an area with a significant Greek minority), enabling rural populations to have access to quality primary health care. The project will support rehabilitation of the six PHC facilities that service about 25,000 people in the area. The pilot activity will serve as a model for nationwide replication. Health partnerships in health management education and health-care capacity-building will support a new World Bank-funded hospital project in Tbilisi. Principal grantees are: the American International Health Alliance (prime) and International Relief and Development (prime).

Program Development and Support (\$850,000 FSA). USAID will utilize these funds for supporting program-funded staff and other costs related to program design and development.

FY 2004 Program:

Community development (\$6,000,000 FSA). The focus of the activities will be on increasing the social and economic well being of targeted communities by expanding community development and small scale public works programs.

Health sector programs (\$4,000,000 FSA). Funds will support health care activities at the national and regional levels. A new strategy is being developed that will shape specific new activities to be implemented in FY 2004.

Program Development and Support (\$500,000 FSA). USAID will utilize these funds for supporting program-funded staff and other costs related to program design and development.

Performance and Results: Community action and other locally-mobilized community groups completed nearly 300 community-led projects in FY 2002, in comparison with approximately 200 in FY 2001. The number of completed projects represents a significant success for the activity since the activity is initiated in communities where 1) the community members have little experience in addressing their common problems; 2) locally-elected government officials have unclear mandates; and 3) limited or no resources are available. The activity empowers the communities and creates enthusiasm for a new way of working. Eleven of the 13 communities that completed three community sub-projects went on to start a fourth project entirely relying on community funds. Conflict management concerns were addressed by expanding programs into regions populated by national minorities (ethnic Armenians and Azeris) as well as into the Georgian villages surrounding the tense Pankisi Gorge. Anecdotal information from implementers indicates that communities engaged in these projects express less interest in separatism and greater appreciation for United States support for Georgia and their region. Youth programs focused on increasing contact and cooperation between several thousand youth (both Abkhaz and ethnic Georgian youth) affected by the conflict in Abkhazia. Participants report greater understanding and appreciation for non-violent methods of conflict resolution, as well as greater respect for other ethnic groups. As a result of USAID activities in FY 2002, 60,000 households living in drought-affected areas in Western Georgia benefited from a rapid response to the emergency in the form of agricultural inputs. Vocational training (1,000 individuals were trained) and rural micro loans (614 loans were disbursed) helped families in targeted regions increase their incomes and attain greater self-reliance.

Over the past year, USAID health activities concentrated on infectious disease control and prevention, the retraining of physicians and nurses, and reproductive health/family planning. Ten thousand patients (predominantly women and children) were served in USAID-funded health centers, the first rural primary health care center, and the Women's Wellness Center that specializes in women's reproductive health needs. Over 350 health-care professionals were trained in prevention and control, contributing to better infection control and lower treatment cost. A blood bank continued to expand operations, receiving 3,126 voluntary blood donations.

A recent evaluation revealed that as the result of the Care for Each Other reproductive health campaign, the percentage of married women aware of the USAID program in Tbilisi who had undergone an abortion in the past 3 years declined from 45% in 2000 to 28% in 2002. The First National Perinatal Clinical Guidance supported and developed by the Safe Motherhood Initiative project was adopted by the Ministry of Health. Since 1995, USAID has been the primary donor for UNICEF immunization programs in Georgia, resulting in overall child immunization levels of 85.7 percent in FY 2002.

US Financing in Thousands of Dollars

Georgia

	DA	ESF	FSA
114-0310 Reduced Human Suffering			
Through September 30, 2001			
Obligations	402	400	132,332
Expenditures	402	400	115,244
Unliquidated	0	0	17,088
Fiscal Year 2002			
Obligations	0	0	9,384
Expenditures	0	0	12,675
Through September 30, 2002			
Obligations	402	400	141,716
Expenditures	402	400	127,919
Unliquidated	0	0	13,797
Prior Year Unobligated Funds			
Obligations	0	0	5,761
Planned Fiscal Year 2003 NOA			
Obligations	0	0	10,250
Total Planned Fiscal Year 2003			
Obligations	0	0	16,011
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	10,500
Future Obligations	0	0	0
Est. Total Cost	402	400	168,227

Data Sheet

USAID Mission:	Georgia
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	114-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$8,650,000 FSA
Prior Year Unobligated:	\$504,000 FSA
Proposed FY 2004 Obligation:	\$6,700,000 FSA
Year of Initial Obligation:	1992
Estimated Completion Date:	2004

Summary: Cross-cutting programs under this objective support the needs and complement the implementation of the five strategic objectives. Activities under this objective include: training (*short-term and academic*), post-training support, institutional human resource assessment and analysis, small grant-making to indigenous NGOs, regional cooperation among the three Caucasus countries, public information and outreach, and program development and support.

Inputs, Outputs, Activities:

FY 2003 Program:

Participant training (\$3,200,000 FSA). The participant training program supports all five strategic objectives and is intended to improve the performance of Georgians in their professional or work settings. In FY 2003, USAID will design and implement the CY 2003 Training Plan that is responsive to Mission SOs and meets the most critical skill-building needs of participants. USAID will identify critical skill and knowledge deficiencies or performance gaps of the Georgian partner organizations to be addressed through training and to contribute to their improved performance. USAID also will ensure that training is applied in participant workplaces and is effectively utilized as demonstrated by documenting changes in the workplace environment and by encouraging alumni from USAID participant training programs to share experiences and provide positive reinforcement to one another. USAID will work on capacity-development of local training providers through proposal writing and management workshops. The principal contractor is World Learning, Inc. (prime).

Eurasia Foundation (EF) small grants program (\$2,000,000 FSA). In order to increase access to capital for small-and medium-size enterprises, USAID will fund seven small grants to local organizations to facilitate access to credit by providing credit management training to SME entrepreneurs. The willingness of banks to increase the size of their loan portfolios has not led to higher availability of credit for SMEs. Commercial lending is hampered by the high credit risk that many potential SME borrowers represent to bank. One critical reason that SMEs are high-risk borrowers is their lack of experience in managing bank loans. EF plans to address these deficiencies by supporting credit management training to small- and medium-size entrepreneurs. In addition to training, USAID also will promote business education by soliciting institutional development projects from Georgia's two leading business schools.

Activities implemented by EF are promoting more effective and accountable local governance by providing access to accurate information relevant to public policymakers and their constituents through municipal information centers. In FY 2003, EF will support establishment of six new municipal information centers and will enhance the capacity of existing centers.

To improve public participation in decision-making processes at the local level, EF will support 12 Parent Teacher Associations and other school-related NGOs. This grant program will facilitate public participation and will increase transparency in the management of educational resources through the support of new civic groups.

The South Caucasus Cooperation Program (SCCP), implemented by the Eurasia Foundation, continues to build bonds among professional associations and NGOs in the three Caucasus countries. In FY 2003, USAID will support adoption and implementation of internationally-recognized standards; investigation and promotion of regional economic activities that enable access to global markets; and confidence-building measures addressing regional concerns specific to the South Caucasus (e.g., regional seismic projects, environmental issues, water rights). The principal grantee is Eurasia Foundation (prime).

Public education and outreach (\$1,500,000 FSA). This program will develop and implement activities designed to increase awareness and understanding of the general population, the press, and public officials, about the benefits of economic and democratic reforms that USAID programs support. As a result of the public education activities, representatives of the government in Tbilisi and the regions, and the public, will have a better understanding of how these programs contribute to the economic and social growth of an independent Georgia.

Program development and support (\$1,950,000 FSA). USAID will utilize these funds for supporting program funded staff and other costs related to program design and development.

FY 2004 Program:

Participant training (\$2,500,000 FSA). Participant training program will support training across the program areas.

Eurasia Foundation small grants program (\$1,500,000 FSA). FY 2004 resources requested will continue to support activities initiated in FY 2002. In public education and outreach, USAID envisions supporting a program that will focus on selected regions outside Tbilisi, where knowledge of and support for reforms is limited.

Public education and outreach (\$1,500,000 FSA). This program will continue to advance the public understanding and awareness of major economic and democratic reforms undertaken by the GoG with the assistance of USAID implementers.

Program development and support (\$1,200,000 FSA). USAID will utilize these funds for supporting program-funded staff and other costs related to program design, development and evaluation.

Performance and Results: In FY 2002, USAID initiated a new activity, Strategic Technical Assistance for Results with Training (START). In addition to providing single training events, the new START program includes two new and vital elements: 1) institutional analysis, and 2) alumni support. In FY 2002, the new training program conducted a needs assessment of the four energy regulatory agencies USAID helped to set up and support. A total of 143 participants were trained in the areas of humanitarian assistance, social transition, economic growth, democracy and governance, and energy and environment. Action plans were developed that demonstrate participants' commitment to implementing new ideas and sharing knowledge. The capacity of certain local training providers also was strengthened. Women accounted for 25% of trainees.

In FY 2002, the Eurasia Foundation, which manages small grants and regional cooperation programs, awarded 48 grants to Georgian NGOs through open and targeted competitions. The Eurasia Foundation Small Grants Program supported the establishment of a School of Investigative Journalism (60 Minutes Union of Journalists); creation of the information service for a regional radio network (Georgia Radio Network); development of new training courses for freight forwarders (awarding internationally-recognized certificates to members of the Freight Forwarders Association of Georgia); and created an information exchange supporting local development.

In FY 2002, SCCP awarded \$1,022,750 in grants to regional professional associations and NGOs in areas with the greatest potential for region-wide development. Examples of the grants include research conducted on regional agricultural trade, transportation, and telecommunications to generate public policy recommendations; an initiative on regulation of trans-boundary water resources; regional exchange of photojournalists' photographs; support to "Perekrestok", the only news program broadcast in the three

South Caucasus capitals; and development of a training course for the region's accountant and banking professionals.

US Financing in Thousands of Dollars

Georgia

	ESF	FSA
114-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	229	19,330
Expenditures	229	14,793
Unliquidated	0	4,537
Fiscal Year 2002		
Obligations	0	5,285
Expenditures	0	6,313
Through September 30, 2002		
Obligations	229	24,615
Expenditures	229	21,106
Unliquidated	0	3,509
Prior Year Unobligated Funds		
Obligations	0	504
Planned Fiscal Year 2003 NOA		
Obligations	0	8,650
Total Planned Fiscal Year 2003		
Obligations	0	9,154
Proposed Fiscal Year 2004 NOA		
Obligations	0	6,700
Future Obligations	0	0
Est. Total Cost	229	40,469

Kazakhstan

The Development Challenge: Despite substantial reform in eleven years of independence, Kazakhstan's authoritarianism and corruption, wasteful services and energy practices, and disdain for civic action and an independent media are still evident. Continued government attempts to control and stifle independent media and political groups indicate a reluctance to embrace basic civil liberties. The environment for independent media and opposition parties worsened over the past year, as the Government of Kazakhstan (GOK) introduced more restrictive laws on political parties and broadcast media. According to Freedom House, Kazakhstan remains "not free," and Transparency International reports that this corrupt country has grown even more corrupt in the past year. Recent political shifts led to the removal of some key reformers from the government and imprisonment of some opposition leaders. These arrests and restrictive new laws on registering political parties have significantly reduced political openness that emerged in late 2001, which appeared to signal an increase in public debate on issues such as corruption, media, electoral reform and decentralization.

At the same time, Kazakhstan has made significant economic progress since independence, well surpassing many other former Soviet countries in macro-economic reform. With a per capita GDP of close to \$1,400, 12% GDP growth in 2001, solid fiscal management, privatization of state-owned enterprises, and growing pension funds and bond and mortgage markets, Kazakhstan is the wealthiest of the Central Asian republics. Avoiding adverse macro-economic consequences from concentration on the oil sector is a major economic policy concern, but there are signs that the GOK has embarked on an industrial policy designed to diversify the economy away from overdependence on oil by developing Kazakhstan's light industry and small business sector. The 2001 opening of the Caspian Consortium pipeline, from western Kazakhstan's Tengiz oilfield to the Black Sea, substantially raised Kazakhstan's export capacity. Kazakhstan correspondingly increased its sales of oil on international (non-Commonwealth of Independent States) markets, where prices are much higher, contributing to strong economic performance in 2001-2002. However, the economy remains dominated by oligarchic interests, and income and social disparities are large and growing, with nearly 30% of the population living below the poverty line. The official unemployment rate is near 10%, but the real figure may be as high as 30%. HIV/AIDS in particular is rising dramatically among high-risk groups, including drug users. Over 5% of the intravenous drug-using population is infected, indicating a concentrated HIV epidemic. Kazakhstan's infant mortality rate in 2002 is estimated to be 58.95 deaths per every 1,000 live births. Tuberculosis mortality rates dropped 12.4% in the last reporting period, and inoculations against Hepatitis B have brought its incidence to zero among young children. By comparison, the incidence of these diseases beyond childhood is still well above international norms.

Due to its tremendous oil and gas resources, size, and strategic location, Kazakhstan continues to be a key U.S. partner. The United States' National Energy Plan specifically identifies Kazakhstan's Kashagan field as, potentially, one of the most important petroleum reservoirs to begin development in the last thirty years. Kazakhstan's leading economic and political position in the region gives it an important role in the ongoing war on terrorism.

The USAID Program: To meet these challenges, USAID assistance to Kazakhstan will expand opportunities for citizens to participate in civil society and the market economy and move toward stronger protection of human rights. The Program Data Sheets provided below cover the five objectives for which USAID is requesting funds for Kazakhstan: small enterprise and trade, primary health care, democratic culture and institutions, management of energy and water resources, and cross-cutting programs, including conflict prevention. Through its participant training program, USAID annually trains about 1,500 Kazakhstani citizens in business and finance skills, democratic reform, and primary health care. USAID supports both policy reform and legal development on the national level, while focusing its programs on selected localities and sub-regions, to ensure demonstrable results in such a vast country.

FY 2003 funds will be used to implement the program planned and described in the FY 2003 Congressional Budget Justification. Important cross-cutting objectives are conflict mitigation (through media, education, and community development), youth and education, gender, and anti-corruption and

rule of law. Recognizing longer-term objectives, the cross-cutting nature of decentralization and the need to streamline management, in FY 2003, USAID's local government activities will be combined with the broader democratic objective. Local government initiatives continue as a means of strengthening democratic culture, social services, and small enterprise, rather than as an end in itself. USAID's fiscal reform objective will be combined with the broader objective for improved environment for small and medium enterprise development. Fiscal and tax reform activities will be integrated into this objective.

SUPPLEMENTAL AND PERFORMANCE FUNDS: Armed with an increased overall budget due to supplemental and performance funds, USAID quickly expanded and initiated activities in democracy promotion, economic reform, and conflict mitigation. Supplemental funds allowed USAID to deepen its support of democratic activists in Kazakhstan's politically repressive environment. In particular, USAID expanded political party training to include a full-time in-country trainer and increased resources to bolster our civic advocacy and education efforts. Supplemental funds also reinforced a newly-focused and expanded judicial and legal reform program. The next phase of USAID's local government assistance, which focuses on creating a constituency for decentralization, also benefited from additional supplemental resources. Supplemental funding enabled USAID to focus on reducing the threat of extremism and ethnic- or resource-based conflicts in Central Asia; the Community Action Investment Project (CAIP) is the centerpiece of this conflict mitigation initiative. CAIP activities are focused on southern Kazakhstan near the Uzbekistan border to help communities identify and solve basic community problems and to address local conflicts before they become dangerous. USAID used FY 2002 performance funds to expand the small and medium enterprise (SME) program through the newly formed U.S.-Kazakhstan Business Development Partnership (also known as the Houston Initiative). In particular, USAID initiated a cooperative agreement with the European Bank for Reconstruction and Development (EBRD) to increase access to capital through a local bank lending program, and also supported the start-up of the Small Enterprise Assistance Fund's efforts to provide additional capital through equity, debt, and leasing. A small portion of performance funds also contributed to USAID's economics and business education program to continue training professors in modern economics and business practices.

Other Program Elements: In addition, USAID supports institutional partnerships that build lasting relationships in energy, health, and governance between the U.S. and Kazakhstan. USAID uses several centrally-managed programs, including the agreement with the Centers for Disease Control, Monitoring and Evaluation to Assess and Use Results (MEASURE)/Evaluation, and the Ecolinks environmental partnership program. The Farmer-to-Farmer Program complements other USAID agricultural enterprise activities in Kazakhstan. The Eurasia Foundation has an active small grants program in small business, local government, and civil society. The Departments of Commerce, Defense, Energy, Agriculture, and State also manage programs complementary to USAID field activities in various sectors.

Other Donors: The EBRD, European Union - Technical Assistance for the Commonwealth of Independent States (EU-TACIS), the Asian Development Bank (ADB), and the World Bank (WB) are active in Kazakhstan. They provide resources to promote and support the development of SMEs; build public infrastructures; and modernize Kazakhstan's tax and treasury systems. The Soros Foundation/Open Society Institute (Soros/OSI), German government, United Nations Development Program (UNDP) and Israeli government complement the multi-lateral programs in SME development. UNDP, Soros/OSI, EU-TACIS, and the Organization for Security and Cooperation in Europe support initiatives in democracy and governance. The Government of Kazakhstan has cancelled the World Bank Health Loan. Without these funds, future activities of Britain's Department for International Development (DFID) in family medicine training are in question. The UN agencies - UNAIDS, United Nations Children's Fund (UNICEF), and the World Health Organization - have important health programs and are collaborating actively with (and are funded by) USAID. The ADB is becoming more involved in the health sector, including a major regional project on iodine deficiency and anemia. The WB, Swiss government, ADB, and the Canadian International Development Agency support activities to improve natural resources management.

**Kazakhstan
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	200	0	0	0
FREEDOM Support Act	48,596	45,815	43,000	32,000
Supplemental - FSA/NIS	0	1,500	0	0
Total Program Funds	48,796	47,315	43,000	32,000

STRATEGIC OBJECTIVE SUMMARY

115-0120 Tax and Budget Policy				
FSA	2,400	1,455	0	0
115-0131 Small and Medium Sized Enterprise Program				
FSA	12,000	11,695	13,680	11,415
115-0161 Energy and Water				
FSA	2,700	2,700	2,450	2,421
115-0211 Strengthened Democratic Culture				
FSA	3,900	6,000	5,750	4,713
115-0230 More Effective and Accountable Local Governance				
FSA	1,800	0	0	0
115-0240 Conflict Prevention				
FSA	0	0	0	519
115-0320 Health and Population				
CSH	200	0	0	0
FSA	6,200	6,000	6,500	5,707
115-0420 Cross-Cutting Programs				
FSA	3,067	3,491	3,970	2,705
TRANSFER				
FSA	16,529	15,974	10,650	4,520

SO 115-0211 includes \$1,000 of FY 2002 Supplemental - FSA/NIS.

TRANSFER includes \$500 of FY 2002 Supplemental - FSA/NIS.

Mission Director,
George Deikun

Data Sheet

USAID Mission:	Kazakhstan
Program Title:	Small and Medium Sized Enterprise Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	115-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$13,680,000 FSA
Prior Year Unobligated:	\$1,070,000 FSA
Proposed FY 2004 Obligation:	\$11,415,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: USAID's program to improve the environment for the growth of small and medium sized enterprises (SMEs) in Kazakhstan has three main components: 1) training present and future entrepreneurs in modern business skills and making business information more available; 2) providing more access to capital by enhancing lender knowledge, strengthening financial institutions, and creating alternative sources of capital; and 3) advocating for and training in more transparent, systematic implementation of laws and regulations. While progress has been very positive, there are concerns about corruption, agricultural land reform, corporate governance, customs and other impediments to regional trade. Our program will seek discrete targets of opportunity to address these issues in the context of ongoing programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Business skills and information (\$5,434,900 FSA). USAID's EdNet program, with added resources from FY02 performance funds, will give college students greater access to information and opportunities to succeed in the free market by providing teaching materials, training, research opportunities, and scholarships. USAID will also provide targeted business skills and training courses to entrepreneurs and business managers. Accounting reform, business consulting, advocacy group development, and strengthening professional associations will continue. A Regional Trade Promotion (RTP) activity will help to increase both regional trade and international trade among SMEs. Training for SMEs seeking ISO (International Operating Standards) certification will be provided through the USAID-sponsored Quality Management Center. USAID's principal partners include: Pragma Corporation (prime), Carana Corporation (prime), and Junior Achievement International (sub).

Access to capital (\$5,665,000 FSA). USAID will cooperate with the Government of Kazakhstan (GOK), the National Bank, and the private sector to continue to strengthen the financial sector, including the development of a mortgage industry, an insurance industry, a credit bureau, and a credit rating agency. Support for operation costs at the Agency for Mortgage Insurance and the credit bureau will be dependent upon our receipt of FY 2003 performance funds. Using FY 2002 performance funds, financial support to the Small Enterprise Assistance Fund (SEAF) will increase opportunities for local firms to obtain financing through equity, debt, and leasing. Those performance funds will also support training to loan officers at European Bank for Reconstruction and Development (EBRD) partner banks to facilitate greater lending. USAID's principal partners include: BearingPoint (prime), Pragma Corporation (prime), SEAF (prime), and EBRD (prime).

Implementation of laws and regulations (\$2,580,100 FSA). Legal experts will identify and help remove legal and regulatory barriers to SME development at both the national level and within five oblasts through work with SMEs, business associations, and government officials on the implementation of administrative and procedural reforms. Technical assistance to the State Customs Committee will modernize the customs regime to facilitate trade and investment. In addition, customs officials will be trained in safe search techniques, risk profiling, ethics, and anti-corruption. USAID will provide technical

assistance, primarily through its work on modernizing Kazakhstan's quality standards and certification regime, to help Kazakhstan qualify for admission to the World Trade Organization (WTO). Depending upon availability of funds we will assist the government to rationalize proposed land laws. USAID's principal partners include: Pragma Corporation (prime) and the MBA Enterprise Corps/Citizens Democracy Corps (sub).

FY 2004 Program:

Business skills and information (\$5,022,600 FSA). USAID will deliver technical assistance and training to entrepreneurs seeking to strengthen their business skills and practices, and assistance in business association development will foster greater advocacy for reform. Training, teaching materials, research opportunities, and scholarships will be made available to Kazakhstani universities and students. If funds permit, and based on further assessments, technical assistance would support the development of a regulatory framework needed to promote internet communications technology.

Access to capital (\$4,223,550 FSA). Technical assistance to the National Bank will continue to help develop a mortgage industry, an insurance industry, a credit bureau, and a credit rating agency. Through technical assistance and some financial support, including some FY 2002 performance funds, entrepreneurs will gain access to alternative sources of capital, including microfinance, equity, debt, and leasing. In FY 2004, USAID will continue to support training to loan officers at EBRD partner banks.

Implementation of laws and regulations (\$2,168,850 FSA). Through technical assistance and training on trade and customs issues, USAID will continue to help streamline the legal and regulatory environment to reduce the burden on business and to attract greater investment. If funds permit, and based on further assessments, USAID may provide assistance to the GOK in public sector accounting that will foster greater transparency and accountability in public finance, help develop a land market that supports private sector growth, and provide fiscal reform assistance in budget development and execution, fiscal analysis, and tax policy.

Performance and Results: FY 2002 performance funds allowed USAID to react quickly to expand its program in key areas through support for the newly formed U.S. - Kazakhstan Business Development Partnership. USAID trained over 2,500 businesspeople in all Kazakhstan oblasts, upgrading their skills in marketing, management, managerial accounting, and other business fields. Our work in accounting reform was key to facilitating Kazakhstan's adoption of national standards of accounting that are in compliance with International Accounting Standards (IAS). USAID partners also helped establish the Kazakhstan Franchise Association and supported the development of a new Franchising Law. In the financial sector, support to the National Bank led to the consolidation of four financial regulators, establishment of the Kazakhstan Mortgage Company, and additional improvements to the legal framework for mortgage insurance and a credit bureau. The pension system accumulations increased from \$1 billion to \$1.5 billion, corporate bond issuance grew from \$392 million to \$555 million and the value of mortgages grew from \$15 million to \$40 million. The Kazakhstan Community Loan Fund disbursed over \$1.2 million to micro-enterprises, and for the first time farmers were able to secure loans using grain receipts. Based on the overall strong progress this year, the Mission does not anticipate any significant changes to the strategic objective's current activities. Nonetheless, planned assessments of some program activities will be used to inform design and management decisions to ensure continued strong results and impact. We would also like to reassess our performance indicators to determine their effectiveness in measuring USAID's progress under this expanded program.

US Financing in Thousands of Dollars

Kazakhstan

115-0131 Small and Medium Sized Enterprise Program	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	13,274
Expenditures	2,756
Through September 30, 2002	
Obligations	13,274
Expenditures	2,756
Unliquidated	10,518
Prior Year Unobligated Funds	
Obligations	1,070
Planned Fiscal Year 2003 NOA	
Obligations	13,680
Total Planned Fiscal Year 2003	
Obligations	14,750
Proposed Fiscal Year 2004 NOA	
Obligations	11,415
Future Obligations	0
Est. Total Cost	39,439

Data Sheet

USAID Mission:	Kazakhstan
Program Title:	Energy and Water
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	115-0161
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,450,000 FSA
Prior Year Unobligated:	\$1,453,000 FSA
Proposed FY 2004 Obligation:	\$2,421,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: Improvements in Kazakhstan in the management of its natural resources have exceeded targets. Kazakhstan, the largest of the Central Asian republics, has abundant natural resources, including huge oil and natural gas reserves. The economic development of the country is directly tied to its ability to manage the efficient use of these resources, and USAID programs are directed at assisting Kazakhstan in this vital sector, as well as in improving policies related to energy and the management of water resources. The improved management and sound development of Kazakhstan's energy resources are important to U.S. strategic and commercial interests, especially in light of Kazakhstan's emergence as a significant energy producer in the near future. U.S. commercial interests would like to participate further in the development of oil and gas fields, and would like to see new delivery routes for these energy supplies. Economic growth and the maintenance of amicable relationships among the nations of Central Asia also depend on the equitable sharing of water resources.

Inputs, Outputs, Activities:

FY 2003 Program:

Water (\$250,000). Water activities will be focused on completing ongoing activities related to communications networks, upgrading data collection and monitoring systems for forecasting water needs, and associated training. Collaborative relationships with other donors will be emphasized and pursued to expand the automated water management system to other monitoring sites. USAID will also assist in a renewal of the current five-year Transboundary Water Agreement between Kazakhstan, Kyrgyzstan, and Uzbekistan, which is due to expire this year. PA Consulting Group is the chief implementer of the Natural Resources Management Project for both the water and energy activities.

Energy (\$2,200,000). USAID's energy program will continue to focus on management methods that demonstrate simple, inexpensive, and easily replicated technology and/or practices for better overall efficiency. Equipment upgrades, robust training, and public awareness activities will accompany demonstrations. Heating demonstration models in two apartment buildings, with approximately 100 beneficiaries, will focus on heating efficiency to provide more on-site control of heat requirements at reduced costs. Astana, the country's capital, will be the focus site for demonstrating the models. Oil field clean up models will be expanded in Atyrau, the major oil producing area. Projects raise public awareness of efficiency issues and increase public participation in energy and water decision-making. USAID will also continue efforts to simplify government procedures, rules, and regulations related to the energy sector, and will continue on-going efforts with the Kazakhstan Electricity Association to develop rational tariff policies and to advocate the heating efficiency concepts exposed through the demonstration models to both the public at large and the government. We will also continue to assist the government to establish a centralized system for oil and gas data collection to increase transparency, improve regulatory practices, and to identify laws and regulations that require revision.

FY 2004 Program:

Water (\$485,000). Water activities related to communications and monitoring systems for forecasting water needs will continue through FY 2004. Systems will be strengthened through continued training.

We will examine how we can best assist with implementation of the new transboundary water agreement. Farm level water management is planned to be a focus of training assistance.

Energy (\$1,936,000). Energy programs will continue to focus on models, referred to above, that demonstrate simple, inexpensive and easily replicated technology and/or practices. All demonstrations will be accompanied by robust training and public awareness activities. Assistance will also be directed at continued policy review and reform, and the implementation of rules and procedures that encourage investment or limit opportunities for corruption. We will continue to work with the government to further refine and improve the oil and gas data information system.

Performance and Results: Five demonstration projects to illustrate improved practices for oil field cleanup and heating efficiency were completed. Projects have increased public awareness and discussions with government representatives have begun on policy issues to further the expansion and adoption of these new technologies. For example in Atyrau, local residents who participated in heating efficiency projects are involved in monitoring heat and hot water use and have lobbied both the government regulator and local government for consumption-based rates for themselves and others. A previous USAID-funded study conducted for the GOK on domestic petroleum products was widely circulated, and we continue to see its recommendations reflected in new legislation and regulation that bring about greater government accountability and transparency. As a step toward this accountability and transparency, USAID is helping the Government develop a new electronic database of oil revenue and other statistics that will be accessible to the public. Energy reforms are on a positive track in Kazakhstan, and USAID assistance is essential to expand the benefits of energy efficiency, reduced costs and a more active government-public interaction with respect to energy demand and consumption. In its ongoing effort to provide future oil and gas sector leaders exposure to new technologies and international practices and standards, USAID established student chapters of various professional petroleum associations at the Kazakh National Technical University, along with a student resource center, complete with internet connectivity and a small reference library. With the encouragement of USAID, TengizChevroil chose to support a similar student chapter at the Atyrau Oil and Gas Institute.

FY 2002 water activities focused on the communications and information chain that leads to better forecasting with regard to water flow requirement. These include improved collection, analysis, and exchange of data critical to water resource management, improved weather forecasting capability, and the ability to better predict annual runoff and river stream flows.

By the completion date of the activity, water managers will have the necessary tools and training to make well-informed decisions on allocations and overall management of the resource. Future regional water and energy agreements will be based more on objective data and standards, thereby mitigating their potential for conflict among Central Asian countries. The energy sector will have proven models for increasing heating efficiency at lower costs, and for cleaning up abandoned oil sites.

US Financing in Thousands of Dollars

Kazakhstan

115-0161 Energy and Water	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	1,847
Expenditures	1,601
Through September 30, 2002	
Obligations	1,847
Expenditures	1,601
Unliquidated	246
Prior Year Unobligated Funds	
Obligations	1,453
Planned Fiscal Year 2003 NOA	
Obligations	2,450
Total Planned Fiscal Year 2003	
Obligations	3,903
Proposed Fiscal Year 2004 NOA	
Obligations	2,421
Future Obligations	0
Est. Total Cost	8,171

Data Sheet

USAID Mission:	Kazakhstan
Program Title:	Strengthened Democratic Culture
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	115-0211
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,750,000 FSA
Prior Year Unobligated:	\$784,000 FSA
Proposed FY 2004 Obligation:	\$4,713,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's Democracy Program in Kazakhstan strengthens democratic culture among citizens and target institutions by: 1) creating stronger, more sustainable civic organizations; 2) increasing availability of information on civic rights and public issues; 3) enhancing opportunities for citizen participation in governance; and 4) helping public institutions become more effective, responsive, and accountable. In an increasingly repressive environment, USAID quickly obligated supplemental funds to broaden its support of democratic activists, including additional support to political parties, human rights organizations, and civic activists. Prior year unobligated funds include \$370,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Political process and institutions (\$1,700,000 FSA). USAID will strengthen the canvassing and organizing skills of political parties, movements, and independent candidates. USAID's Local Government Initiative will strengthen think tanks, professional organizations, locally-elected councils, and others who advocate for decentralization. The judicial reform program will train judges on civil and criminal issues as well as disseminate judicial decisions. USAID will step up support to Kazakhstan's fledgling human rights organizations in order to bring more public understanding and awareness of abuses. USAID's legal reform program focuses on legal education and ethics. Principal implementing partners are: the American Bar Association's Central and East European Law Institute (ABA/CEELI) (prime), Urban Institute (prime), NDI (prime), and others to be determined through competition.

Civil society (\$2,001,000 FSA). USAID will continue support to two NGO partners to conduct up to four national advocacy campaigns. USAID will support seven civil society support centers (CSSCs), that provide training, technical support, information, networking, and professional services to non-governmental organizations (NGOs). Grants will be made to support grassroots community development, national advocacy, and institutional development. Training on advocacy and strategic planning will be provided to activists and NGOs. Principal implementing partners are: Counterpart (prime), the International Center for Not-for-Profit Law (ICNL) (sub), NDI (prime), and others to be determined through competition.

Media and information (\$2,049,000 FSA). USAID will support training for 18 non-governmental television stations to improve quality, build financial stability, and editorial independence. A production fund will enable independent stations and production houses to produce local programming in the Kazakh language to fully comply with Kazakhstani law. A legal advisor will consult with media outlets to ensure that they are in compliance with the law. A print media advisor will continue to upgrade the quality of reporting. To combat trafficking in women, USAID will provide legal and policy advice to the Government and support 16 anti-trafficking hotlines and a nationwide awareness campaign. USAID will support reform of teaching methods to promote tolerance and democratic ideals from kindergarten through secondary school, roll out its civic education program for secondary schools, and support extracurricular activities.

Principal implementing partners are: Internews (prime), the International Center for Journalists (sub), Soros Foundation (prime), and others to be determined through competition.

FY 2004 Program:

Political process and institutions (\$1,461,030 FSA). USAID will continue to support political parties and movements that are committed to democracy. If elections are held in FY 2004, USAID's program will strengthen the capacity of political parties and citizens to participate in the process. USAID may expand its technical assistance and training to more local governments depending on commitment to greater decentralization at the national level. Judicial training may be expanded outside of Almaty and assistance to improve court administration may be provided. Protection of human rights will remain an important activity.

Civil society (\$1,366,770 FSA). Greater emphasis may be placed on strengthening the network of CSSCs, increasing local support, and membership and decreasing dependence on international organizations. Civic advocacy work will continue.

Media and Information (\$1,885,200 FSA). USAID will continue its media support program to increase the quality of information available to the public. Anti-trafficking will remain a key component of USAID's Information Initiative. Youth will continue to be targeted through civic and democratic education programs as well as complementary activities for students.

Performance and Results: Despite a challenging environment, USAID successfully supported programs and met targets. USAID quickly obligated supplemental funds to deepen support of democratic activists, including additional support to political parties and civic activists. Supplemental funds reinforced a newly focused and expanded judicial and legal reform program and the next phase of USAID's local government assistance. USAID conducted introductory, multi-party training workshops that focused on organizational, strategic, and message development as a lead-up to an expanded political party program. USAID's training and technical assistance helped to raise the professionalism and financial independence of media outlets. RIKATV, a provincial independent station and a recipient of USAID assistance, was recognized as best among all regional stations in the country. USAID assisted the National Association of Television and Radio Broadcasters with fundraising and development. Students are more aware of political and social issues and more active in solving social issues. To increase the availability of information, 23,980 students participated in USAID's civic education courses (exceeding our target by 20,000); 733 students participated in extra-curricular activities such as student local government days and democracy summer camps; and 350 schools used the USAID-funded civics textbook for 10th and 11th graders. Over 81,000 students participated in programs designed to develop more democratic teaching methods and increase parent involvement and student activism. USAID conducted a university-level anti-corruption course, which increased student awareness of corruption. Sixteen anti-trafficking hotlines and a widespread information campaign increased awareness about the ploys used by phony overseas companies to attract people into forced prostitution overseas. USAID supported the Youth Information Service of Kazakhstan (YISK) in its efforts against a Soviet-style draft law on youth. Opposition and pro-government faction deputies received YISK representatives very favorably, despite the government's public support for the draft law. Deputies invited YISK to participate in the parliamentary working committee to amend the law, assuring citizens a voice within the process. USAID supported the Republican Network of Independent Monitors (RNIM) to carry out a civic advocacy campaign on housing reform. RNIM gathered over 42,000 signatures in support of changes to the housing law. Housing managers and tenants have signed 279 "democratic contracts." By program's end, there will be stronger, more sustainable civic organizations, increased availability of information on civic rights and domestic public issues such as human rights and corruption, enhanced opportunities for citizen participation in governance, and more effective, responsive, and accountable public institutions.

US Financing in Thousands of Dollars

Kazakhstan

115-0211 Strengthened Democratic Culture	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	5,900
Expenditures	1,619
Through September 30, 2002	
Obligations	5,900
Expenditures	1,619
Unliquidated	4,281
Prior Year Unobligated Funds**	
Obligations	784
Planned Fiscal Year 2003 NOA	
Obligations	5,750
Total Planned Fiscal Year 2003	
Obligations	6,534
Proposed Fiscal Year 2004 NOA	
Obligations	4,713
Future Obligations	0
Est. Total Cost	17,147

*Fiscal Year 2002 includes \$630,000 of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$370,000 of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Kazakhstan
Program Title:	Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	115-0240
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$519,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: Conflict prevention strengthens vulnerable communities and eases local tensions through public dialogue and improvement of small-scale social and physical infrastructure. USAID addresses both the root and immediate causes of potential conflict through its conflict prevention objective. Since many conflicts in Central Asia have arisen at the community (rather than international) level and our ability to change structural factors at the national level is limited, our conflict prevention strategy focuses on giving citizens opportunities to participate in decisions that affect their communities, improve living standards, and provide skills and experience that will diminish the potential for conflict. Community action programs, targeted where risks of communal or religious conflicts are greatest, are designed to increase citizen participation in community decision-making and local government, and contribute to mitigating sources of conflict by promoting economic recovery and inter-ethnic cooperation. Conflict prevention activities began in FY 2002 under the Mission's cross cutting program. As the conflict program will become a separate strategic objective in FY 2004, it is being notified separately for FY 2004 funding.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict Prevention (\$0 FSA): As FY 2003 will be the transition year for the establishment of a separate strategic objective for conflict prevention, funding for the FY 2003 program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting programs. The principal partner in Kazakhstan is ACDI/VOCA.

FY 2004 Program:

Conflict Prevention (\$519,000 FSA): In the 15 initial communities, and the communities added during the FY 2003 expansion in the South, Almaty and Zhambul oblasts of southern Kazakhstan, USAID will continue to work closely with other partners to fold in issues of unemployment (especially among urban youth), human rights, and cultural awareness into community development activities.

Performance and Results: USAID took advantage of regional supplemental funding to expand conflict prevention activities into southern Kazakhstan. Our interventions now affect approximately 25,000 beneficiaries. After working with a USAID-funded school heating rehabilitation activity, one Kurdish village in Talass Rayon is undertaking major new school renovations on their own. Such behavioral change is the best kind of success and makes this program sustainable. Another community worked closely with the USAID activity to resolve a flooding problem at a local hospital, allowing for an expansion of hospital facilities. Results indicators have been developed to report on infrastructure projects completed, number of beneficiaries, reduced tension, and increased community capacity to identify and solve problems. Data collection will begin in late 2002. By the end of the conflict prevention program in 2005, at least 25,000 people will directly benefit from small-scale, community driven projects. More importantly, the community strengthening component of this activity will build the capacity for communities not only to identify and solve basic community problems, but also to address local conflicts before they become dangerous.

US Financing in Thousands of Dollars

Kazakhstan

115-0240 Conflict Prevention	FSA
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	519
Future Obligations	0
Est. Total Cost	519

Data Sheet

USAID Mission:	Kazakhstan
Program Title:	Health and Population
Pillar:	Global Health
Strategic Objective:	115-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,500,000 FSA
Prior Year Unobligated:	\$1,079,000 FSA
Proposed FY 2004 Obligation:	\$5,707,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's quality primary health care (PHC) objective is creating a higher quality PHC system in select oblasts through retraining of doctors and nurses in family medicine and implementing incentive-based provider payment systems. Health sector NGOs are strengthened to become financially viable and stronger advocates. Post-graduate programs are being developed in public health and health management. Activities to control tuberculosis are being addressed by training doctors and laboratory specialists in accurate diagnosis and treatment, and in establishing modern surveillance methods, including a computerized surveillance system. Efforts in HIV are focused on containing the concentrated HIV epidemic among injecting drug users by increasing NGOs' preventive efforts, marketing condoms, mapping high HIV transmission areas, and introducing a surveillance system to document HIV levels.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase the quality of primary health care (\$2,968,000 FSA). USAID will promote healthy behaviors through family planning and "Keeping Children Healthy" campaigns in four oblasts and health education of PHC clients on sexually transmitted infections (STIs) and HIV/AIDS. More PHC doctors will be trained in family medicine, including hypertensive care, reproductive health (RH), and treatment of children with diarrhea and acute respiratory infection. Quality improvement pilots will be initiated on hypertension, and acute respiratory infection in children. The Red Apple RH Hotline, a free confidential source of accurate reproductive health information, managed by the Kazakhstan Business Women's Association, will be extended to 3 new cities. A safe motherhood pilot will improve care of pregnant women. Technical assistance continues at the national level on introducing co-payments and equalizing health resource allocation across oblasts. Per capita financing will be started in Almaty and payment systems refined and extended in Karaganda Oblast. Systems to register people in PHC will be improved and rolled out. The Kazakhstan School of Public Health will design a nursing administration program and implement a public health doctoral program with Virginia Commonwealth University. The model Family Medicine Ambulatory in Astana will train social workers and add programs on STIs and drug and alcohol addiction. USAID will train health sector NGOs and award them small grants to identify and implement health projects with communities. USAID will start a medical education program and award a new contract to continue PHC work. Principal implementing partners are: Abt Associates (prime), American International Health Alliance (AIHA) (prime), and Counterpart Consortium (prime).

Control TB and other infectious diseases (\$1,682,000 FSA). USAID will continue training of health staff on the Directly Observed Treatment Short-course (DOTS) approach. Pre-service DOTS-related curricula will be developed and tested in a medical school. TB specialists will be trained in laboratory diagnosis and use of an electronic surveillance system. Two prison TB labs will be equipped and staff trained. Two pilot projects will be started to develop models for treatment of multi-drug resistant TB. TB learning centers will be established in seven oblasts and an internet library center will be funded in the Republican TB Institute. A regional two-year Applied Epidemiology program will be established at the School of Public Health. Principle implementing partners are: The Centers for Disease Control and Prevention (CDC) (prime) and Project Hope (prime).

Prevent the spread of HIV/AIDS (\$1,100,000 FSA). CDC will continue to establish HIV sentinel surveillance sites in four locations. Twelve HIV/AIDS NGOs will offer basic medical care, free condoms, and referrals to social workers, STI clinics, HIV testing sites, and legal services. Voluntary counseling and testing programs will be initiated. USAID will start a treatment program for HIV/AIDS patients, including training, monitoring, and management of opportunistic infections. In Almaty and Karaganda, condoms will be marketed to at-risk young adults, school-based education on STIs and HIV/AIDS will be initiated, and outreach work to high risk groups will begin. Principal implementing partners are: CDC (prime), Population Services International (PSI) (prime), Soros Foundation (prime), and the University of North Carolina (prime).

Improve maternal and child health services (\$750,000 FSA). USAID will train health staff to better manage obstetric and pre-natal care and extend training on management of serious childhood illnesses to new regions. Principle implementing partner is: Project Hope (prime).

FY 2004 Program:

Increase the quality of primary health care (\$3,653,500 FSA). USAID will continue health promotion activities, training of PHC staff, small grant support to health sector NGOs and medical education activities. Pilot programs in quality improvement and health care financing will be expanded. AIHA's first five-year cooperative agreement is ending. USAID/W has completed a follow-on agreement and USAID/CAR is currently discussing a new partnership for the country.

Control TB and other infectious diseases (\$1,140,400 FSA). USAID will train family doctors on diagnosis and community treatment of TB patients, train monitoring teams for the oblast level, continue training of specialists in electronic surveillance and laboratory diagnostics, monitor TB lab quality, and extend pilots on MDR TB. USAID will continue funding of the Applied Epidemiology training program.

Prevent the spread of HIV/AIDS (\$463,100 FSA). USAID will continue establishing HIV/AIDS surveillance of high-risk groups, will integrate this program with other infectious disease surveillance activities, and continue to improve laboratory diagnostic quality. USAID will continue funding HIV/AIDS NGOs and work to improve their preventive programs. USAID will expand condom social marketing to new sites of high HIV prevalence.

Improve maternal and child health services (\$450,000 FSA). USAID will continue training physicians and nurses to better manage obstetric and pre-natal care and to manage serious childhood illnesses.

Performance and Results: USAID-initiated reformed PHC practices cover 39% of Kazakhstan's population. People are increasingly relying on PHC practices for outpatient care, with PHC visits comprising 42.5% (40% target) of total outpatient visits. PHC is also better funded, producing 19% of total health expenditures, up from 12% last year. The Red Apple Reproductive Health Hotline was extended to one new city and phone calls seeking information doubled. NGOs worked in communities supporting children whose parents are hospitalized with TB. TB deaths continue to decrease. Of those who started treatment in 2000, 75% were cured using the DOTS approach. Results indicate that TB laboratories' and facilities' average scores on minimum standards checklists exceeded targets at 78% for labs (72% target) and 77.4% for facilities (73% target). A large-scale study of 1,600 injecting drug users and sex workers was completed to better understand the HIV picture in Kazakhstan. Eleven grants were awarded to HIV/AIDS NGOs that work on prevention among high-risk groups. By program's end, systemic reform should improve the quality and expand the availability of primary health care and make resource use more efficient. Kazakhstan's health sector will manage and prevent the spread of infectious disease, improve prenatal care, and reduce child malnutrition.

US Financing in Thousands of Dollars

Kazakhstan

115-0320 Health and Population	ESF	FSA
Through September 30, 2001		
Obligations	997	27,906
Expenditures	997	13,980
Unliquidated	0	13,926
Fiscal Year 2002		
Obligations	0	8,013
Expenditures	0	15,041
Through September 30, 2002		
Obligations	997	35,919
Expenditures	997	29,021
Unliquidated	0	6,898
Prior Year Unobligated Funds		
Obligations	0	1,079
Planned Fiscal Year 2003 NOA		
Obligations	0	6,500
Total Planned Fiscal Year 2003		
Obligations	0	7,579
Proposed Fiscal Year 2004 NOA		
Obligations	0	5,707
Future Obligations	0	0
Est. Total Cost	997	49,205

Data Sheet

USAID Mission:	Kazakhstan
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	115-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,970,000 FSA
Prior Year Unobligated:	\$160,000 FSA
Proposed FY 2004 Obligation:	\$2,705,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: The cross-cutting program supports all of USAID's strategic objectives, and includes four main components: 1) conflict prevention through public dialogue and improvement of small scale social and physical infrastructure; 2) training and exchanges to support USAID's technical assistance programs; 3) Eurasia Foundation sub-grants to strengthen non-government organizations and community groups; and 4) program development support for cross-cutting evaluations, monitoring, designs, studies, technical assistance, and program management assistance. The basic education program is not part of the Kazakhstan program. Regional supplemental funding was critical for an expansion of the conflict prevention activities into southern Kazakhstan, an area with the highest potential for community level conflict. In FY 2004 conflict prevention activities will be managed and funded as a separate program.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$600,000 FSA). Supplemental funding will be used to expand USAID's conflict prevention activities beyond its 15 initial communities in the South, Almaty, and Zhambul Oblasts, and will better equalize efforts between rural and urban settings, especially in Shymkent, Taraz, and Turkestan cities, and the border and transit areas. We will also work more closely with other partners to fold in issues of unemployment (especially among urban youth), human rights, and cultural awareness. Although none of USAID's conflict prevention program activities will, in and of themselves, end conflict or extremism, they will continue to serve as a focal point for the USG's efforts to mitigate potentially violent discord. ACDI-VOCA (prime) is the grantee for this activity.

Participant training (\$1,450,000 FSA). USAID's training activity will complement our technical assistance program in Kazakhstan. More than 1,500 participants will receive training during FY 2003. Training will continue in the U.S. and in third countries, but greater emphasis will be placed on more cost-effective, in-country training programs. Training programs will be targeted at fiscal reform, small/medium enterprise development, democratic reform, local governance, health-care reform, energy and water resources, conflict resolution, and various cross-cutting objectives. The focus of the training program will shift from tracking participants to reporting on results and achievements. Greater attention will be paid to participant selection and program design. Academy for Educational Development (prime) is the contractor for this activity.

Eurasia Foundation (\$750,000 FSA). Eurasia grants help implement USAID's objectives and complement other USAID programs in the economic and democracy sectors. The Regional Independent Media Support Initiative will help create professionally qualified, responsible journalists and financially independent newspapers that are able to withstand political pressure. Small/medium enterprises will be supported through the establishment of "Business Incubators," whether by direct support of the incubators themselves or by contributing to the establishment of an enabling environment for them to exist. The Business Incubation model provides a wholesale approach to assisting enterprises, much the same way that credit lines operate for microcredit. Budget transparency and citizen participation in budgeting are essentially absent; therefore, the new "Budgetary Transparency" Initiative will offer training and small

grants for Kazakhstani organizations that want to uncover and analyze budget items, and involve citizens in the budgeting process. The Eurasia Foundation (prime) is the grantee for this activity.

Program support (\$1,170,000 FSA). Funding will provide for a wide range of support activities. As required, funding will support unanticipated opportunities to advance or reinforce USAID objectives. A major evaluation of the 10-year participant training program will be conducted. A region wide gender-training program will be conducted for USAID staff to increase capacity to incorporate gender issues in programs and activities. Program personnel essential to the implementation of program activities will be supported by this category.

FY 2004 Program:

Participant training (\$1,205,000 FSA). USAID will continue to utilize participant training to complement its on-going technical assistance in the other five strategic objective areas. More than 1,500 participants will be trained through participant training projects in Kazakhstan in FY 2004. As in FY 2003, USAID will place greater emphasis on more cost-effective in-country training programs, in addition to the training that takes place in the United States and third countries.

Eurasia Foundation (\$500,000 FSA). The Eurasia Foundation will continue to provide grants on an open-door basis in all three sectors (private enterprise, civil society, and public administration) to NGOs in Kazakhstan.

Program support (\$1,000,000 FSA). A wide range of program and personnel support activities will continue. It is anticipated that funding will support various assessments in anticipation of a new strategy for 2005.

Performance and Results: With supplemental funds, USAID expanded conflict prevention activities into southern Kazakhstan. Our interventions now affect approximately 25,000 beneficiaries. After working with a USAID funded school heating rehabilitation activity, one Kurdish village in Talass Rayon is undertaking major new school renovations on their own. This sort of behavioral change is the best kind of success and makes this program sustainable. Another community worked closely with the USAID activity to resolve a flooding problem at a local hospital, allowing for an expansion of hospital facilities. More formal results indicators and data sheets have been developed, which report on infrastructure projects completed; number of beneficiaries; reduced tension; and increased community capacity to identify and solve problems. In FY 2002, USAID trained over 1,300 Kazakhstani citizens (approximately 50% of who were women) in the areas of development of microfinance institutions, NGO advocacy, small/medium enterprise support, higher education, environmental NGOs and health-care reform. The overall impact is strong. As an example, after training on public awareness campaigns and social marketing for health educators, the executive director of the Kazakhstan Association of Family Physicians (KAFFP) initiated an advocacy campaign in Kokshetau to successfully prevent the closing of family outpatient clinics. Eurasia grants help implement USAID's objectives and complement other USAID programs in the economic and democracy sectors. Fifty-one grants were made to Kazakhstani NGOs in FY 2002, averaging \$19,650. The grants supported private enterprise development, civil society, public policy, and administration. One grantee, The Youth Information Service of Kazakhstan (YISK), with a grant of \$34,000 began an advocacy campaign to help demand the services and facilities for which they were paying. The campaign also served to create believers that democratic action does work. By the end of the conflict mitigation program in 2005, at least 25,000 people will directly benefit from small-scale, community-driven projects. More importantly, the community strengthening component of this activity will build the capacity for communities to address local conflicts before they become dangerous. Training and grants will provide entrepreneurs and reformers in civil society and health care with the skills and experience they need to make significant, sustainable impacts in their field of work.

US Financing in Thousands of Dollars

Kazakhstan

	ESF	FSA
115-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	279	21,105
Expenditures	279	18,056
Unliquidated	0	3,049
Fiscal Year 2002		
Obligations	0	4,763
Expenditures	0	2,880
Through September 30, 2002		
Obligations	279	25,868
Expenditures	279	20,936
Unliquidated	0	4,932
Prior Year Unobligated Funds		
Obligations	0	160
Planned Fiscal Year 2003 NOA		
Obligations	0	3,970
Total Planned Fiscal Year 2003		
Obligations	0	4,130
Proposed Fiscal Year 2004 NOA		
Obligations	0	2,705
Future Obligations	0	0
Est. Total Cost	279	32,703

Kyrgyzstan

The Development Challenge: Kyrgyzstan has been the most open, progressive, and cooperative of the Central Asian republics even with a tumultuous year in 2002. Kyrgyzstan leads the region in health care reform and in actively addressing new health issues, such as HIV/AIDS, in an open and direct manner. However, government supplied social services, critical to maintaining public support for reform, are still inadequate. Widespread poverty, pervasive corruption, and limited prospects for economic growth will continue to negatively affect all social programs and development. The implementation of a transparent national test for all students seeking a government university scholarship is a bright spot in education reform and the reduction of corrupt practices. Civil society in Kyrgyzstan is more developed than in other Central Asian countries, although the Freedom House rating is likely to drop to "not free" in 2002 from the 2001 rating of "partly free," and the civil liberties rating is likely to decline from 5 to 6 (with 7 representing the lowest degree of freedom). Nevertheless, non-governmental organizations (NGOs), civic organizations, and media are increasingly able to influence government policy and legislation. Parliament is increasingly active and responsive and provides a check on government control. Positive signs of macro-economic stabilization continue with tax collections increasing by 12.8% for the period January-August 2002. Inflation dropped from 8% in 2001 to 2% for the period January-September 2002. The latest GOK figures indicate a decline in poverty from 52% to 47.6% in 2001. However, industrial output fell by 13% and GDP declined by 2.6% in 2002 due to an accident in July 2002 at the country's flagship gold venture which affected gold production and exports. Limited access to trade routes, in part brought about by vested interests that threw roadblocks in front of efforts to reduce trade barriers, a heavy burden of external debt (\$1.5 billion), a weak bank sector, as well as corrupt courts overturning two bank closures, all threaten economic and political reform and limit growth. Poverty and limited opportunities particularly jeopardize stability in the south where isolation, difficult borders, lack of investment, and ethnic differences are problems. Kyrgyzstan's location at the headwaters of major river systems in Central Asia enable it to affect irrigation, electricity generation, and the environment in the downstream countries of Central Asia. All of these challenges, along with an essentially closed border with Uzbekistan, are potential sources of conflict that could threaten regional stability and U.S. economic and political interests in Central Asia.

Kyrgyzstan has remained a stalwart friend of the United States and a firm ally in the war on terrorism. Kyrgyzstan's support in the form of the vital coalition airbase in Manas and associated over-flight rights were essential to allied successes in Afghanistan, and Kyrgyzstan continues to be a strong strategic partner to the U.S. and others. Kyrgyzstan's reform agenda directly advances U.S. national interests in ensuring stability by promoting economic and democratic reform.

The USAID Program: The U.S. assistance program in Kyrgyzstan aims to strengthen democratic culture, support private sector economic development, promote rational and effective management of water, and increase the availability of higher quality primary health care. These mutually reinforcing objectives help establish the environment necessary for democracy and markets to flourish, which will thereby promote internal stability and greater prosperity. USAID programs build on Kyrgyzstan's cooperativeness, relatively open civil society, and economic and health reforms to meet the challenges of continuing oligarchy, corruption, debt burden, lack of trade, broad poverty, and weak governance.

The Program Data Sheets cover five strategic objectives and two special objectives for which USAID is requesting funds. The five objectives promote reforms that foster the growth of small and medium enterprises, promote civil society and expand access to information, improve primary health care and prevent infectious disease, encourage better use of the region's water and energy resources, and address other cross cutting issues within the region. Two proposed special objectives, made possible through supplemental funding, will support reforms in basic education and prevent conflict. Given the focus on Central Asia since the war on terrorism, the new special objective for conflict prevention will expand and adjust USAID's on-going conflict prevention efforts to better respond to broader U.S. objectives in the region. FY 2003 funds will be used to implement the program as currently planned and previously described in the FY 2002 Congressional Budget Justification, including cross-cutting objectives in youth, gender, anti-corruption, and rule of law. USAID will continue to emphasize conflict prevention

through media, education, agro-enterprise growth and community development, especially in the southern portion of the country. In FY 2003, USAID's local government activities will be combined into the broader democracy objective to streamline management and our activities to increase the soundness of fiscal and budget policies will be integrated into our strategic objective on improving the environment for small and medium enterprises. With additional resources from FY 2002 supplemental appropriations, new initiatives in basic education, malaria control, local government, fiscal and banking reform, and agribusiness will begin in FY 2003. Specific activities to be funded by FY 2003 and FY 2004 appropriations are described in the Program Data Sheets that follow.

SUPPLEMENTAL FUNDS: Supplemental funding enabled expansion by nearly 60% of USAID activities in Kyrgyzstan. USAID expanded programs that support broad-based economic and democratic development, with an overall objective of reducing the potential for conflict and extremism in the region. Our small and medium enterprise program (SME) placed heavier emphasis on developing a sound environment for micro-financial institutions and on providing greater access to credit. Increased support for the Osh Agri-business Initiative will increase competitiveness of firms in the volatile Ferghana Valley by helping products enter regional and international markets. USAID supports citizen participation by bolstering parliamentary and civic advocacy programs, in addition to increased support for a legal reform program. USAID created the Community Action Investment Project, the centerpiece of the USG's conflict prevention efforts in Central Asia, to reduce the threat of extremism and ethnic- or resource-based conflicts. USAID also began a basic education program and supported an endowment for the American University of Central Asia, funded jointly with the Soros Foundation. Supplemental funds will fund a desperately needed malaria control program and extend health reform, especially in the south, through direct support of two national NGOs.

Other Program Elements: Partnerships, training and exchanges remain an important component of U.S. assistance. USAID's participant training project trained over 2,000 Kyrgyzstani citizens in SME development, fiscal and tax reform, higher education, NGO development and advocacy and management and technical training for health work in FY 2002. USAID supports a number of U.S.-Kyrgyzstani institutional partnerships that seek to build lasting relationships. The Farmer-to-Farmer Program is active in Kyrgyzstan. The Eurasia Foundation has an active small grants program, which complements the USAID programs in education, small business, local government, and civil society. The Departments of Commerce, Defense, and State also manage programs complementary to USAID field activities in various sectors.

Other Donors: Kyrgyzstan's largest donors are the Asian Development Bank (roads, agriculture, education, health, and corporate governance) and the World Bank (irrigation, agriculture, health, and micro-credit). Other bilateral donors besides the United States include the British (DFID), the Swiss and German governments and the European Union (TACIS). DFID and TACIS have increased their programs in response to the events of September 11. TACIS has a major food security program that provides budget support. DFID is supporting land reform, water and sanitation, health, and irrigation. Land reform is also being promoted by the United States, Swiss, and World Bank. The United States, Asian Development Bank, International Monetary Fund, and World Bank are cooperating on banking reform. Nearly all the major donors are involved in small/medium enterprise development. The World Health Organization and the U.S., Swiss, German, British, and Japanese governments jointly support health activities. The United Nations High Commissioner for Refugees (UNHCR), Soros, and the EU co-fund civil society support centers, along with USAID. The Swiss and German governments are working in the area of natural resources management.

**Kyrgyzstan
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	32,594	35,489	36,000	40,000
Emergency Response Fund - FSA/NIS	0	3,500	0	0
Supplemental - FSA/NIS	0	33,000	0	0
Total Program Funds	32,594	71,989	36,000	40,000

STRATEGIC OBJECTIVE SUMMARY

116-0120 Tax and Budget Policy				
FSA	2,300	850	0	0
116-0131 Small and Medium Enterprises				
FSA	7,700	15,450	11,735	13,640
116-0161 Energy and Water				
FSA	1,000	1,700	1,700	2,010
116-0211 Democratic Culture and Institutions				
FSA	3,350	7,025	5,600	6,621
116-0230 More Effective and Accountable Local Governance				
FSA	1,700	0	0	0
116-0240 Conflict Prevention				
FSA	0	0	0	668
116-0320 Health and Population				
FSA	2,800	4,500	5,458	6,217
116-0340 Strengthened Basic Education Sector				
FSA	0	0	0	492
116-0420 Cross-Cutting Programs				
FSA	5,268	12,578	3,107	2,392
TRANSFER				
FSA	8,476	29,886	8,400	7,960

SO 116-0131 includes \$5,500 of FY 2002 Supplemental - FSA/NIS.

SO 116-0161 includes \$200 of FY 2002 Supplemental - FSA/NIS.

SO 116-0211 includes \$2,325 of FY 2002 Supplemental - FSA/NIS.

SO 116-0320 includes \$1,500 of FY 2002 Supplemental - FSA/NIS.

SO 116-0420 includes \$8,230 of FY 2002 Supplemental - FSA/NIS.

TRANSFER includes \$3,500 of Emergency Response Fund - FSA/NIS and \$15,245 of FY 2002 Supplemental - FSA/NIS.

Mission Director,
George Deikun

Data Sheet

USAID Mission:	Kyrgyzstan
Program Title:	Small and Medium Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	116-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$11,735,000 FSA
Prior Year Unobligated:	\$1,625,000 FSA
Proposed FY 2004 Obligation:	\$13,640,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: USAID's program to improve the environment for small and medium sized enterprises (SMEs) includes three main components: training in business skills, specialized business advisory services, and business information; providing more access to capital by enhancing lender knowledge, strengthening financial institutions, and creating alternative sources of financing; and advocacy for and training in more transparent, systematic implementation of laws and regulations. A weak government, a banking sector riddled with corruption and excessive political interference, and significant regulatory and administrative barriers continued to discourage investment. Prior year unobligated funds include \$300,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Business skills and information (\$4,740,000 FSA). Business training will target entrepreneurs and business managers. Work in accounting reform, business advisory services, advocacy group development, and professional associations will continue. Supplemental funds will contribute to the expansion of the Regional Trade Promotion (RTP) Activity and, through the EdNet activity, will support additional training, teaching materials, research opportunities, and scholarships. USAID's principal partners include Pragma Corp. (prime), Carana Corp. (prime), and Junior Achievement International (prime).

Access to capital (\$1,265,000 FSA). With supplemental funds, a new program will start to strengthen on-site and off-site supervision and develop a computerized early warning system to identify problem banks, as well provide technical assistance and some financial support to strengthen the micro-finance sector. Supplemental funds will support technical assistance to European Bank for Reconstruction and Development (EBRD) partner banks to help facilitate lending, while business training will leverage that assistance by focusing on EBRD client SMEs. USAID will provide technical assistance and some financial support to offer entrepreneurs greater access to alternative sources of capital, including equity, debt, and leasing. USAID's principal partners include BearingPoint (prime), Small Enterprise Assistance Fund (prime), EBRD (prime), and ACDI/VOCA/FINCA (prime).

Implementation of laws and regulations (\$5,730,000 FSA). With supplemental funds, USAID will increase assistance to streamline the legal and regulatory environment and develop a system of commercial and land legislation to support private enterprise and land market development. Supplemental funds will contribute to additional support in commercial law and private land ownership rights and obligations. Technical assistance will help bring the country's standards and certification regime into compliance with World Trade Organization (WTO) requirements. Customs advisors will help reform and modernize the custom regime to meet international standards. Advisors will provide post-WTO accession support and provide guidance on a timeframe for Kyrgyzstan's graduation from WTO assistance. Supplemental funds will support technical assistance to increase the transparency and efficiency of public expenditures by developing local government capacity in budget development and revenue forecasting and collection.

USAID's principal partners include: Pragma Corp. (prime), Bearing Point (prime), Chemonics (prime), ARD/Checchi (prime), and Helvetas (prime).

FY 2004 Program:

Business skills and information (\$5,183,200 FSA). Training, teaching materials, research opportunities, and scholarships will be made available to Kyrgyz universities, businesses, regulators, and entrepreneurs. Business training will target entrepreneurs and business managers. Work in accounting reform, business advisory services, advocacy group development, and professional associations will continue. USAID will continue support its RTP Activity.

Access to capital (\$2,318,800 FSA). Technical assistance and training will support on-site and off-site supervision, and problem bank identification and resolution of problem banks. Some financial support will be provided to the Small Enterprise Assistance Fund to facilitate financing for SMEs. USAID will continue to help developing stronger micro-finance institutions by building capacity, providing lending capital, and helping improve the legal and regulatory environment for microfinance. USAID will support further technical assistance to EBRD partner banks that facilitates greater lending to SMEs.

Implementation of laws and regulations (\$6,138,000 FSA). Technical assistance and training will continue to foster development of a legal and regulatory environment that supports private enterprise growth and land market development. Experts will concentrate efforts on customs reform and modernization, land reform, and post-WTO accession assistance. Legal assistance to rural citizens will support resolution of legal disputes and promotion of legal rights and obligations. USAID will continue to identify and help remove administrative barriers to trade and will provide assistance to the Ministry of Industry and Trade in modernizing the country's standards and certification regime and bringing it into compliance with WTO requirements. If funds permit, and based on further assessments, technical assistance will support public sector accounting. Technical assistance will continue to develop local government capacity in budget development and revenue forecasting and collection.

Performance and Results: Supplemental funding enabled USAID to expand business development opportunities. USAID partners helped develop a new law on microfinance organizations that defines their status, and creates the legal and organizational prerequisites for microfinance activities. Funds supported greater access to credit through an EBRD lending program and the Small Enterprise Assistance Fund's equity and debt investments. Funds increased support for the Osh Agri-business Initiative, to foster greater competitiveness and increased regional and international trade in the Ferghana Valley. USAID business advisors worked with more than 70 agricultural enterprises in Osh Oblast, introducing business concepts such as quality and linking firms with larger markets. USAID trained over 3,000 businesspeople in marketing, accounting, and other business fields, while land rights training reached over 13,800 farmers. USAID supported a national merit-based testing program for high-school graduates, reducing corruption in the award of scholarships. The USAID-supported, Bai Tushum Financial Foundation disbursed 1,130 new micro-loans exceeding \$1.96 million, and is credited with the maintenance or creation of 7,000 jobs. Through the Land Reform Project's urban sales program, six pilot cities sold 55 land parcels, earning nearly \$100,000 in revenue that is being used for social services and reconstruction of the municipal governments. By the end of this objective, it is expected that entrepreneurial opportunities will have expanded, providing a basis for broad-based economic growth and reduction of poverty in Kyrgyzstan. By program's end, reforms to the regulatory and legal environment will help foster the development of small and medium enterprises, which are critical to employment and revenue generation. In addition, entrepreneurs will have access to credit and the modern business skills and knowledge to start up and run successful businesses.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0131 Small and Medium Enterprises	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	15,042
Expenditures	1,290
Through September 30, 2002	
Obligations	15,042
Expenditures	1,290
Unliquidated	13,752
Prior Year Unobligated Funds**	
Obligations	1,625
Planned Fiscal Year 2003 NOA	
Obligations	11,735
Total Planned Fiscal Year 2003	
Obligations	13,360
Proposed Fiscal Year 2004 NOA	
Obligations	13,640
Future Obligations	0
Est. Total Cost	42,042

*Fiscal Year 2002 includes \$5.2m of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$300,000 of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Kyrgyzstan
Program Title:	Energy and Water
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	116-0161
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,700,000 FSA
Prior Year Unobligated:	\$946,000 FSA
Proposed FY 2004 Obligation:	\$2,010,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: Kyrgyzstan is an important source of water for the Central Asian Region. Because Kyrgyzstan has access to few oil and natural gas resources, the country requires significant amounts of water to generate electrical power for heating during the winter. Water resources and energy considerations are closely related in Kyrgyzstan due to the barter agreement where Kyrgyzstan supplies Uzbekistan with water in summer for irrigation in return for gas and electricity in winter. Management of the country's water is key to its own energy development needs and to cooperation with its regional neighbors. USAID advances in this program during the last year have exceeded expectations. Major components of the USAID program are: 1) training for water, energy, and meteorological officials and managers; 2) installation of sustainable, affordable energy efficiency and on-farm water management models that demonstrate new, more efficient technology and management techniques; 3) improving the policy and regulatory framework, especially in the hydropower and transboundary water sectors; and 4) developing public commitment to improve the process of energy efficiency and privatization. A limited amount of supplemental funding will support pilot projects to demonstrate technologies and procedures for distribution and transmission companies to reduce electrical losses. Improving resource management in Central Asia is a task that involves intensive training. USAID will continue to complement and reinforce training through models that demonstrate the viability of new management concepts and technologies. Prior year unobligated funds include \$200,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Water (\$850,000 FSA). USAID's water sector management initiatives will continue on a dual course: a) upgrading weather and water resources data collection and monitoring systems; and, b) training in how to use this data and apply it in transboundary and national water management decisions. These efforts will improve the country's ability to participate effectively in a regional program of improved river flow management for irrigation. USAID will also continue its on-farm water management activities with the design, procurement, manufacture, and installation of water control and measuring structures in Kyrgyzstan. Irrigation water measuring structures designed and constructed for the Sahi-darya Water User Association in Osh Oblast will continue to support water user associations in Kyrgyzstan. These activities will help farmers more effectively manage irrigations flows and increase production. The principal implementing partner for this project is PA Consulting (prime).

Energy (\$850,000 FSA). Trans-boundary regional water management activities will include training in the use and maintenance of new technologies and procedures to reduce energy use in Kyrgyzstan to bring down the demand for winter water. Pilot heating projects will demonstrate the efficacy of simple, inexpensive technologies in promoting energy conservation and cost savings. Ongoing energy-related activities will continue, including work to extend the benefits of heat loss reduction techniques to additional areas; assist Kyrgyz officials in developing a comprehensive National Energy Strategy with public participation; and to complete the pilot rural level hydro-power plant. Projects will raise public awareness and participation and be conducted with the full participation of the State Energy Agency. PA Consulting is the chief implementer of the project for water and energy activities.

FY 2004 Program:

Water (\$1,010,000 FSA). Water resource activities will strengthen pilot programs begun in 2003 to develop farm-level irrigation management. We will work closely with other donors to expand locally-adapted irrigation devices that improve river flow management. USAID will also continue to strengthen the government's capacity to forecast river flows to improve irrigation.

Energy (\$1,000,000 FSA). USAID will continue to work with the State Energy Agency, the independent regulator of the electric sector of Kyrgyzstan, to establish a transparent, equitable tariff structure for energy services, encourage independent local utilities, and hold regular public hearings. In addition, new demonstration projects in heating efficiency will be initiated in schools, a hospital, and other public buildings. Additional specialized training will continue, particularly in connection with demonstration and field activities. Such training will complement assistance in support of minimizing losses in the electric power system, which currently are estimated at 42%. Due to the important role Kyrgyzstan plays as a source for regional water for downstream countries, the USAID Transboundary Water Project is centered in Kyrgyzstan, and FY 2004 activities will continue to emphasize training and demonstrations to more efficiently manage power generation, thus contributing to increased downstream flows for other regional needs.

Performance and Results: The principal USAID energy activity in Kyrgyzstan is the implementation of a small community hydropower demonstration model, which began during 2002. This system will provide a more reliable source of electrical power to the community than at present, and will be a self-sustainable system operated at the local level. Its completion will mark the first time that a community will have local control over its energy needs. One of the most notable successes of the activity is its widespread community support, including significant local cash contributions as matching funds support. Corollary successes in job creation (a fruit processing plant, a sewing business, and an irrigation pump all rely on the power generated through this system) and in conflict prevention (in an ethnic Uzbek village) are also notable. A successful heat-loss reduction demonstration model was completed in two public schools in the community of Kara-Balta. The activity, which affects approximately 300 students, successfully demonstrated to community residents and leaders the advantages of automatically adjusting the heating requirements of its school buildings, not only providing cost savings but also creating a more comfortable learning environment for students. In response to this effort, the Kara-Balta city administration has committed to replicating the project; USAID will work with them in FY 2003 to design a program. To better manage on-farm irrigation flows, USAID made substantial progress with the design, procurement, manufacture, and installation of 15 water control and measuring structures in the Sahi-darya Water User Association in Osh Oblast. Designed and manufactured locally to meet Kyrgyz needs, these models were later adopted for use in a World Bank project supporting the development of water user associations in Kyrgyzstan. Such water flow measuring devices, designed and manufactured at the local level in Kyrgyzstan, are new to the irrigation sector, and are expected to increase agricultural yields for about 1,000 farmers. USAID's training activities couple classroom learning with practical application of policies and technologies in the field. A recent example of this is seen in the public's participation in the development of a comprehensive National Energy Strategy. Officials at the local and national levels, as well as community representatives, were trained in conducting, participating in, and influencing public meetings that lead to policy decisions.

By the completion date of this objective, water managers will have the necessary tools and training to better collect, communicate, and process water data resulting in improved allocations and overall management of the resource. Also, water and energy agreements will be based more on objective data and standards, thereby mitigating the potential for conflict over these scarce resources. Demonstration projects will have introduced more efficient and effective approaches for managing natural resources.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0161 Energy and Water	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	785
Expenditures	385
Through September 30, 2002	
Obligations	785
Expenditures	385
Unliquidated	400
Prior Year Unobligated Funds**	
Obligations	946
Planned Fiscal Year 2003 NOA	
Obligations	1,700
Total Planned Fiscal Year 2003	
Obligations	2,646
Proposed Fiscal Year 2004 NOA	
Obligations	2,010
Future Obligations	0
Est. Total Cost	5,441

**Prior Year Unobligated Funds includes \$200,000 of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Kyrgyzstan
Program Title:	Democratic Culture and Institutions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	116-0211
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,600,000 FSA
Prior Year Unobligated:	\$1,249,000 FSA
Proposed FY 2004 Obligation:	\$6,621,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's Democracy Program in Kyrgyzstan strengthens democratic culture among citizens and targeted institutions by: creating stronger and more sustainable civic organizations; increasing the availability of information on civic rights and domestic public issues; enhancing opportunities for citizen participation in governance; and helping public institutions become more effective, responsive, and accountable. Prior year unobligated funds include \$575,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Political process and institutions (\$2,900,000 FSA). USAID will continue to facilitate involvement of the public in the legislative process, help initiate important procedural reforms in parliament, and assist in the development of key pieces of democratic legislation. Under rule of law, USAID will upgrade legal education, train lawyers in international and domestic laws, disseminate legal information and adopt ethical codes for legal professionals. USAID will expand its judicial training program to include criminal and non-commercial civil judges. In support of local government and decentralization, USAID will develop new city management tools and citizen participation techniques in 22 Kyrgyz cities and nine villages. Support to NGOs, professional associations, and training institutions will build capacity to advocate for decentralization. With USAID support, a constitutional council is reviewing provisions for greater power sharing between the Presidency and Parliament and promotion of more participatory governance approaches. Principal implementing partners are: Urban Institute, the American Bar Association's Central and East European Law Initiative (ABA/CEELI) (prime), ARD/Checchi (prime), and the National Democratic Institute (NDI) (prime).

Civil society (\$1,520,000 FSA). The next phase of the civil society program will support a network of at least 10 civil society support centers to provide training seminars, technical support, information resources, networking opportunities, and professional services to non-governmental organizations (NGOs) and associations. USAID will support a human rights program to provide training, technical, and financial support to Kyrgyz human rights NGOs. As part of its civic advocacy program, a series of advocacy trainings for approximately 140 key advocacy NGO leaders will be held. Principal implementing partners include: Counterpart (prime), the International Center for Not-for-Profit Law (ICNL) (sub), Freedom House (prime), the National Democratic Institute (prime), and others to be determined through competition.

Media and information (\$1,180,000 FSA). USAID's media initiative will provide training and assistance to improve the use of modern production technology, and increase the quality of journalism in both print and broadcast media. A production fund will encourage local programming. A legal advisor will provide consultation to alternative media outlets. USAID will continue its high school civics program in 170 schools. A second volume of the civic education textbook will be published in Russian, Kyrgyz, and Uzbek and introduced in 85 additional schools. USAID will sponsor extra-curricular civic activities, such as democracy summer camps, student local government days, and student action committees. USAID will launch a new anti-trafficking program, including an information campaign to inform vulnerable groups

about trafficking ploys and traps. Principal implementing partners are: Internews (grantee), the International Center for Journalists (ICFJ) (sub), International Foundation for Election System (IFES) (prime), and others to be determined through competition.

FY 2004 Program:

Political processes and institutions (\$3,576,000 FSA). USAID will strengthen the parliamentary program to help Kyrgyzstanis express and reconcile varying viewpoints. USAID's local government program will help with decentralization and promote transparency in local government through citizen participation techniques. USAID's rule of law program will also continue during FY 2004. Funds will train law students how to think critically and advocate effectively, expose lawyers to international standards of ethical behavior, and assist judges in advocating for judicial independence through judicial associations.

Civil society (\$1,721,000 FSA). USAID intends to put greater emphasis on improving and increasing NGO advocacy. Also, legislative seminars will be expanded to encourage greater NGO and citizen involvement in the local budget process. Support for human rights advocacy and monitoring will continue in FY 2004.

Media and information (\$1,324,000 FSA). USAID will continue its civic education, media, and anti-trafficking programs to increase quality of information available to the public. The civic education textbook will be introduced into additional schools, and extra-curricular activities such as student action committees and student government days will be replicated. USAID's media efforts will focus on disseminating quality programs as well as ensuring that the public's access to information is increased. The anti-trafficking initiative will continue in FY 2004, focusing on trafficking prevention and prosecution of trafficking offenses.

Performance and Results: USAID increased its support for civic advocacy, rule of law, independent media, and local government. USAID bolstered its parliamentary and civic advocacy programs. New components were begun to provide a human rights legal specialist to a legal reform activity. USAID's media partner created a more robust production fund and increased its involvement with regional stations in the southern portion of Kyrgyzstan. USAID strengthened the local government program, promoting responsible city management and citizen participation. NGO advocacy skills improved because of USAID-sponsored trainings (e.g. NGOs, together with legal professionals and media outlets, combined advocacy campaigns to repeal a government decree, which would have curtailed publishing - including the use of personal printers and copy machines - and would have dealt a severe blow to the freedom of speech). Over 800 NGOs and other civil society actors participated in the campaign. The number of students participating in the USAID-sponsored civics course last academic year reached 7,515. Additionally, 716 students participated in extra-curricular civic activities such as student local government days, and democracy summer camps.

The poor economic situation and financial instability led many media businesses to accept sponsorship that requires them to publish or air stories that are favorable to the sponsor. On a positive note, the media-training program contributed to the improvement of the technical quality of broadcast news in the past year. Due to USAID's work over the last few years, the Kyrgyz government gave self-governing status to all 22 cities; this led to elections in 12 cities. As a result of USAID technical assistance and training, 82% of Kyrgyz cities improved their democratic practices and public participation. By the end of this objective, USAID expects there will be stronger and more sustainable civic organizations, increased availability of information on civic rights and domestic public issues, enhanced opportunities for citizen participation in governance, and more effective, responsive and accountable public institutions.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0211 Democratic Culture and Institutions	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	6,269
Expenditures	1,107
Through September 30, 2002	
Obligations	6,269
Expenditures	1,107
Unliquidated	5,162
Prior Year Unobligated Funds**	
Obligations	1,249
Planned Fiscal Year 2003 NOA	
Obligations	5,600
Total Planned Fiscal Year 2003	
Obligations	6,849
Proposed Fiscal Year 2004 NOA	
Obligations	6,621
Future Obligations	0
Est. Total Cost	19,739

*Fiscal Year 2002 includes \$1.75m of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$575,000 of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Kyrgyzstan
Program Title:	Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	116-0240
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$668,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: Conflict prevention strengthens vulnerable communities and eases local tensions through public dialogue and improvement of small-scale social and physical infrastructure. USAID addresses both the root and immediate causes of potential conflict through its conflict prevention objective. Since many conflicts in Central Asia have arisen at the community (rather than international) level and our ability to change structural factors at the national level is limited, our conflict prevention strategy focuses on giving citizens opportunities to participate in decisions that affect their communities, improve living standards, and provide skills and experience that will diminish the potential for conflict. Community action programs, targeted where risks of communal or religious conflicts are greatest, are designed to increase citizen participation in community decision-making and local government, and contribute to mitigating sources of conflict by promoting economic recovery and inter-ethnic cooperation. Conflict prevention activities began in FY 2002 under the Mission's cross cutting program. As the conflict program will become a separate strategic objective in FY 2004, it is being notified separately for FY 2004 funding.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$0 FSA). As FY 2003 will be the transition year for the establishment of a separate strategic objective for conflict prevention, funding for the FY 2003 program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting program. The principal partner in Kyrgyzstan is ACDI/VOCA (prime).

FY 2004 Program:

Conflict prevention (\$668,000 FSA). Conflict prevention activities will continue in 43 Ferghana Valley and Southern Kyrgyzstan communities, and in new communities identified in the FY 2003 expansion. Emphasis will continue to focus on coordination with other partners to fold in issues of unemployment (especially among urban youth), human rights, and cultural awareness.

Performance and Results: USAID rapidly obligated supplemental funds to start conflict prevention activities in five communities in Osh and Uzgen, including small-scale projects in school rehabilitation, condominium heating, and public bath houses with an average direct beneficiary population of about 850. The "Peaceful Communities Initiative," a component of our conflict mitigation program, worked actively with 18 Ferghana Valley communities on the Kyrgyz, Uzbek, and Tajik borders. Two Kyrgyz villages, isolated exclaves within Uzbekistan, worked together to install a gas pipeline for heating and a health clinic. In Jeke-Miste, Kyrgyzstan, and Naiman, Uzbekistan, the neighboring village across the border, a cross border drinking water project was started in August 2002 at a cost of \$18,300. The communities contributed 20% and were able to leverage funds from the Soros Foundation to contribute an additional 10%. The total number of beneficiaries in the two communities is 2,500 people. Results indicators, which report on infrastructure projects completed; number of beneficiaries; reduced tension and increased community capacity to identify and solve problems, have been developed. Data collection will begin in late 2002. By the end of the program in 2005, we expect to see approximately 50,000 direct beneficiaries of small-scale, community-driven projects in at least 43 communities. More importantly, though, we

expect that the ties developed through the community strengthening component of this activity will build the capacity for communities to deal with local conflicts on their own before they become serious.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0240 Conflict Prevention	FSA
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	668
Future Obligations	0
Est. Total Cost	668

Data Sheet

USAID Mission:	Kyrgyzstan
Program Title:	Health and Population
Pillar:	Global Health
Strategic Objective:	116-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,458,000 FSA
Prior Year Unobligated:	\$2,630,000 FSA
Proposed FY 2004 Obligation:	\$6,217,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's quality primary health care (PHC) objective is aimed at creating a higher quality PHC system nationwide. Activities focus on retraining of doctors and nurses in family medicine; implementing incentive-based provider payment systems; helping health sector NGOs to strengthen their organizations; developing pre-service and postgraduate education programs in family medicine, nursing and health care administration; and controlling tuberculosis (TB) by providing in-service training to doctors and laboratory specialists, and improving the monitoring system of TB labs and facilities. Modern surveillance methods are being developed, including a computerized surveillance system. Increased preventive programs by NGOs, marketing condoms, mapping high HIV transmission areas, and introducing a surveillance system targets the concentrated HIV epidemic among high risk groups. Health finance issues have recently emerged as a threat to continuation of the reforms. Prior year unobligated funds include \$1,500,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase the quality of primary health care (\$2,203,000 FSA). USAID will promote healthy behaviors with campaigns on diarrhea and breastfeeding and improve interpersonal communication with PHC clients by training health staff. USAID will award local NGOs small grants to implement health projects with communities. At the Kyrgyz State Medical Academy, faculty teaching, research, and evaluation of student clinical skills will be strengthened. USAID will continue the national Family Medicine Residency Program, preparation of nurse faculty for oblast-level in-service education, retraining of family doctors and nurses focused on the south, and establish continuing quality improvement approaches in more PHC clinics. USAID will certify trainers in Integrated Management of Childhood Illnesses and roll the program out nationally. The National Family Group Practice Association will be directly supported to provide more member services such as training and to develop its community role. The National Hospital Association will expand training on financial management and begin quality initiative activities. USAID will extend the single payer system to three additional oblasts and train oblast-level Health Insurance Fund staff in hospital payment systems. USAID will start a medical education program and award a new contract to continue PHC work. Principal implementing partners are: Abt Associates (prime), American International Health Alliance (AIHA) (prime), and Counterpart Consortium (prime).

Control TB and other infectious diseases (\$1,597,000 FSA). USAID will continue training of health staff on the Directly Observed Treatment Short-course (DOTS) approach. TB specialists will be trained in laboratory diagnosis and use of an electronic surveillance system. The monitoring system for laboratories and facilities will be fortified. The Centers for Disease Control and Prevention (CDC) will continue to strengthen the National Infectious Disease Reference Laboratory and will establish a regional training program on blood safety. Two Kyrgyzstanis will be selected for the two-year Applied Epidemiology Program at the Kazakhstan School of Public Health. USAID will respond to the malaria outbreak by developing a regional approach to malaria control including activities in Kyrgyzstan. Principal implementing partners are: CDC (prime) and Project Hope (prime).

Prevent the spread of HIV/AIDS (\$200,000 FSA). USAID and CDC are establishing two sentinel surveillance sites in Bishkek and Osh. USAID is collecting behavioral information in high HIV-transmission locations, to better focus AIDS prevention programs in sites where the need is greatest. CDC will initiate a large-scale study of behavioral risk factors, and prevalence of HIV, hepatitis, and sexually transmitted infections (STIs). Five HIV/AIDS NGOs will offer basic medical care, free condoms, and referrals to social workers, STI clinics, HIV testing sites, and legal services. Condoms will be marketed to vulnerable young adults, and outreach work to high risk groups will begin. Principal implementing partners are: CDC (prime), Population Services International (PSI) (prime), Soros Foundation (prime), and the University of North Carolina (prime).

Improve maternal and child health services (\$1,458,000 FSA). USAID will train health staff to better manage obstetric and pre-natal care and expand training on management of serious childhood illnesses. USAID's cross-border Sports and Health Education Project will continue. Principal implementing partners are: Abt Associates (prime) and Project Hope (prime).

Supplemental funds will finance a malaria control program; design of a logistics system to channel drug donations through the Health Insurance Fund so more PHC clients get essential drugs; extension of health reform, especially to the south; and establish inexpensive energy efficient systems to reduce astronomic utility bills in select hospitals.

FY 2004 Program:

Increase the quality of primary health care (\$3,235,000 FSA). USAID will continue health promotion activities, training of PHC staff, small grant support to health sector NGOs and medical education efforts. Pilot programs and health care financing will be expanded. AIHA's first five-year cooperative agreement is ending. USAID/W has completed a follow-on agreement and USAID/CAR is currently discussing a new partnership for the country.

Control TB and other infectious diseases (\$1,245,000 FSA). USAID will train family doctors in diagnosing and treating TB, train monitoring teams at the oblast level, and train specialists in electronic surveillance and laboratory diagnostics. Malaria control activities will continue. USAID will maintain funding for the Applied Epidemiology Program.

Prevent the spread of HIV/AIDS (\$497,000 FSA). USAID will continue establishing HIV/AIDS surveillance of high-risk groups, will integrate this program with other infectious disease surveillance activities, and continue to improve laboratory diagnostic quality. USAID will continue funding HIV/AIDS NGOs and work to improve their preventive programs. USAID will expand condom social marketing to new sites of high HIV prevalence.

Improve maternal and child health services (\$1,240,000 FSA). USAID will continue training physicians and nurses to better manage obstetric and pre-natal care and to manage serious childhood illnesses. USAID's cross-border Sports and Health Education Project will continue.

Performance and Results: USAID's PHC reform program is now a nationwide system. People increasingly rely on PHC practices for outpatient care, with PHC visits comprising 53.3% of total outpatient visits (44% target). PHC is producing a greater share of total health expenditures, 25% compared with 17% last year. TB deaths are not decreasing but people are successfully being cured. Of those who started treatment in 2000 under the DOTS approach, 72.6% were cured. Five grants were awarded to HIV/AIDS NGOs that work on prevention among high-risk groups. By the end of this objective, USAID will have provided the technical assistance to complete comprehensive reforms and institutionalize a high-quality, cost-effective, and efficient health care system in Kyrgyzstan.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0320 Health and Population	FSA
Through September 30, 2001	
Obligations	10,635
Expenditures	3,999
Unliquidated	6,636
Fiscal Year 2002	
Obligations	3,487
Expenditures	6,915
Through September 30, 2002	
Obligations	14,122
Expenditures	10,914
Unliquidated	3,208
Prior Year Unobligated Funds**	
Obligations	2,630
Planned Fiscal Year 2003 NOA	
Obligations	5,458
Total Planned Fiscal Year 2003	
Obligations	8,088
Proposed Fiscal Year 2004 NOA	
Obligations	6,217
Future Obligations	0
Est. Total Cost	28,427

**Prior Year Unobligated Funds includes \$1.5m of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Kyrgyzstan
Program Title:	Strengthened Basic Education Sector
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	116-0340
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$492,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: The Basic Education Sector Strengthening Program will begin activities in January 2003 under the cross-cutting program. Beginning in FY 2004, the education program will be funded as a separate strategic objective, for which this program data sheet constitutes initial notification as a separate program. The basic education program will improve in-service teacher training; improve the quality and relevancy of curriculum; increase parent and community involvement in schools; strengthen institutional, management and technical capacity at all levels of the educational system; and improve school infrastructure.

Inputs, Outputs, Activities:

FY 2003 Program:

Education (\$0 FSA). As FY 2003 will be the transition year for the establishment of a separate strategic objective for education, funding for the FY 2003 education program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting program. The prime contractor is the Academy for Educational Development.

The Basic Education Program is structured to work at all levels of the system with a targeted number of schools and communities selected as pilot sites to measure the impact of the full range of activities. Training of trainer models will be used to provide curriculum and methodological training to the maximum number of teachers. Capacity building at different levels of the system will develop support for the expansion of successful pilot activities to other areas in the future. Whenever possible, ongoing education activities like civic education, Street Law, Junior Achievement, Step by Step, Reading and Writing for Critical Thinking, and the health education component of the Sports and Health Education Program which are conducted under other strategic objectives will be coordinated with the Basic Education pilot schools to ensure that these schools have access to these curriculum and methodology innovations. A component of the core agreement involves data collection on gender issues in schools, which could be used in the development of future activities designed to address gender issues in basic education.

FY 2004 Program:

Education (\$492,000 FSA). In FY 2004, USAID will continue to solidify the activities begun in FY 2003, described in the above summary. Girls' education will be an important part of the program. Small grants may be given to active, competent local education NGOs. An assessment of the program is planned in FY 2004. Funding for individual activities will be identified during the course of FY 2003.

Performance and Results: Supplemental funding allowed USAID to begin a program in the education sector. Performance indicators for the education program activities will be developed during the first three months of calendar year 2003, and data collection will begin in the summer of 2003.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0340 Strengthened Basic Education Sector	FSA
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	492
Future Obligations	0
Est. Total Cost	492

Data Sheet

USAID Mission:	Kyrgyzstan
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	116-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,107,000 FSA
Prior Year Unobligated:	\$10,409,000 FSA
Proposed FY 2004 Obligation:	\$2,392,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's cross-cutting program supports all strategic objectives and includes five components: 1) conflict prevention which strengthens vulnerable communities and eases local tensions through public dialogue and the improvement of small scale social and physical infrastructure; 2) basic education that improves the quality of schools; 3) participant training to support USAID's technical assistance programs; 4) Eurasia Foundation sub-grants that strengthen NGOs; and 5) program development which funds cross-cutting evaluations, monitoring, designs, studies, technical assistance, and program management assistance. Supplemental funding was critical for an expansion of conflict prevention activities in southern Kyrgyzstan, as well as for the development of the basic education program. Prior year unobligated funds include \$8,230,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$400,000 FSA). USAID will expand activities beyond the initial 43 communities in southern Kyrgyzstan and the Ferghana Valley, and will equalize focus between rural and urban settings, especially in Osh and Batken areas and in the border and transit areas. Coordination with other partners will fold in issues of unemployment, human rights, and cultural awareness. Although none of these conflict prevention activities will, in and of themselves, end conflict or extremism in Central Asia, they will serve as a focal point for the USG's efforts to prevent potentially violent discord in the country. ACDI/VOCA is the chief implementer in Kyrgyzstan.

Basic education (\$600,000 FSA). USAID will support basic education in selected school areas to improve overall quality of primary and secondary education through improved in-service teacher training; improved curriculum quality; increased parent and community involvement in schools; strengthened institutional, management, and technical capacity at all levels of the educational system; and improved school infrastructure. Girls' education will be an important feature of the activity. Implementers will be selected by the beginning of calendar year 2003.

American University of Central Asia (\$0 FSA). Supplemental funds were used to support an endowment jointly funded by USAID and the Open Society Institute for the American University of Central Asia (AUCA) in Bishkek. This will ensure that AUCA permanently serves as a model of democratic culture, institutional integrity, and international educational standards for undergraduate students throughout Central Asia.

Participant training (\$650,000 FSA). More than 2,000 participants will be trained during FY 2003. Training will support fiscal and tax reform, small/medium enterprise development, local governance, health-care reform, energy and water resources, conflict resolution, education reform, and crosscutting objectives. The focus will shift to reporting on results and achievements. The principal implementing partner is the Academy for Educational Development.

Eurasia Foundation (\$1,350,000 FSA). The Kyrgyz office is the Foundation's first grant-making office with a fully local staff, and is seen as an important step toward the Foundation's long-term goal of establishing local foundations throughout the former Soviet Union. Grants will support three main program directions: the "Ferghana Valley Initiative" to forge cross-border connections in this politically sensitive area; legal consultation services; and "The Local Governance Initiative" with the Urban Institute to help make local government more effective and transparent.

Program support (\$107,000 FSA). Funding will provide for a range of support activities to the program. As required, funding will enable USG to support unanticipated opportunities to advance or reinforce USAID objectives. An evaluation of the ten-year participant training program and a region wide gender training program will be conducted. Program personnel essential to the implementation of activities will be supported.

FY 2004 Program:

Participant training (\$1,200,000 NOA). USAID's participant training activity will continue to focus on SME development, democratic reform, local governance, and health-care reform. Cost-effective in-country training programs will be emphasized.

Eurasia Foundation (\$1,000,000 NOA). Eurasia Foundation will provide grants for private enterprise, civil society, and public administration NGOs in addition to those areas described above.

Program support (\$192,000 FSA). A wide range of program and personnel support activities will continue. It is anticipated that funding will support various assessments in anticipation of a new strategy for 2005.

Performance and Results: USAID rapidly obligated supplemental funds to start conflict prevention activities in five communities in Osh and Uzgen, including small-scale projects in school rehabilitation, condominium heating, and public bath houses with an average direct beneficiary population of about 850 each. The Peaceful Communities Initiative, also a component of our conflict mitigation program, worked actively with 18 Ferghana Valley communities on the Kyrgyz, Uzbek, and Tajik borders. Two Kyrgyz villages, isolated within Uzbekistan, worked together to install a gas pipeline for heating and a health clinic. In Jeka-Miste, Kyrgyzstan, and Naiman, Uzbekistan, the neighboring village across the border, a cross border drinking water project was started. The total number of beneficiaries in the two communities is 2,500 people. Results indicators, which report on infrastructure projects completed; number of beneficiaries; reduced tension and increased community capacity to identify and solve problems, have been developed. Data collection will begin late winter.

In FY 2002, USAID trained over 2,000 Kyrgyzstani citizens (50% women). USAID organized the first parliamentary budget hearing, in which NGOs and citizens expressed concerns about the national budget process. The Budget Committee chair held a second public hearing and remains committed to conducting hearings on a quarterly basis. Performance indicators for the education program activities will be developed during the first three months of the activity, and data collection will begin in the summer of 2003. Eurasia's 31 grants to Kyrgyzstani NGOs in FY 2002 (\$13,000 average grant size) complement USAID programs in the economic and democracy sectors. Half of these grant funds supported civil society development, with the remainder targeting improvements in the areas of private enterprise, public policy, and administration. With the support of a \$17,000 grant from the Eurasia Foundation in FY 2002, the Association for Social Protection, which assists and protects the elderly and infirm and is run by pensioners, has held a series of public hearings that bring Kyrgyzstan's elderly together with officials from both government and public utilities. Meetings have resulted in the setting of subsidies for medication and utilities for most of Kyrgyzstan's elderly. By the end of the conflict program in 2005, approximately 50,000 people will directly benefit from small-scale, community-driven projects in at least 43 communities.

US Financing in Thousands of Dollars

Kyrgyzstan

	ESF	FSA
116-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	120	14,427
Expenditures	120	11,833
Unliquidated	0	2,594
Fiscal Year 2002		
Obligations	0	7,436
Expenditures	0	3,881
Through September 30, 2002		
Obligations	120	21,863
Expenditures	120	15,714
Unliquidated	0	6,149
Prior Year Unobligated Funds**		
Obligations	0	10,409
Planned Fiscal Year 2003 NOA		
Obligations	0	3,107
Total Planned Fiscal Year 2003		
Obligations	0	13,516
Proposed Fiscal Year 2004 NOA		
Obligations	0	2,392
Future Obligations	0	0
Est. Total Cost	120	37,771

**Prior Year Unobligated Funds includes \$8.23m of FY 2002 Supplemental - FSA/NIS.

Moldova

The Development Challenge: The key challenge for achieving economic growth is the fact that Moldova remains one of the poorest countries in the region. In 2001, per capita gross domestic product (GDP) was estimated at \$400 and poverty rates at 55%-70% of the total population. Over 70% of the poor live in rural areas, and only 8% live in large cities. Some 800,000 Moldovans have left the country, most of them coming from the countryside. Moldova's financial fragility makes it strongly dependent on external financing and/or debt rescheduling. In the mid-1990s, Moldova made considerable progress in democratization and economic development, particularly in reforming the agricultural sector. While this transformation has generally continued on track and most of the population maintains support for the reform process, it has imposed many hardships on the Moldovan people. This led to popular dissatisfaction with the previous government, and to the victory of the Communist Party in the February 2001 elections.

After initial concerns about Communist Party rhetoric and a number of anti-reform measures taken by the Government of Moldova (GOM), USAID and the U.S. Embassy have been encouraged by the government's efforts to maintain a strong working relationship with the USG. The GOM has continued to make progress on economic and market reform and has committed to improve relations with the International Monetary Fund (IMF) and the World Bank. In spite of some difficulties in mid-summer 2002, the GOM received \$10 million in assistance from the World Bank and approximately \$12.5 million from the IMF in FY 2002.

According to World Bank statistics, Moldova experienced the largest decline in GDP of any country in Europe and Central Asia. In 1999, Moldova's annual GDP per capita of \$370 was less than a quarter of its 1990 level. However, a reversal of this downward trend started in 2000 and progress has continued. Led by positive growth in agricultural production, Moldova will record its third consecutive year of positive GDP growth in 2002, with year-end real GDP growth predicted at 6%. Projections for future years give hope that economic growth will continue in the agriculture sector. Agriculture and small and medium-sized enterprise (SME) projects supported by USAID are improving the living standards of people in rural Moldova. Business associations that are being developed with assistance from USAID are providing nascent advocacy and other services to their members. Their activities are consistent with the development of a more active civil society in Moldova. Agriculture is the mainstay of the economy. Nearly 50% of Moldovan GDP, 40% of employment and 65% of exports is related to agriculture (if agribusiness is included). More than half of the country's population lives in rural areas and makes its living from agriculture related activities. USAID's strategy therefore concentrates on job creation, income generation, and economic opportunity in rural Moldova. USAID encourages growth through investment in agribusiness and improving the environment for private enterprise.

The USAID Program: The Program Data Sheets provided below cover the three objectives for which USAID is requesting funds in FY 2003 and FY 2004. These three objectives concentrate on: supporting private enterprise growth to create jobs and generate income; developing effective, responsive, and accountable democratic institutions by strengthening local government autonomy and civil society; and helping create a social safety net to reach vulnerable groups.

USAID will expand its involvement in the agriculture sector to increase jobs, income, and economic opportunities. An Anti-Trafficking Program will be developed in 2003 and will be closely integrated with these existing rural economic and agriculture development programs. The sense of personal powerlessness that exists among a large portion of the population is due to the lack of economic opportunity that plagues much of rural Moldova. This is a major factor in the vulnerability of young women who are being trafficked. This program will provide potential trafficking victims with real economic opportunities and jobs, and help them develop a tangible stake in their community.

A new Citizen Participation Program is planned that will help to ensure continued public support for economic and political reform by helping people to make a tangible and positive improvement in their

lives. This program will be focused on producing real and rapid results in communities across Moldova by demonstrating the effectiveness of citizen participation and democratic action.

The health delivery system in Moldova continues to crumble in the face of an epidemic of tuberculosis and other infectious diseases. To mitigate this crisis, USAID will strengthen the diagnosis and treatment of tuberculosis in Moldova, and consider options to expand to other health sector assistance activities that will address additional infectious diseases after FY 2004.

During FY 2003, all activities under SO 1.2, "Increased Soundness of Fiscal Policies and Fiscal Management Practices," will be completed as USAID shifts its emphasis toward job creation and income generation in rural Moldova. Though this phase-out of fiscal policy reform activities is consistent with the schedule proposed in the approved strategy, substantially fewer funds were expended in this sector than originally proposed.

USAID will continue expending funds already appropriated for Utility Regulatory Cooperation (National Association of Regulatory Utility Commissioners), and the Municipal Network for Energy Efficiency (Alliance to Save Energy).

Other Program Elements: USAID/Washington manages several activities including the Farmer-to-Farmer Agribusiness Volunteer Program (Citizens Network for Foreign Affairs), a loan portfolio guarantee program, a food industry development program (Louisiana State University), and customs information, trade and transport, and energy programs.

The Bureau for Economic Growth, Agriculture, and Trade manages the Loan Portfolio Guarantee (LPG) program, which assists micro-enterprises and small businesses on the basis of a risk-sharing arrangement. This project started in July 2000 with three Moldovan financial institutions. USAID is guaranteeing 50% of the collateral requested by the banks. During the first two years of this program, nearly 600 loans have been made in the SME sector, totaling \$5 million. The U.S. Department of Agriculture administers a commodity monetization program that provides agricultural land mortgage loans. Mortgage loans under this program, working through three financial institutions, total about \$1million.

Other Donors: Donor coordination is maintained through occasional meetings of all bilateral and multilateral donors at which the U.S. Ambassador and the USAID Country Program Coordinator represent the United States. The United States is the only major bilateral donor. However, Germany, the Netherlands, Japan, Great Britain, and Sweden all have small bilateral programs. Further, the Soros Foundation and several other private organizations run development programs in Moldova. In addition to U.S. bilateral assistance, the other major players are the multilateral donors composed of the International Monetary Fund (economic policy), World Bank (economic policy, social investment fund, micro-projects at the village level, and energy), European Union-Technical Assistance to the Commonwealth of Independent States (agricultural sector), and the International Fund for Agriculture Development (agricultural sector). The United Nations Development Program provides support for a number of separate activities.

**Moldova
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	45,072	35,946	32,500	23,000
Total Program Funds	45,072	35,946	32,500	23,000

STRATEGIC OBJECTIVE SUMMARY

117-0120 Fiscal and Financial Reforms				
FSA	3,400	1,751	0	0
117-0131 Private Enterprise Development				
FSA	8,875	13,900	18,400	13,301
117-0230 Democratic Transition				
FSA	3,100	6,366	4,000	4,465
117-0340 Social Transition				
FSA	4,190	3,913	2,000	2,914
TRANSFER				
FSA	25,507	10,016	8,100	2,320

Mission Director,
Christopher Crowley

Data Sheet

USAID Mission:	Moldova
Program Title:	Private Enterprise Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	117-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$18,400,000 FSA
Prior Year Unobligated:	\$6,234,000 FSA
Proposed FY 2004 Obligation:	\$13,301,000 FSA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: The USAID Private Enterprise Development program in Moldova is made up of three components: technical assistance to private farmers; technical assistance to private businesses (including Western NIS Enterprise Fund and BIZPRO); and energy sector and communication infrastructure reform and development activities.

Inputs, Outputs, Activities:

FY 2003 Program:

Agriculture (\$7,226,000 FSA). The Private Farmers Assistance Program (PFAP) will continue to contribute to the business success of private farmers and ensure that the transition to private farms results in sustainable economic growth. The program will support the development of a sound legal and regulatory environment; support rural enterprises, including farmer business cooperatives and agriculture producers' associations; provide legal assistance and advocacy in support of the constitutional rights of landowners; and provide direct technical assistance to newly created farmer associations, cooperatives, and other rural enterprises. PFAP will conduct four studies on agriculture sector development, strengthen the Agriculture Producers Association Network, create at least 20 new farmers' service cooperatives, strengthen at least 100 agribusinesses, provide assistance in at least 10 court cases, and facilitate the resolution of at least 300 disputes through arbitration. The principle contractor/grantee is the East-West Management Institute.

The Private Farmers Commercialization Program (PFCP) will be extended. PFCP is the commercial arm of USAID's agricultural efforts and focuses on the development of agribusinesses. PFCP will support the economic success of Moldova's private farmers at the village level, assuring input supply and output distribution that in turn open new opportunities. PFCP will build 25 community level farm stores expanding its network to thousands of new private farmers; develop at least four agribusiness partnerships that will improve Moldova's capacity to produce high-value fresh and frozen products which will help them to compete in world markets; and increase emphasis on high impact training in farm management, business planning, and cooperative development. Citizen's Network for Foreign Affairs is the prime contractor/grantee.

Increase Land Tenure Security: A Land Privatization Support Project (LPSP) will be developed to increase tenure security. The project will correct survey and land distribution errors made during the initial land privatization project funded by USAID, and provide a means to consolidate land holdings, advance gains made in land privatization, and assist in the development of private property rights. This project will help consolidate land holdings through market-driven mechanisms, advance gains made in land privatization, and assist in the development of private property rights. The principle contractor/grantee is to be determined.

Economic Growth (\$5,137,000 FSA). BIZPRO will continue to increase the economic role of SMEs by improving access to financing, market business skills, and information. Development Alternatives, Inc. is the prime contractor.

Improve Investment Climate in Moldova: The Western NIS Enterprise Fund (WNISEF) promotes direct foreign investment in cooperation with EBRD and IFC.

Energy: Continue the Process of Energy Sector Regulatory and Legal Development \$6,037,000 FSA). Moldova needs a healthy regulatory environment to succeed in the privatization of existing energy-sector companies and in the development of new ones. USAID will provide continued assistance to the National Agency of Energy Regulation (ANRE) through training and exposure to U.S. and regional experience on the subjects of tariff policy, licensing, customer service, and public relations, developing ANRE's capacity to function as an independent, authoritative, and competent regulator. USAID will work with the National Association of Electricity Consumers, media organizations, and other public interest and consumer advocacy groups to balance the interests of all energy-sector stakeholders. The principal contractors/grantees are: Pierce Atwood Attorneys and the National Association of Regulatory Utility Commissioners.

Heating Sector Development: During 2001/02 only two out of 40 Moldovan district heating systems were fully operational, and the two functioning systems were bankrupt and in receivership. USAID will work with the investor community, consumer groups, local governments, ANRE and the Ministry of Energy to develop and implement legislative and regulatory reforms necessary to improve the investment attractiveness of the heating services business.

FY 2004 Program:

Agriculture (\$8,718,500 FSA). A November 2002 evaluation team documented an extremely high level of satisfaction regarding the results achieved by PFAP and PFCP and strongly recommended the continuation of these activities, with small adjustments, for at least two more years. Additional agriculture partnerships are being developed for use of FY 2004 funding.

Economic Growth (\$3,595,500 FSA). The WNISEF effort to improve the investment climate in Moldova will be continued at reduced levels of ongoing USAID support. WNISEF has a sizable investment portfolio and already has substantial reflows and earnings to respond to new investment opportunities.

Energy: Heating Sector Development (\$987,000 FSA). USAID heating sector efforts will expand in the areas of project design, financing development, and implementation.

Performance and Results: GOM statistics indicate that Moldovan GDP grew by approximately 6 percent during 2002, the third consecutive year of economic growth. USAID assistance is playing a key role in this achievement. Despite initial uncertainty about the new Communist government's commitment to reform, PFAP and PFCP have been very successful in improving the policy, legal, and regulatory environment. During 2002, the membership of the National Union of Agriculture Producers Associations (UAPA) doubled. PFAP and PFCP have continued the development of the network of Mechanical Services Centers, resulting in about 100 service cooperatives, 60 farm stores (including 30 created during 2002), and a series of highly sophisticated pilot agriculture partnerships, such as controlled atmosphere cold storage and flash freezing processing lines. SME sector activities increased the number of loans made by the Moldova Microfinance Network and formal financial institutions on the basis of Partnership Agreements formed with these groups by the project. Also, in FY 2002, WNISEF succeeded in attracting a major foreign strategic investor to one of its portfolio companies, earning the fund a sizable return on its investment.

By program completion it is expected that land tenure will be secure, landowners will have the capacity and knowledge to defend their property rights, and private agriculture will be sustainable with little serious threat of re-collectivization. Private farmers will have sufficient access to quality inputs, equipment, services, technical advice, and markets that provide them with an opportunity to succeed. Energy supplies will be secure, stable, accessible, and able to support economic growth and development.

US Financing in Thousands of Dollars

Moldova

117-0131 Private Enterprise Development	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	7,666
Expenditures	845
Through September 30, 2002	
Obligations	7,666
Expenditures	845
Unliquidated	6,821
Prior Year Unobligated Funds	
Obligations	6,234
Planned Fiscal Year 2003 NOA	
Obligations	18,400
Total Planned Fiscal Year 2003	
Obligations	24,634
Proposed Fiscal Year 2004 NOA	
Obligations	13,301
Future Obligations	0
Est. Total Cost	45,601

Data Sheet

USAID Mission:	Moldova
Program Title:	Democratic Transition
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	117-0230
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,000,000 FSA
Prior Year Unobligated:	\$4,391,000 FSA
Proposed FY 2004 Obligation:	\$4,465,000 FSA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: The USAID Democratic Transition program in Moldova is currently made up of the following components: technical assistance to local government units; small grants to local NGOs through the Eurasia Foundation; and a legal reform program with the local bar association. These activities will be augmented by new citizen participation and political party development programs. USAID will use FY 2003 funds to promote local government reform, rule of law, small grants to NGOs, citizen participation, and political party development programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Civil Society (\$3,620,000 FSA). Local Government Reform Project activities include: 1) increasing the autonomy and sustainability of effective local government through implementation of GOM initiatives for greater fiscal decentralization; 2) improving strategic planning for municipal services and assets; and 3) greater transparency and citizen participation in decision-making at the community level. Currently, there are more than 40 communities participating with the local government program including 29 that have received intensive training and technical assistance in office automation/financial management. Thirty-one communities have completed strategic plans. In FY 2003, this process will continue through participatory forms of citizen involvement, improving transparency and accountability of local governments to citizens. Additional local government partners will be added and models of service improvement will be made available by "rolling-out" lessons learned from several municipal pilot demonstration projects. By the end of FY 2003, fiscal autonomy training and technical assistance will have been provided to all cities and towns in Moldova with population in excess of 10,000 persons. Training and technical assistance provided to local NGOs and municipal officials will increase accountability of local governments.

The Eurasia Foundation provides small grants to Moldovan NGOs to promote the development of democracy and a market economy. The Eurasia Foundation's programmatic focus includes: 1) private enterprise development to provide management training, business education, small business and agribusiness support; 2) public administration and policy reform to promote transparency and development of local governments, public administration training and public policy advice; and 3) civil society activities to develop and support independent media and systems for alternative dispute resolution and the empowerment of non-governmental organizations.

In FY 2003, USAID plans to start a three-year citizen participation program to strengthen local communities and enhance USAID support for the development of new jobs and economic opportunities in rural Moldova. The project will engage local governments, citizens groups, and NGOs in effective community and economic activities and enhance local democracy and grass-roots citizen participation. It will complement USAID's local government reform program revitalizing local communities through strong citizen participation and community empowerment. The program will provide: 1) small grants to community groups, NGOs, and local governments for civic participation projects, joint community income generation, environmental and infrastructure improvements; 2) training and technical assistance for local governments in the techniques and practices of civic participation; 3) training and technical assistance to

NGOs and community groups in civic leadership skills, strategic planning, consensus building, civic action, project development and project management, and building effective partnerships with local governments; and 4) training and grants for local and regional journalists and media outlets.

The program will support the development of democratic practices and community leadership skills. Over time, local governments will learn to be participatory, transparent, and accountable in their operations. Informed, more engaged communities, capable of demanding transparency and accountability from its local leaders, will be actively involved in local development projects.

In FY 2003, USAID intends to launch a new three-year Political Party Development program. The current Moldovan political party system is largely fragmented with about 30 political parties. Only half of these parties ran in the last parliamentary elections and only three are represented in the Parliament. Moldovan political parties are not organized strictly in line with democratic orthodoxy and their internal structure is essentially authoritarian and oligarchic. The objective of the program is to create conditions for political leadership to evolve in communities, involve local political structures, empower political activists, and build democratic practices from the bottom up. The principal civil society contractor/grantees are the Urban Institute and the Eurasia Foundation.

Rule of Law (\$380,000 FSA). The Rule of Law program will continue to focus training and technical assistance on three main areas: advocacy on behalf of human rights; legal association building; and institutional capacity building. The advocacy program will involve direct use of the legal system to defend citizen rights, increase citizen confidence, and help citizens develop a better understanding of the legal system through consultations provided on human rights, freedom of speech and association, minority rights, property rights, labor law, family law and privatization. Most of these tasks will be concentrated at the local level, in conjunction with the Local Government Reform Project. The prime contractor/grantee is the American Bar Association/Central European and Eurasian Law Institute (ABA/CEELI).

FY 2004 Program:

Local Governance (\$639,200 FSA).

Civil Society (\$2,773,000 FSA).

Political Process (\$1,052,800 FSA).

USAID will use the FY 2004 funds to continue technical assistance to local government units, NGO development, and legal reform, citizen participation, and political party development programs. The Rule of Law and grant programs will continue in FY 2004 at approximately the same levels as FY 2003. The prime contractor/grantees are the Urban Institute, the Eurasia Foundation and ABA/CEELI.

Performance and Results: The Urban Institute Local Government Reform Project (LGRP) has conducted activities in 39 cities since its inception. Currently, 30 cities have some degree of on-going participation with LGRP activities which include: municipal strategic planning (31 cities); fiscal autonomy technical assistance (budgeting and financial management (28 cities); office automation (32 cities); citizen participation (19 cities); and municipal transparency (25 cities). The project seeks to improve municipal services by providing grant funding for infrastructure improvements. To date, the LGRP has assisted eight cities in making improvements to water systems; four have decentralized heating projects and two have undertaken solid waste management initiatives.

By program completion, it is expected that local governments throughout Moldova will have the capacity to establish and implement strategic plans that address local problems and concerns, and will find ready and willing partners among a more knowledgeable and informed citizenry, with a sizable body of examples of the success of participatory and democratic action.

US Financing in Thousands of Dollars

Moldova

117-0230 Democratic Transition	FSA
Through September 30, 2001	
Obligations	1,343
Expenditures	285
Unliquidated	1,058
Fiscal Year 2002	
Obligations	4,084
Expenditures	2,663
Through September 30, 2002	
Obligations	5,427
Expenditures	2,948
Unliquidated	2,479
Prior Year Unobligated Funds	
Obligations	4,391
Planned Fiscal Year 2003 NOA	
Obligations	4,000
Total Planned Fiscal Year 2003	
Obligations	8,391
Proposed Fiscal Year 2004 NOA	
Obligations	4,465
Future Obligations	0
Est. Total Cost	18,283

Data Sheet

USAID Mission:	Moldova
Program Title:	Social Transition
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	117-0340
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,000,000 FSA
Prior Year Unobligated:	\$2,812,000 FSA
Proposed FY 2004 Obligation:	\$2,914,000 FSA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: The portion of USAID/Moldova's Social Transition Program funded with Freedom Support Act resources includes three components: humanitarian and social assistance; health partnerships and combating infectious diseases (Tuberculosis (TB)); and anti-trafficking of persons.

Inputs, Outputs, Activities:

FY 2003 Program:

Tuberculosis (\$1,400,000 FSA). Tuberculosis is a major public health danger in Moldova. The TB epidemic is being driven by declining social and economic conditions, growing unemployment, and subsequent poverty, as well as by inefficient anti-tuberculosis practices. USAID plans to start a new four-year activity to combat the tuberculosis epidemic in the Republic of Moldova by enhancing the implementation of the cost-effective World Health Organization (WHO)-recommended DOTS (Directly Observed Treatment, Short-course) strategy for tuberculosis diagnosis, treatment, and care procedures. At the end of the project, the following results will be achieved: 1) improved laboratory capacity to diagnose infectious pulmonary tuberculosis, including the establishment of a National TB Laboratory Network; 2) strengthened institutional capacity of the Moldova health care system to initially detect TB victims and provide follow-on anti-tuberculosis treatment at the primary health care level, and apply up-to-date TB surveillance to measure progress and coordinate the DOTS programs for civilian and prison populations; 3) increased knowledge of tuberculosis signs, symptoms, referral, and treatment in the general population attained through public outreach campaigns; and 4) the establishment of a facility to monitor multi-drug resistant (MDR) tuberculosis and to provide DOTS Plus (+) treatment for TB patients with confirmed drug resistance.

This project will build upon the on-going USAID-funded Regional Moldova/Romania TB Initiative. This activity has two components: 1) TB laboratory strengthening component to improve laboratory diagnosis, treatment outcome monitoring, laboratory safety, and quality control; and 2) Improving TB drug procurement and supply management systems to assure the uninterrupted availability of the appropriate TB drugs in the correct quantities, at reasonable prices, meeting recognized standards of quality, and supported by favorable political and regulatory processes. The principal contractors/grantees are American International Health Alliance (AIHA), (prime), and Rational Pharmaceutical Management Plus (RMP+) (sub).

Trafficking in persons (\$600,000 FSA). Moldova is a major origin country in Western NIS for trafficked persons. USAID intends to start a new anti-trafficking project. The project will focus on prevention through public awareness and information campaigns and the identification and recognition of risk factors and assistance to potential and actual victims of trafficking through legal consultations, crisis prevention services, psychological rehabilitation, training programs in job skills, and entrepreneurship. USAID expects to establish up to four Women Empowerment Centers that will provide the above-mentioned services. It will focus heavily on greater rural outreach and coordinate with on-going USAID-funded activities for SMEs, agribusiness development, primary health care centers, and legal clinics. The activity will also establish linkages with the new citizen participation program. The objective of this project will be

to prevent trafficking in persons by offering economic solutions to an economic problem. It will especially consider rural population and youth, and cover different audiences including rural women, adolescent girls, university graduates who are seeking employment, and women who are developing entrepreneurial ideas. Contractor to be determined.

FY 2004 Program:

Humanitarian assistance (\$197,400 FSA). The Community Humanitarian Assistance Program (CHAP) is a rapid response, humanitarian commodity distribution program that addresses the critical needs of the most vulnerable groups of the population, i.e., disaster victims, the elderly, disabled, children and youth, sick people, and veterans. CHAP aims to provide assistance to rural areas and regions often overlooked by other international donors. To achieve its goals, CHAP has four objectives: improvement of the quality of life of humanitarian assistance end-users; increased capacity of local non-governmental organization (NGO) partners; improved humanitarian assistance activities by other private voluntary organizations (PVOs); and effective response to natural and man-made disasters in coordination with the U.S. Government, the Government of Moldova (GOM), and local authorities. CHAP will be in its last year of implementation and will focus on its exit strategy and the sustainability of CHAP's local NGO partners. The principle contractor/grantee is Counterpart International, Inc.

Tuberculosis (\$789,600 FSA). Strengthening the Diagnosis and Treatment of Tuberculosis in Moldova and Other Infectious Diseases will continue to work on the key project components such as improved laboratory capacity; TB surveillance system; public outreach campaigns on TB and the establishment of a facility to monitor multi drug resistant (MDR) tuberculosis. USAID will review options to address other infectious diseases in FY 2004. The principle contractor/grantees are the American International Health Alliance (AIHA) (prime) and Rational Pharmaceutical Management Plus (RMP+) (sub).

The Regional Moldova/Romania TB Initiative will continue to provide technical assistance that will improve diagnosis, treatment outcome monitoring, laboratory safety, quality control, and TB drug procurement and supply management systems.

Other infectious diseases - Antimicrobial Resistance (\$893,000 FSA). During FY 2003, the Mission will consider the expansion of assistance for the prevention of other infectious diseases with FY 2004 funding.

Trafficking in Persons (\$1,034,000 FSA). The Anti-Trafficking project will continue to establish Women Empowerment Centers that will provide services to potential and actual victims.

Performance and Results: By program completion it is expected that local civil society institutions will have sufficient capacity to independently establish Moldova's humanitarian assistance needs, identify donors of humanitarian support, secure funding for the transportation of humanitarian support, facilitate its clearance through customs, distribute assistance to those in need, and monitor its use. In the health sub-sector, Moldova will have the indigenous resources necessary to complete the successful implementation of the GOM 2001-2005 Anti-TB Program, including the capacity to approach a 75% cure rate, and begin to approach a near Western Europe average of new TB cases. In anti-trafficking, it is expected that a network of indigenous Women Empowerment Centers will be sustainable (with continued non-USAID international donor support) and that local economies will be minimally, but sufficiently vibrant, to offer jobs and economic opportunities to significant numbers of young women who would otherwise be vulnerable to becoming trafficked.

US Financing in Thousands of Dollars

Moldova

117-0340 Social Transition	FSA
Through September 30, 2001	
Obligations	17,297
Expenditures	135
Unliquidated	17,162
Fiscal Year 2002	
Obligations	2,384
Expenditures	16,881
Through September 30, 2002	
Obligations	19,681
Expenditures	17,016
Unliquidated	2,665
Prior Year Unobligated Funds	
Obligations	2,812
Planned Fiscal Year 2003 NOA	
Obligations	2,000
Total Planned Fiscal Year 2003	
Obligations	4,812
Proposed Fiscal Year 2004 NOA	
Obligations	2,914
Future Obligations	0
Est. Total Cost	27,407

Russia

The Development Challenge: Russia's progress in making the transition to a market-oriented democracy is a mixed picture. While the country has made impressive economic reform gains since the 1998 financial crisis, the economy is overly dependent on extractive industries, democratization trends have been stagnating at best, and key social indicators are troublesome.

Over the past five years, Russia's economy has been expanding by at least 4% annually. However, Gross Domestic Product (GDP) levels remain well below pre-transition levels, with current GDP in Russia representing roughly 65% of 1989 GDP. More significantly, the current growth rate of the economy may not be sustainable since it results in part from high oil prices and a decrease in competitiveness due to ruble appreciation following the late 1998 devaluation. In addition, administrative barriers and the lack of a fully functioning banking system continue to retard business growth and investment policies in general require significant improvement. Nevertheless, momentum continued for advancing the reforms needed for WTO accession, combating money laundering, and promoting small business development. Implementation and monitoring of these reforms at the national level and across Russia's 89 administrative regions remains a daunting task.

The slow pace of democratization is a major concern. Human rights abuses, particularly in Chechnya, religious intolerance toward non-Orthodox faiths, and efforts to clamp down on the independent media particularly following the hostage crisis in Moscow in October, are evidence of a continuing struggle between proponents of broad participation in Russian society and the government's pursuit of managed-democracy. Civil society in general remains weak even as some non-governmental organizations improve their capacity and opportunities for networking and participation in decision-making. Nevertheless, NGOs face government pressure, particularly ones that champion causes unpopular with Russian officials. In major advances, jury trials are being introduced nation-wide and, for the first time, the judiciary reported widely on ethical violations committed by judges and the disciplinary actions taken. Also encouraging is a presidential commission which is defining the division of responsibility and authority among federal, regional, and local governments. This work could have a far-reaching impact on the challenges of democratic governance in Russia by addressing structure and power relationships between different levels of government and a range of issues from intergovernmental finance to the delivery of communal services to mineral extraction.

On the socio-economic front, the drop in the poverty rate since 1998 suggests that some of the macroeconomic gains are filtering down to Russia's population, although income inequality remains very high and the deterioration of human capital is alarming. Life expectancy continues its decades-long decline, and child malnutrition rates are very high compared to those in Central and Eastern Europe. Secondary school enrollments have also declined since the start of the transition. Russian government adoption of international protocols for treating tuberculosis, including multi-drug-resistant strains, is a major step forward in combating that epidemic. However, with the fastest rate of increase in HIV infection in the world, the HIV/AIDS pandemic in Russia -is posing a serious threat to the country's future.

The United States has overriding interests in cooperating with Russia on critical national security issues, including the global war on terrorism, nonproliferation of weapons of mass destruction, and the future of NATO. As the dominant presence in Eurasia, it is within U.S. interests to see Russia complete a successful transition to market-based democracy. A prosperous Russia -- based on democratic principles and broad-based economic growth -- promotes regional stability, expands opportunities for U.S. trade and investment, and reinforces Russia's growing relationship to the Euro-Atlantic community. Developing and sustaining alliances with the people and institutions of Russia makes it easier to address cross-border threats, such as the spread of HIV/AIDS.

The USAID Program: USAID's assistance goal is to work in partnership with Russians to build a market-oriented and socially-responsible democracy through the adoption of democratic norms, free-market mechanisms, and modern approaches to public health and child welfare. The USAID program

emphasizes a Russian-led transition process ("Russianization") and U.S.-Russian partnerships at many levels. Anti-corruption, conflict prevention, gender, and youth are themes which cut across the portfolio.

Under the economic rubric, USAID's current program is supporting development and implementation of targeted market-oriented reforms, expanding the small and medium-size business sector as the future engine of growth in the Russian economy, and improving environmental resources management. In the democracy area, USAID activities focus on broadening participation of men and women in Russian society, improving legal systems and building confidence in the rule of law, and strengthening local governance to be more responsive and accountable. Under the health rubric, USAID is launching a new initiative, Healthy Russia 2020, which will serve as the cornerstone of the health program. Activities are aimed at adapting and using the best international practices in health care, infectious disease control, child welfare, and reproductive health. Under program support and special initiatives, USAID provides financial support for the U.S.-Russia Investment Fund, the Eurasia Foundation, partnership programs in the Volga Federal District and the Russian Far East, participant training, and program development and monitoring. Virtually all of USAID's assistance is managed by non-governmental and private sector organizations, and only a small portion directly benefits the Russian government.

Current budget projections for FY 2004 reflect a one-third cut in resources to USAID's Russia program. As a result, USAID is preparing a graduation strategy for its FREEDOM Support Act (FSA) assistance to Russia. Among other priorities, USAID's strategy will focus on how best to consolidate assistance gains and support the continuing evolution of Russia's transition, including the sustainability of key Russian partner institutions that will continue some of the work now supported by USAID.

The FY 2004 budget reductions will affect programs in both FY 2003 and FY 2004. Given progress in economic reforms, USAID funding for economic growth activities will likely be cut back. Assistance for democracy and governance will also decline. The democracy and health portfolios will probably be the most prominent in the final stages of the USAID program leading up to graduation. Clearly, however, a 30% cut in budget will require USAID to exit certain sectors and activities more rapidly than otherwise would have been the case. Final decisions on which sectors to exit from first will be made only after an interagency graduation strategy has been adopted.

Other Program Elements: Non-bilateral resources include U.S.-Russian health and environmental partnerships; donated medical equipment; regional programs to combat tuberculosis and HIV/AIDS and to promote international accounting standards; farmer-to-farmer advisors; and small business loan guarantees. USAID also coordinates closely with other USG agencies working in Russia, especially in supporting of Department of Energy programs in "nuclear cities" and in maximizing synergies with public affairs activities.

Other Donors: The United States is the largest bilateral donor to Russia. Other major donors include the European Union (legal, civil service, fiscal, banking, and social reform); Italy (agriculture, urban development, market economy); Germany (education, health, environment, and economic infrastructure); the United Kingdom (economic policy reform, participatory government, civil society, the rule of law, health, and enterprise development); Sweden (common security; integration in Europe; civil society, including legal system, independent mass media, and equality between the sexes; socially sustainable economic transition, including health and public administration; environment; trade and investment into the Baltic Sea Region); Norway (environment, including nuclear safety and energy issues; economic development); France (economic and social infrastructure); Finland (economic transition, environment, health, culture); and Canada (transition to a market-based economy, democratic development, environment, indigenous people, trade and investment links). Private foundations also play an important role in Russia, particularly in the areas of civil society and health.

**Russia
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	3,543	0	0	0
FREEDOM Support Act	163,477	159,083	148,000	73,000
Total Program Funds	167,020	159,083	148,000	73,000

STRATEGIC OBJECTIVE SUMMARY

118-0130 Private Enterprise Growth and Development				
FSA	10,360	0	0	0
118-0131 Small Business Development				
FSA	0	11,497	10,165	6,200
118-0140 Market-Oriented Economic Infrastructure				
FSA	8,946	0	0	0
118-0141 Economic Policy Reform				
FSA	0	6,343	5,850	3,800
118-0160 Increased Environmental Management Capacity to Sup				
FSA	6,960	0	0	0
118-0161 Environment				
FSA	0	6,800	6,400	1,590
118-0210 Increased, Better Informed Citizens' Participation				
FSA	13,123	0	0	0
118-0211 More Open, Participatory Society				
FSA	0	12,749	13,792	11,090
118-0220 Strengthened Rule of Law and Respect for Human Rig				
FSA	2,978	0	0	0
118-0221 Legal Systems Strengthened				
FSA	0	4,604	4,046	2,285
118-0231 Improved Local Governance and Economic Development				
FSA	0	3,220	3,742	2,450
118-0320 Improved Effectiveness of Selected Social Benefits				
CSH	3,543	0	0	0
FSA	14,879	0	0	0
118-0321 Health and Child Welfare				
FSA	0	13,615	15,250	14,500
118-0410 Special Initiatives				
FSA	25,000	20,000	20,000	10,000
118-0420 Cross-Cutting Programs				
FSA	14,176	14,572	14,325	8,885
TRANSFER				
FSA	67,055	65,683	54,430	12,200

Mission Director,
Carol Peasley

Data Sheet

USAID Mission:	Russia
Program Title:	Small Business Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,165,000 FSA
Prior Year Unobligated:	\$325,000 FSA
Proposed FY 2004 Obligation:	\$6,200,000 FSA
Year of Initial Obligation:	FY2000
Estimated Completion Date:	FY2005

Summary: USAID's business development and finance programs continue to provide technical assistance, training, and non-bank financing to promote economic growth for the transition to a free-market economy and to a more democratic society through the development of a middle class in Russia. Activities focus on individual entrepreneurs and small businesses, improving the policy environment, delivery of high quality business services, improved access to finance, and promoting economic education to Russian youth.

Inputs, Outputs, Activities:

FY 2003 Program:

Policy reform (\$1,168,000 FSA). USAID will work with eight business associations in the Russian Federation to advocate for reform in the processes that impede the growth of small and medium-sized enterprises (SMEs). This complements the work of the Eurasia Foundation in strengthening small business advocacy organizations. The lessons learned at the regional level will then be used to develop an agenda to assist the Russian Duma in reform at the federal level. In turn, the Russian Duma will be an active participant in the U.S. Congress-Russian Duma Task Force on SME issues, with one exchange visit planned this year. It is expected that about 20 Duma and Congress members will participate. In Tomsk Oblast, USAID funded a study to identify impediments to investment. The action plan developed from the study will be monitored to actively encourage investment in the region. USAID will work with two more regions to develop their investment action plans, complementing work by the World Bank in other regions. The key American partners are the Center for International Private Enterprise, the Foreign Investment Advisory Service, and FINCA International.

High-quality services (\$3,450,000 FSA). Russian business consultants will be paired with about 70 American business volunteers to learn how to work in the sectors showing the greatest potential for growth. In the Russian Far East (RFE), the current small business training activity through the American-Russian Centers will end, and a new activity is planned to meet the unique needs of SMEs in this area. The development of this activity will be based on a recent USAID-funded assessment of the SME sector in the RFE. USAID's key partners are the Citizens Democracy Corps, the Academy of Management and Market, and a partner to be determined for the new activity.

Access to finance (\$4,680,000 FSA). The non-bank model introduced by USAID to promote economic growth is reaching maturity. USAID will be converting the non-bank organizations into indigenous, sustainable Russian credit institutions. The Russian partners are assuming a leadership role in managing the organizations and the loan portfolios. The Russian Microfinance Center will issue its first grants to provide administrative and loan resources for Russian microfinance institutions. It is expected that four to six grants will be awarded. This will be the final year of funding for microcredit projects in Sakhalin and Samara as well as for the Mobilizing Agriculture Credit project. USAID is exploring a Global Development Alliance (GDA) partnership, which could begin this year, for microcredit in North Sakhalin. USAID's implementing partners are ACDI/VOCA, FINCA International, Counterpart International and Development Alternatives International.

Education and training (\$300,000 FSA). USAID will continue to work with Junior Achievement of Russia (JAR) to promote economic education, ethics, and civic responsibility in schools. The JAR activity will be expanded to reach more students and incorporate civics and ethics training into the curriculum. USAID's implementing partner is Junior Achievement Russia.

Program support (\$567,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Policy reform (\$700,000 FSA). The policy advocacy activity would continue to develop agendas with Russian business associations at the regional and federal levels to change obstructive laws and decrease administrative barriers. Additional technical assistance and training for associations would be provided to ensure their sustainability after USAID programs end.

High-quality services (\$1,800,000 FSA). The Integrated Business Services activity will end this year, but USAID intends to work with partners to ensure that a Russian organization assumes management of any follow-on activities. The program to assist SMEs in the Russian Far East would be expanded.

Access to finance (\$2,990,000 FSA). USAID intends to convert the remaining microfinance activities into sustainable, indigenous Russian credit organizations. USAID plans to assist our Russian partners in determining the most advantageous legal form for sustainability. USAID would continue to support the Russian Microfinance Center to advocate for changes in laws to further the goals of Russian non-bank financial institutions, but this will be the final year of funding for the Center. This will also be the final year of funding for the Tomsk microcredit project. The GDA partnership of FY 2003 would continue.

Education and training (\$310,000 FSA). USAID would continue to expand the JAR activity to more schools and would further expand its core program along with civics and ethics training. In addition it would solicit support from Russian businesses, with the expectation that Russian businesses will eventually pay most of the program's costs.

Program support (\$400,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: With the help of USAID's advocacy activities, small business clients were exempted from paying the value-added tax on interest from microfinance loans. A USAID-funded study of investment barriers led Tomsk Oblast to adopt action and implementation plans to eliminate barriers and actively encourage investment. USAID's activities increased access to credit to over 6,500 small business owners through the microfinance activity; nearly 42,000 microfinance loans were made, totaling \$44.6 million, more than double the previous year's number. Of these, 68% went to women. Programs funded by USAID Washington provided 143 Farmer-to-Farmer volunteers, who helped participating farmers increase production and revenue by an average of 10%. The Rural Credit Cooperative Development Fund, a joint USAID-USDA activity, reported that 22% of its individual clients borrowed from \$5,000 to \$10,000, a doubling of the percentage over two years. Junior Achievement Russia developed 30,000 student guides and 1,000 teacher manuals for its civics program. Nearly 2.1 million students have participated in Junior Achievement Russia over the life of the program.

US Financing in Thousands of Dollars

Russia

118-0131 Small Business Development	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	11,172
Expenditures	1,599
Through September 30, 2002	
Obligations	11,172
Expenditures	1,599
Unliquidated	9,573
Prior Year Unobligated Funds	
Obligations	325
Planned Fiscal Year 2003 NOA	
Obligations	10,165
Total Planned Fiscal Year 2003	
Obligations	10,490
Proposed Fiscal Year 2004 NOA	
Obligations	6,200
Future Obligations	0
Est. Total Cost	27,862

Data Sheet

USAID Mission:	Russia
Program Title:	Economic Policy Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0141
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,850,000 FSA
Prior Year Unobligated:	\$650,000 FSA
Proposed FY 2004 Obligation:	\$3,800,000 FSA
Year of Initial Obligation:	FY2003
Estimated Completion Date:	FY2005

Summary: USAID's program to support Russian-led policy reform includes grants to Russian think tanks for institutional strengthening and policy analyses on select economic reform topics; technical assistance to improve intergovernmental fiscal relations at all levels of government; small grants to further Russian initiatives to improve corporate governance; targeted technical assistance to strengthen the financial and banking systems; and loan guarantees to stimulate Russian commercial bank lending to small and medium sized enterprises (SMEs).

Inputs, Outputs, Activities:

FY 2003 Program:

Economic institutions (\$2,789,000 FSA). USAID will provide small grants to about 20 Russian think tanks to strengthen their institutional capacity and to develop policy recommendations on selected economic reform topics. The program will train think tanks in policy advocacy to increase support among the general public, business community, and government for free-market reforms. USAID will fund a follow-on program with the Institute for Economy in Transition (IET) to continue work on tax reform, World Trade Organization (WTO) accession, customs reform, budget reform, and civil service reform. USAID will fund at least 10 visits of international economic experts for consultations with Russian think tanks and policy-makers in the final year of funding. Funding to the Center for Economic and Financial Research (CEFIR) will allow it to monitor implementation of laws to reduce administrative barriers for small business in 20 regions. USAID's key partners are IET, Louis Berger Group, the Moscow Public Science Foundation, and CEFIR.

Fiscal reform (\$900,000 FSA). USAID will fund a Russian think tank to implement the recommendation of the Presidential Commission appointed to improve intergovernmental fiscal relations by reducing unfunded mandates and clarifying revenue and expenditure assignments between federal, regional, and local levels of government. Additionally, technical assistance to six pilot regions, and short-term assistance to an additional 30 regions, will be provided to rationalize revenue transfers between regional and municipal governments. USAID's key partners are: Deloitte Touche Tohmatsu (prime) and the Center for Fiscal Policy (sub).

Financial reform (\$1,475,000 FSA). USAID will fund targeted technical assistance and training to promote banking reform at the Central Bank and commercial bank levels in the final year of funding. USAID will fund at least two new guarantee agreements with Russian commercial banks to promote SME lending. This guarantee program complements USAID's efforts under the business development objective (118-0131) to increase financing for SMEs through non-bank financial institutions. USAID will provide grants to Russian NGOs to monitor implementation of Russia's new Corporate Governance Code and to conduct public awareness and advocacy campaigns on corporate governance reform. The program will train boards of directors of Russian companies and will work with Russian NGOs to develop certification procedures and professional standards. USAID's key partners are the Financial Services Volunteer Corps and others to be determined.

Regional economic development (\$300,000 FSA). USAID will fund activities under the Alaska-Sakhalin Working Group to strengthen ties between the Russian Far East (RFE) and the State of Alaska and to promote U.S. investment in the RFE. A training and technical college will be established on Sakhalin Island to train local Russians seeking work in the oil and gas sector. Such training will enable western oil and gas companies to meet Russian content requirements under production-sharing agreements. Officials and NGO representatives on Sakhalin Island will also be trained to better manage the environmental risks of oil and gas exploitation. This will be the final year of funding for this program, due to budget constraints. USAID's key partner is State of Alaska Department of Community and Economic Development.

Program support (\$386,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Economic institutions (\$2,251,000 FSA). USAID plans to fund 15 new think tank grants and will continue the economic policy program with the Institute for Economy in Transition, but at a reduced level as it begins to phase out support for this think tank. Funding to CEFIR will continue at a slightly reduced level.

Fiscal reform (\$750,000 FSA). USAID funding for the Center for Fiscal Policy would be reduced as the Center increases its funding from other donors and works with regional and federal government beneficiaries on a cost-sharing basis.

Financial reform (\$529,000 FSA). USAID expects to enter into two more loan guarantee agreements with Russian commercial banks, U.S. companies, or other sources of private capital.

Program support (\$270,000 FSA). These funds would cover, evaluations, studies, and related program management costs.

Performance and Results: USAID-supported think tanks conducted 43 analyses that were incorporated into legislative and policy initiatives, including five laws to reduce administrative barriers for businesses. The USAID-funded Institute for Economy in Transition (IET) helped amend Russia's tax code to reduce the tax burden on small businesses; IET's amendments to the Customs Code brought Russia's customs system into compliance with WTO requirements. The USAID-funded Center for Fiscal Policy formulated a comprehensive strategy for intergovernmental fiscal reform under the auspices of the Kozak Commission. The number of Russian regions using the Center's formula for distributing budget increased from 14 to 25. The Financial Services Volunteer Corps (FSVC) helped the Central Bank develop and implement strict anti-money laundering regulations. As a result, Russia was removed from the Financial Action Task Force's watch list. FSVC also helped develop key banking reform legislation. Under USAID's Loan Portfolio Guarantee Program, three partner banks issued 200 SME loans totaling \$7.5 million, an increase of 170% over last year.

US Financing in Thousands of Dollars

Russia

118-0141 Economic Policy Reform	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	5,693
Expenditures	560
Through September 30, 2002	
Obligations	5,693
Expenditures	560
Unliquidated	5,133
Prior Year Unobligated Funds	
Obligations	650
Planned Fiscal Year 2003 NOA	
Obligations	5,850
Total Planned Fiscal Year 2003	
Obligations	6,500
Proposed Fiscal Year 2004 NOA	
Obligations	3,800
Future Obligations	0
Est. Total Cost	15,993

Data Sheet

USAID Mission:	Russia
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0161
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,400,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,590,000 FSA
Year of Initial Obligation:	FY2000
Estimated Completion Date:	FY2005

Summary: USAID's environment program provides technical assistance and training to increase environmental protection in Russia, while promoting economic growth. Activities focus on business development and entrepreneurship, and the need to meet environmental standards to compete in the global marketplace. In the forestry sector, the program addresses the larger issues of protecting and preserving Russia's valuable carbon sink, while creating new employment opportunities and promoting democratic reforms and community development. Activities also contribute to improved health for Russia's citizens, and address trans-boundary environmental issues such as the migration of pests and global climate change. All activities under this SO are being phased out at the end of FY 2004.

Inputs, Outputs, Activities:

FY 2003 Program:

This program is implemented through two projects: FOREST and Replication of Lessons Learned. These projects are complementary and comprise the components below. USAID partners are Winrock and the Institute for Sustainable Communities (ISC). Both partners manage parts of all these components, with the exception of local governance capacity, which is managed entirely by ISC.

Business development (\$1,806,000 FSA). USAID will continue to work with eight trade associations in the Russian Far East (RFE) and Siberia to increase their capacity to provide services such as strategic planning, market studies, information, and training to member companies. Support to the associations and direct support to businesses in this sector will continue to result in increased profitability, sustainability, and trade with other countries.

Technology and processes (\$1,445,000 FSA). Training provided to businesses and government on environmental management systems (EMS) and International Organization for Standardization (ISO) 14000 will prepare companies to implement EMS and government to design accreditation and certification systems. Additional feasibility studies and the identification of financing options will continue to increase the number of companies investing in biomass energy technologies. We currently have four facilities completed and are fast-tracking another six this year.

Local government capacity (\$607,500 FSA). Targeted municipalities in multiple regions will replicate energy efficiency projects and health risk assessments successfully introduced in pilot regions. This will result in improved health of citizens as data from assessments are used to prioritize decisions on investments in municipal services.

Forest resources (\$602,000 FSA). The new pest monitoring system introduced by USAID in 2001 will be rolled out in an additional region, and data already collected will be used to predict and prevent outbreaks.

Civil society advocacy (\$1,564,500 FSA). The forest fire prevention campaign developed in 2001 will be implemented in additional regions throughout the RFE and Siberia with the participation of citizen groups,

schools and local administrations. Environmental education and Internet linkages will continue to be promoted throughout Russia.

Program support (\$375,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

This program would continue under the two projects: FOREST (\$900,000) and Replication of Lessons Learned (\$500,000), but will end at the close of FY 2004.

Program Support (\$190,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: Russian businesses now have the capacity to implement environmental management systems that conform to the World Trade Organization's regulations. USAID contributed to the forestry sector's increased profitability and sustainability, and to increased trade with businesses in other countries, including the United States. Region 7, an association of non-timber forest product firms in the Russian Far East, has signed a three-year contract with a British company to deliver 300 metric tons of honey per year, beginning in 2003. The contract is valued at \$900,000. Four biomass energy facilities were installed in the Russian Far East and Siberia, bringing economic, social, and environmental benefits and contributing to the United States' commitment to address global climate change. When on line, these plants will generate up to five megawatts of energy. Pilot regions, using a new method to predict and control forest pest outbreaks, have reduced associated costs by 80%. This reduction helps protect forests in the United States by limiting the pests transported during trade transactions. More than 750 individuals and groups are participating in a fire prevention campaign launched this year, modeled on the "Smokey the Bear" campaign from the United States. Tens of thousands of citizens were informed about the need to prevent forest fires during the peak fire season, and surveys showed that up to 18% of the audience for these messages changed their behavior when using the forests. Municipalities are using environmental health risk assessments supported by USAID. These assessments quantifiably reduced lead levels in the blood of children and contributed to a 100% increase in the number of men in one Russian region who consulted doctors for treatment of sexual dysfunction caused by pollution. More than 20 new environmental education and public advocacy programs have been implemented, and an Internet network now links children in 140 cities, enabling them to share their environmental experiences. Thanks to USAID-supported energy efficiency programs, schoolchildren, hospital patients, and citizens using municipal facilities in the Volga Federal District are now warm and comfortable, and municipalities are saving money that can be used to address other social needs.

US Financing in Thousands of Dollars

Russia

118-0161 Environment	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	6,800
Expenditures	397
Through September 30, 2002	
Obligations	6,800
Expenditures	397
Unliquidated	6,403
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	6,400
Total Planned Fiscal Year 2003	
Obligations	6,400
Proposed Fiscal Year 2004 NOA	
Obligations	1,590
Future Obligations	0
Est. Total Cost	14,790

Data Sheet

USAID Mission:	Russia
Program Title:	More Open, Participatory Society
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0211
Status:	Continuing
Proposed FY 2003 Obligation:	\$13,792,000 FSA
Prior Year Unobligated:	\$300,000 FSA
Proposed FY 2004 Obligation:	\$11,090,000 FSA
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2005

Summary: USAID's program to foster a more open, participatory society includes: increasing sources of independent information that are accessible to the public; strengthening civil society and advocacy institutions, from community organizations to political parties and labor unions; and increasing citizen participation through formal citizen involvement in non-governmental organizations (NGOs) activities, and increased "ad hoc" citizen involvement in the community.

Inputs, Outputs, Activities:

FY 2003 Program:

Independent information (\$2,700,000 FSA). USAID's funds will expand the Internews network of regional TV news service subscribers, provide assistance to regional print media, foster connections between American and Russian media business owners and managers, and train journalists and media managers representing non-state media. USAID partners are Internews and the International Research and Exchanges Board (IREX) (prime), and Press Development Institute.

Civil society and advocacy institutions (\$6,958,000 FSA). USAID will continue to support Russian NGOs' professionalism, particularly in lobbying government policymakers. USAID will help NGOs address social problems in their communities, mobilize citizens, and develop local philanthropy as a funding base for NGOs. A follow-on program will be launched to consolidate several other programs at the national level to advocate for legislation promoting the development of civil society and strengthening outreach, particularly with the media. USAID will continue to combat trafficking across sectors, in the final year of funding. As Russia prepares for State Duma and presidential elections, USAID will provide technical assistance to increase political participation through voter education, election monitoring, and training for young political leaders. The Institute for Electoral Systems Development (IESD), in cooperation with the International Foundation for Electoral Systems, will develop the capacity of regional electoral commissions to conduct free and fair elections. In addition, USAID will promote citizen use of local government web sites, helping community groups and NGOs to take better advantage of this medium for communication and information. New human rights activities will become part of this SO and this component. USAID's key partners are IREX, the American Center for International Labor Solidarity, Winrock International, the Center for NGO Support, the National Democratic Institute, the International Republican Institute, and IESD.

Citizen participation (\$3,250,000 FSA). In the Russian Far East, USAID will continue to support a program to increase citizen participation and activism on local issues. Russia's leading studies center for young political leaders, the Moscow School of Political Studies (MSPS), will receive continued support for its seminar program and building a network with American donors and potential partner institutions. Finally, a new civic education program will expand school-based pilot programs and promote students' participatory activities in the communities. USAID's partners are MSPS, the Institute for Sustainable Communities, and a new partner to be determined.

Program support (\$884,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Independent information (\$2,500,000 FSA). USAID plans to work with Internews to support regional broadcasters, with added attention to radio broadcasters training and management needs. Support to independent print media would continue focusing on institutional development of the Press Development Institute. As follow-up to the 2002 Russian-American Media Entrepreneurship Dialogue, USAID would foster contacts between American and European media entrepreneurs.

Civil society and advocacy institutions (\$5,700,000 FSA). USAID's flagship program to develop the NGO sector at the national level would be in full operation in FY 2004, while funding would continue to regional NGO Resource Centers and their network to support community activism. With parliamentary and presidential elections scheduled for 2004, political party training work supported by NDI and IRI would focus on campaign and election monitoring training. We anticipate that IESD would concentrate on an initiative to monitor campaign expenditures by candidates, as well as training media in campaign coverage. Our FY 2003 initiative to promote the Internet as a medium for new sources of information and citizen participation would continue. Human Rights activities begun in FY 2003 would continue.

Citizen participation (\$2,050,000 FSA). In the Russian Far East, USAID plans to continue support for community initiatives and expand assistance to professional associations. MSPS would continue to strengthen leaders in the regions with more regional seminars and develop the MSPS alumni network. USAID's new civic education program would be fully operational.

Program support (\$840,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: More than 50% of the citizens in selected regions now have access to non-state and public affairs broadcasting. Six new Regional Media Training Centers were created, and the Internews regional news competition for local reporting grew large enough for a national philanthropist to invest in funding the competition. A high-profile USG initiative, the Russian-American Media Entrepreneurship Dialogue, helped organize Russian media to lobby for reform of press laws. Public interest law clinics provided 7,000 legal consultations, and represented workers in more than 2,000 court hearings. Local Civic Forums were held in four cities where USAID assisted NGOs. The USAID-supported Siberian Civic Initiatives Support Center launched 20 grant rounds using local government funds, with USAID funding administrative costs. Yukos Open Russia Foundation invested \$67,000 in the USAID-supported resource center in Samara and is about to invest in the Siberian Civic Initiatives Support Center. USAID's partner Women's Consortium advanced two amendments to the Labor Code protecting women's rights and was asked to join the new Presidential Human Rights Commission. The League of Women Voters has 20 partner organizations and has trained more than 1,000 election observers. The NDI-created domestic election observation coalition, VOICE, has expanded to 16 regions with more than 1,200 observers trained to monitor regional elections. The coalition observed six local elections this year and increased its capacity to monitor and highlight election abuses.

US Financing In Thousands of Dollars

Russia

118-0211 More Open, Participatory Society	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	12,449
Expenditures	2,684
Through September 30, 2002	
Obligations	12,449
Expenditures	2,684
Unliquidated	9,765
Prior Year Unobligated Funds	
Obligations	300
Planned Fiscal Year 2003 NOA	
Obligations	13,792
Total Planned Fiscal Year 2003	
Obligations	14,092
Proposed Fiscal Year 2004 NOA	
Obligations	11,090
Future Obligations	0
Est. Total Cost	37,631

Data Sheet

USAID Mission:	Russia
Program Title:	Legal Systems Strengthened
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0221
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,046,000 FSA
Prior Year Unobligated:	\$230,000 FSA
Proposed FY 2004 Obligation:	\$2,285,000 FSA
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2005

Summary: USAID's program to strengthen legal systems includes: increasing public awareness of legal rights by strengthening legal protection and enhancing public relations skills of human rights organizations; increasing lawyers' skills in representing clients through clinical legal education; enforcing women's rights (gender issues); making the judicial system more transparent, independent, and efficient, through exchanges between Russian and American judicial officials on judicial education, ethics, court administration, and the implementation of jury trials.

Inputs, Outputs, Activities:

FY 2003 Program:

Judicial and legal reform (\$2,916,000 FSA). Funding will continue a pilot court program to encourage innovative case management and court administration procedures for nationwide replication, along with distance learning programs being developed by the Academy of Justice. Assistance will continue on judicial administration, court management, and judicial ethics, including visits by a dozen U.S. advisors experienced in these areas, many with extensive experience with the Russian judicial system. About 150 key members of the Russian judiciary's qualifying collegia (including new non-judge members) will be trained to apply the norms of judicial ethics, and publications on these topics will be distributed. At least four more legal clinics will become training centers. A new component will focus on strengthening the advocacy skills of lawyers, increasingly important due to major new civil and criminal laws. Some technical assistance and training will support the Russian government's decision to implement jury trials nationwide in 2003. USAID's partners are Chemonics, the American Bar Association's Central and Eastern European Legal Initiative (ABA/CEELI) (prime), and the Russian-American Rule of Law Consortium.

Legal awareness and advocacy (\$660,000 FSA). USAID launched a new human rights program in FY 2002 and awarded three grants to organizations to develop NGOs' advocacy skills, improve the image of human rights NGOs among the general public, and increase access to justice through human rights law clinics. Grantees will continue this work in 35 regions of Russia, and \$340,000 will be disbursed in new grants during FY 2003. Work already begun under one grant will continue with incremental funding. New work will be funded under SO 2.11 "A More Open, Participatory Society". USAID's key partners are the Moscow Helsinki Group, Memorial, a Russian NGO called Faith, Hope, and Love, and others to be determined.

Program management (\$470,000 FSA). These funds will cover program-related personnel, training, evaluations, studies, and related program management costs.

FY 2004 Program:

Judicial and legal reform (\$1,834,000 FSA). The judicial reform activity is ending this fiscal year, but USAID intends to follow on its successful work with the Russian judiciary. The precise nature of the assistance would be determined in close consultation with the Russian judiciary over the next year; it may include support for reform in judicial review of administrative action. At least three sustainable structures

for dealing with domestic violence would be created; eight legal clinics would function as training facilities for other clinics; and seven to nine sister bar partnerships would facilitate the publishing of court decisions in the partner regions. USAID would decide how to best support these objectives after this fiscal year. One option is to use some or all of this money to support legal education reform, especially because the Open Society Institute, a major donor in this area, is withdrawing from Russia.

Legal awareness and advocacy (\$231,000 FSA). USAID plans to continue funding one grant awarded to a Russian NGO in FY 2002. New grants will be funded under SO 2.11. The remainder may be used for new grants in the increasingly important area of religious and ethnic tolerance.

Program support (\$220,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: USAID's programs have helped to empower the judiciary to push for further judicial reform. The Russian Council of Judges became more effective in formulating the needs of the judiciary and lobbying for them. Judicial salaries have risen substantially and the government has adopted an ambitious plan for increased funding for the courts through 2006.

USAID's judicial reform contractor, the Russian-American Judicial Partnership, has been deeply involved in legal education and training. The Supreme Qualifying Collegium widely distributed and posted on the Internet a first-time publication reporting on ethical violations by judges and resulting disciplinary actions.

ABA/CEELI has made significant progress in enhancing lawyers' skills in representing clients. It helped legal educators strengthen legal clinics, affording representation to clients on subjects that included women's rights. Four legal clinics are now resource centers, and ABA/CEELI published a unique handbook detailing the work of more than 60 legal clinics in Russia. ABA/CEELI has trained women's rights activists and law enforcement officials; has trained 40 non-lawyer Social Advocates to help women in crisis navigate the Russian legal system; and has given assistance to local partners to advocate for changes to the criminal procedure, housing, and family codes. Pilot centers in three cities are testing grounds for an intensive, multidimensional gender program.

USAID sponsored a seminar on ethnic and religious tolerance in conjunction with well-known human rights activists as well as a study of tolerance in the Volga Federal District. The study recommended activities that complement USAID's work in human rights and hold promise for further involvement in this area.

US Financing in Thousands of Dollars

Russia

118-0221 Legal Systems Strengthened	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	4,374
Expenditures	39
Through September 30, 2002	
Obligations	4,374
Expenditures	39
Unliquidated	4,335
Prior Year Unobligated Funds	
Obligations	230
Planned Fiscal Year 2003 NOA	
Obligations	4,046
Total Planned Fiscal Year 2003	
Obligations	4,276
Proposed Fiscal Year 2004 NOA	
Obligations	2,285
Future Obligations	0
Est. Total Cost	10,935

Data Sheet

USAID Mission:	Russia
Program Title:	Improved Local Governance and Economic Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0231
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,742,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,450,000 FSA
Year of Initial Obligation:	FY2001
Estimated Completion Date:	FY2005

Summary: USAID's local governance activities strengthen local self-governance and civil society by improving the decision-making skills of local governments; increasing their capacity to develop and manage financial, human, and physical resources; and increasing their awareness and willingness to operate transparently and in sustained partnership with their communities. Our program works in 34 cities in the Volga Federal District (VFD), the Russian Far East (RFE), and the Urals.

Inputs, Outputs, Activities:

FY 2003 Program:

Local governance (\$2,750,000 FSA). To develop models for resolving complex, multi-sectoral issues that affect local governments and communities, USAID will establish a Local Governance Reform Support Center in the VFD. It will also fund a series of pilot projects and replicate efficient models of social and economic development for four types of municipalities: a large urban center, a small city, a rural settlement, and a mono-industrial area. To counter a strong trend toward re-centralization, USAID's implementing partner is helping develop federal policies and laws that directly or indirectly strengthen institutions of local self-governance. Other activities increase the decision-making capacities of local governments in public finance through transparent and comprehensive public finance policies as well as effective budget planning tools. USAID's assistance will help make local budgets more transparent and less arbitrary through mechanisms to stimulate public participation, including open budget-planning hearings and other public forums on budgetary decisions. USAID will continue to train local government administrators and non-government community leaders in increasing the efficiency, equity, and effectiveness of public goods and services. This includes better targeting of resources to the neediest, introduction of more efficient administrative practices, simplification of procedures for beneficiaries of social programs, and increased partnership with NGOs through competitive procurement mechanisms to deliver social services. USAID will implement a long-term public policy training program for officials responsible for local governance and social reform policies. We expect to train 30 local and 15 federal officials. USAID's partner is the Institute of Urban Economics (IUE).

Anti-corruption (\$500,000 FSA). USAID will fund a follow-on activity to support public-private partnerships in Tomsk and Samara. USAID will fund two conferences for 70 participants each to discuss future anti-corruption steps, and six professional seminars for journalists, lobbyists and public activists. In addition, USAID will fund a small grant program to review 60 corruption-related citizen complaints per month. This will be the final year for this activity. The Institute for Urban Economics will take on more work designed to combat corruption under the local governance activity described above. USAID's key implementing partner is Management Systems International.

Program support (\$492,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Local governance (\$2,115,000 FSA). USAID would continue funding the Local Governance Reform Support Center in the VFD, aimed at its institutionalization as a self-sustaining regional think tank and a coordinating body for local governments, NGOs, donor organizations, and the business community after the end of the agreement. USAID intends to fund the dissemination of financial management techniques it has tested in previous years. USAID plans to assist an additional six municipalities in making fiscal policies more open, consistent, and predictable. USAID plans disseminate examples of best practices in social reforms to eight regions and municipalities in Volga Federal District and to other regions of Russia. USAID would continue to fund and refine the comprehensive public policy training program with the goal of achieving full "Russianization" and sustainability by the end of the agreement.

Program support (\$335,000 FSA). These funds would cover related program management costs.

Performance and Results: In a rapidly growing trend, six more cities instituted sustainable strategic planning for economic growth. This work, begun by IUE, is complemented by the Eurasia Foundation's program, which works with 23 cities. In all, 79 cities are using strategic planning to guide their social and economic development. Seven cities and one large municipal association adopted more transparent local financial management practices. Six cities introduced quantitative analysis in budget decisions so that local governments clearly understand what resources they have and how they are used and can better communicate this to the population. Among these cities, two invited their communities, for the first time, to participate in budget decisions before budgets were finalized, rather than simply informing citizens after the fact. Nine local governments regularized their real estate markets to make them transparent and predictable to investors. Nine municipalities improved the delivery of social assistance through better means-testing, streamlining of administration, and introduction of competitive procurement in the delivery of social goods and services. Three regions implemented sustainable training courses in policy development skills for local government administrators, and a national-level course is ready for implementation. Results of demonstration projects in 22 municipalities informed policy dialogues and promoted laws supportive of improved local governance, service delivery, and economic growth.

IUE had a significant role in the Presidential Commission on Delineation of Authority among federal, sub-federal, and local governments. Using the direct results of USAID's activities, IUE provided expertise to the Commission on what reforms are most needed at the local level and how they should be structured. More significantly, IUE initiated a national-level public dialogue about proposed political and fiscal reforms. During the course of this dialogue, many players with direct interests in the outcome of federal-level decisions, particularly local community leaders, mayors, and the media, actively participated in what had largely been a closed federal-level conversation. Their participation changed the nature and direction of the debate, and lower-level interests were considered more fully. This is a clear example of the growing strength of civil society in Russia and the growing role that think tanks are playing in its development.

Anti-corruption coalitions are working closely with the Governor's office in Samara and the Mayor's office in Tomsk. In Samara, the Coalition is helping to draft a Code of Ethics for government officials.

US Financing in Thousands of Dollars

Russia

118-0231 Improved Local Governance and Economic Development	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	3,220
Expenditures	59
Through September 30, 2002	
Obligations	3,220
Expenditures	59
Unliquidated	3,161
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	3,742
Total Planned Fiscal Year 2003	
Obligations	3,742
Proposed Fiscal Year 2004 NOA	
Obligations	2,450
Future Obligations	0
Est. Total Cost	9,412

Data Sheet

USAID Mission:	Russia
Program Title:	Health and Child Welfare
Pillar:	Global Health
Strategic Objective:	118-0321
Status:	Continuing
Proposed FY 2003 Obligation:	\$15,250,000 FSA
Prior Year Unobligated:	\$200,000 FSA
Proposed FY 2004 Obligation:	\$14,500,000 FSA
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2008

Summary: USAID's health and child welfare objective is aimed at increasing the use of the best international practices in health care and child welfare. The strategy is to adapt international guidelines, train practitioners in management and policy skills, and fund research to develop the interventions most appropriate for Russia. USAID seeks to institute grassroots changes, introducing modern systems of prevention and care, in its work on infectious diseases, primary health care, maternal and infant health, and child welfare. A newly launched initiative, Healthy Russia 2020, will serve as the cornerstone of the program, with the overarching goal of bringing Russian health indicators to West European levels by the year 2020. The new activity is also a mechanism to disseminate and replicate successful models. It is the first major activity in the region dedicated to health problems in industrialized countries.

Inputs, Outputs, Activities:

FY 2003 Program:

Primary health care (\$6,850,000 FSA). Healthy Russia 2020 will streamline the health portfolio. The U.S.-Russia health partnerships program will disseminate and replicate models developed over the past decade, but due to budget constraints this will be the final year for this program. USAID will provide targeted technical assistance to a federal program of improving service quality in 30 regions. Principal partners are Johns Hopkins University's Center for Communication Programs, the American International Health Alliance, and the University Research Corporation's Quality Assurance Project. Given the cross-cutting nature of Healthy Russia 2020, Johns Hopkins will play a role in most components of the health portfolio.

Infectious disease (\$4,292,000 FSA). The tuberculosis (TB) control program will expand to reach seven regions. The program will fund models using NGOs to better serve prisoners and those leaving prison; launch technical assistance to pilot treatment of multi-drug-resistant TB; fund research on reducing TB and HIV co-infection; refine and implement federal guidance on tuberculosis control; and improve national response to the epidemic. A U.S. Centers for Disease Control and Prevention (CDC) advisor based in Moscow will increase technical assistance. The HIV/AIDS program will promote healthy behavior among youth aged 15-25; conduct condom social marketing campaigns; and work with groups at high risk of infection. NGO partnerships will expand capacity beyond the three target regions. A pilot activity will improve HIV counseling and testing. Projects to improve services for groups at risk will build on CDC's research. Research will monitor and assess the epidemic, as required by USAID's Expanded Response to HIV/AIDS. If additional resources are available, we will expand the program to two more regions. The World Health Organization, CDC, the International Federation of Red Cross and Red Crescent societies, and Population Services International are USAID's key partners.

Child welfare. (\$2,000,000 FSA). USAID will promote child welfare reform by fostering local child welfare initiatives; by disseminating best practices in child welfare services; by promoting changes in public attitudes toward child abandonment; and by improving social policy to reverse the growing number of abandoned children. The program will foster partnerships between NGOs and the government. USAID's

partners are the International Research and Exchange Board and the National Society for Prevention of Cruelty to Children.

Reproductive health (\$1,150,000 FSA). Targeted activities complementing Healthy Russia 2020 will further improve reproductive health services. A new activity will build on the success of the Women's and Infants' Health Program. The impact of family planning programs of the mid-1990s may be assessed to gauge whether to fund new programs. Findings from research on post-abortion care will be disseminated to influence national policy. USAID will fund the national network of NGOs trained in advocacy for reproductive health, and five regional networks will be linked with Healthy Russia 2020. All contracts and grants will include clauses required by the Mexico City Policy. USAID's partner is The Futures Group Policy Project; the partner for the new activity is to be determined.

Program management (\$958,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Primary health care (\$7,000,000 FSA). Activities would continue under Healthy Russia 2020, which would increasingly address USAID priority areas as outlined below.

Infectious diseases (\$3,240,000 FSA). As part of an exit strategy, activities in the seven tuberculosis pilot regions would shift to implement the new federal guidelines. Technical assistance on HIV/TB co-infection and multi-drug-resistant TB would continue. Intensified efforts would increase the numbers of NGOs working on effective, targeted HIV/AIDS prevention, and expand the coverage of high-risk groups, complementing Healthy Russia 2020's more general advocacy and communication on HIV/AIDS.

Child welfare (\$2,000,000 FSA). USAID would continue to deliver grants to Russian NGOs, influence public opinion, and promote policy change.

Reproductive health (\$1,500,000 FSA). A women's health program would continue to provide targeted, cutting-edge research and service delivery modifications, particularly those linked to reducing abortions.

Program support (\$760,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: The Ministry of Health joined with USAID to disseminate nationwide a cost-effective methodology to improve the quality of health care that had been tested in two pilot regions. As many as 30 regions will participate and will contribute significant financing. USAID was a moving force behind new federal guidelines on tuberculosis treatment and helped secure Ministry approval of a protocol for treatment of multi-drug-resistant tuberculosis, a breakthrough that paves the way for a pilot course of complex treatment. NGOs conducting outreach and education on high-risk behavior linked to HIV/AIDS began to see measurable changes (as a result of their efforts). Maternal and infant health service restructuring continued to improve delivery outcomes; cost savings from the changes give other regions more reason to adopt these approaches. In August, the Russian government approved a \$200 million, four-year program, "Children of Russia," the culmination of policy dialogue and investment by USAID and other international donors to overhaul child health care and welfare in Russia.

US Financing in Thousands of Dollars

Russia

118-0321 Health and Child Welfare	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	13,415
Expenditures	1,046
Through September 30, 2002	
Obligations	13,415
Expenditures	1,046
Unliquidated	12,369
Prior Year Unobligated Funds	
Obligations	200
Planned Fiscal Year 2003 NOA	
Obligations	15,250
Total Planned Fiscal Year 2003	
Obligations	15,450
Proposed Fiscal Year 2004 NOA	
Obligations	14,500
Future Obligations	0
Est. Total Cost	43,365

Data Sheet

USAID Mission:	Russia
Program Title:	Special Initiatives
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$20,000,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,000,000 FSA
Year of Initial Obligation:	FY1999
Estimated Completion Date:	2008

Summary: USAID provides financial support for the U.S.-Russia Investment Fund (TUSRIF).

Inputs, Outputs, Activities:

FY 2003 Program:

U.S.-Russia Investment Fund (\$20,000,000 FSA). USAID finances the U.S.-Russia Investment Fund, managed by Delta Capital, which is providing a variety of financial services for the Russian market. The Fund has financed an array of Delta-branded products and operating entities providing mortgage lending, leasing services, and equity financing. Delta Capital has shifted its efforts to support small and medium enterprises (SMEs) from the Bank Partner program to Delta Bank and Delta Leasing, which provide operating and equipment leases. Delta Capital's equity investments have been redirected towards consumer products and the telecommunications, media, and technology sectors because of these sectors' profitability and prospects for growth as the Russian economy grows. Delta Capital continues to actively manage its equity portfolio, and seeks to liquidate its investments as opportunities emerge to exit profitably. It continues to seek private investors to replace U.S. Government financing. USAID's partner is the U.S.-Russia Investment Fund (Fund), managed by Delta Capital.

FY 2004 Program:

U.S.-Russia Investment Fund (\$10,000,000 FSA). USAID plans to continue financial support for the Fund to pursue profitable investments and provide financial services that fill a need in the Russian market, while seeking to raise private capital.

Performance and Results: The Direct Investment program of the Fund has provided a total of \$237 million in capital to 37 companies, and there are 14 projects in the investment pipeline. During FY 2001 and FY 2002, the Fund liquidated six of its direct investments for \$43 million, yielding \$23 million in profits. The Fund's Bank Partner Program has disbursed a total of \$58 million in SME financing through 49 bank branch partners to benefit over 2,000 small businesses in Russia.

Since 1999 financial services have become a significant component of the Fund's investment strategy. Financial services are delivered through financial subsidiaries established under the Delta brand name: Delta Bank, Delta Credit Bank, Delta Leasing, Delta Leasing Far East, and Delta Auto Lease. TUSRIF has provided \$98 million in capital to the Delta financial group of companies, and has raised an additional \$65 million in third-party financing to expand these financial services.

US Financing in Thousands of Dollars

Russia

	DA	ESF	FSA
118-0410 Special Initiatives			
Through September 30, 2001			
Obligations	1,491	19,784	321,286
Expenditures	1,491	19,612	282,852
Unliquidated	0	172	38,434
Fiscal Year 2002			
Obligations	0	0	25,000
Expenditures	0	5	23,525
Through September 30, 2002			
Obligations	1,491	19,784	346,286
Expenditures	1,491	19,617	306,377
Unliquidated	0	167	39,909
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	0	20,000
Total Planned Fiscal Year 2003			
Obligations	0	0	20,000
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	10,000
Future Obligations	0	0	0
Est. Total Cost	1,491	19,784	376,286

Data Sheet

USAID Mission:	Russia
Program Title:	Cross-Cutting Programs
Pillar:	Global Development Alliance
Strategic Objective:	118-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$14,325,000 FSA
Prior Year Unobligated:	\$73,000 FSA
Proposed FY 2004 Obligation:	\$8,885,000 FSA
Year of Initial Obligation:	FY2001
Estimated Completion Date:	FY2005

Summary: USAID's cross-cutting programs include U.S.-Russian partnerships and training in support of all of USAID/Russia's programs; financial support for the Eurasia Foundation's projects in civil society, public administration and private sector development; and program monitoring, evaluations, and surveys.

Inputs, Outputs, Activities:

FY 2003 Program:

Cross-cutting programs (\$3,825,000 FSA). Two partnership programs, one in the Volga Federal District and the other in the Russian Far East, will award from 30 to 35 grants for partnerships between U.S. and Russian communities on issues addressed by USAID/Russia's strategic objectives. In its final year, the partnership program in the Volga Federal District will also provide sub grants for the replication and dissemination of lessons learned from ongoing partnerships. About 400 Russian professionals will complete 20 training courses in the United States, Russia, and other countries, in such subjects as citizen advocacy and public awareness campaigns, and on sector-specific topics financed under other objectives. More than 250 alumni of USG-sponsored programs will participate in regional management workshops. USAID will finance a conference on major economic, social, and health trends based on 10 years of the Russia Longitudinal Monitoring Survey (RLMS), the most consistent source of longitudinal data on Russia. USAID's support for the RLMS will end with funding for the eleventh round of the survey. USAID's partners are the University of North Carolina (prime), the Russian Institute of Sociology (sub), the Academy for Educational Development, the Foundation of Russian-American Economic Cooperation, and the International Research and Exchanges Board.

The Eurasia Foundation (\$9,500,000 FSA). To enhance the capacity of Russian communities to allocate municipal resources, the Eurasia Foundation will fund networking and training for municipalities in strategic planning and will develop municipal governments' and citizen groups' capacity to monitor and evaluate municipal programs. The Foundation will enhance the small business sector's ability to develop and advocate for policy proposals; strengthen rural credit cooperatives; stimulate Internet use by small businesses; and strengthen the capacity of the Foundation for International Accounting in Russia. The Foundation will help increase charitable activity by fostering the growth of corporate philanthropy. To strengthen independent regional mass media, the Foundation will promote sustainable business practices and technologies so that outlets can distance themselves from government or oligarchic support. USAID's partner is the Eurasia Foundation.

Program development and support (\$600,000 FSA). Evaluations, assessments, and studies will assess and document program impact, identify implementation issues, make recommendations for their resolution, and improve understanding of Russia's development challenges.

Program management (\$400,000 FSA). These funds will cover program management costs.

FY 2004 Program:

Cross-cutting programs (\$685,000 FSA). In FY 2004, final funding would complete sub grants under the Russia Far East Partnerships program.

The Eurasia Foundation (\$7,500,000 FSA). The Eurasia Foundation expects that FY 2003 will be the final year for funding community strategic planning activities and expects that other donors will step in to continue this work. Depending on the success of pilot efforts, in FY 2004 the foundation may expand assistance to small and medium enterprises to adopt e-business practices.

Program development and support (\$400,000 FSA). USAID plans to conduct studies, assessment and related activities for program design and evaluation.

Program management (\$300,000 FSA). These funds will cover program management costs.

Performance and Results: In 2002, nearly 40 U.S.-Russian partnerships exposed Russians to new approaches to problem solving, to building citizen-to-citizen ties, and to disseminating successful approaches to other communities. With USAID's funding, the Eurasia Foundation expanded the use of strategic planning and evaluation by municipal governments and citizen groups; made grants to Russian business associations to develop capacity to advocate for reform; and expanded its support for independent media as viable business enterprises. The Eurasia Foundation continues to play an important role in developing Russia's private foundation sector through its grant programs, by working with other organizations to address constraints to foundations and by diversifying its own source of funds. In a groundbreaking agreement, the Eurasia Foundation received a grant from a Russian foundation and was asked by the president's representative in the Volga Federal District to manage a small grants program.

US Financing in Thousands of Dollars

Russia

	ESF	FSA
118-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	2,992	128,280
Expenditures	2,449	112,186
Unliquidated	543	16,094
Fiscal Year 2002		
Obligations	0	14,649
Expenditures	543	12,103
Through September 30, 2002		
Obligations	2,992	142,929
Expenditures	2,992	124,289
Unliquidated	0	18,640
Prior Year Unobligated Funds		
Obligations	0	73
Planned Fiscal Year 2003 NOA		
Obligations	0	14,325
Total Planned Fiscal Year 2003		
Obligations	0	14,398
Proposed Fiscal Year 2004 NOA		
Obligations	0	8,885
Future Obligations	0	0
Est. Total Cost	2,992	166,212

Tajikistan

The Development Challenge: The war in Afghanistan and the on-going war on terrorism have placed Tajikistan in the spotlight as a key U.S. ally in this isolated region of the world. Long noted as the poorest country to gain independence from the former Soviet Union, Tajikistan is using increased donor assistance to address the pressing needs of its people. According to World Bank estimates, Tajikistan's total external debt is slightly over \$1.02 billion or 100% of GDP. While economic growth in 2001 was 10.2% and has held steady at 8.9% for the first nine months of 2002, 80% of the population still lives below the poverty line, with 18.6% of urban and 23.4% of rural population in extreme poverty. A recent national nutritional assessment found that 17.3% of children under five suffer from acute malnutrition, 4.2% from severe malnutrition and 37.9% showing chronic malnutrition. The agricultural sector, which employs over 60% of the population, is seriously constrained by the country's deteriorated irrigation infrastructure, a poorly executed program of land privatization, and a lack of quality inputs and financial capital for farmers. Thus far, the government has not been able to establish the rule of law sufficiently to attract the domestic and foreign investment needed to spur economic growth. Although the threat of international terrorism was diminished due to the involvement of Operation Enduring Freedom in the region, narcotics trafficking remained a significant problem, as heroin producers in Afghanistan used Tajikistan as a primary transit route for exports to the rest of the Soviet Union and Europe. Neighboring Uzbekistan continued to severely restrict movement across its common border, effectively shutting off much of Tajikistan's international trade. Despite the problems it faces, the Government of Tajikistan appears energized by increased support from the donor community and is moving on a broad front to make the reforms needed to complete the transition to a market economy. This includes legislative and regulatory reforms aimed at overhauling banking supervision, tax administration, commercial law codes, the judiciary, and health care provision and financing.

This reform agenda directly advances U.S. national interests in Tajikistan to stem drug trafficking and promote political and social stability through democratic and economic reform, improved quality of life, and productive capacity of people.

The USAID Program: The Program Data Sheets provided below cover five strategic objectives and two special objectives for which USAID is requesting funds. These five objectives promote reforms and training that foster the growth of small and medium enterprises, promote civil society and expand access to information, improve primary health care and prevent infectious disease, and encourage better use of the region's water and energy resources. Two proposed special objectives, made possible through supplemental funding, will support conflict prevention and reforms in basic education. Given the focus on Central Asia since the war on terrorism, the new special objective for conflict prevention will pull together USAID's on-going conflict prevention activities in order to highlight their contribution to broader U.S. objectives in the region. FY 2003 funds will be used to implement the program as currently planned and previously described in the FY 2002 Congressional Budget Justification, including cross-cutting objectives in youth, gender, anti-corruption, and rule of law. With the additional resources made available for Tajikistan in the FY 2002 supplemental appropriations, several new initiatives will be coming on-line this year, including a Central Asia Microfinance Alliance to increase microfinance lending in the region, a bank and tax/fiscal reform project, a local government program, a large maternal and child health care project, and new activities to address HIV/AIDS and drug abuse. Specific activities to be funded by FY 2003 and FY 2004 appropriations are described in the Program Data Sheets that follow.

Due to the war on terrorism and the potential for extremism and conflict in Central Asia, supplemental funding more than doubled U.S. assistance in FY 2002. USAID quickly responded to increased funding under a short time frame by expanding and initiating activities in Tajikistan in all sectors. USAID took advantage of the window of opportunity to begin implementing programs critical to economic reform. By the end of the fiscal year, for example, USAID began new activities to support fiscal reform, banking supervision, and microfinance development, in addition to expanding a number of ongoing activities, including accession to the World Trade Organization (WTO) and identifying and removing investment constraints. USAID also used supplemental funds to restore primary irrigation infrastructure; the delivery system under repair serves an area of approximately 20,000 hectares, with 60,000 beneficiaries. USAID

dedicated more resources to political party building and media programs, introduced a new democratic education activity, and reinforced an ongoing civic education program. A new local government initiative was also launched, and a newly-focused and expanded judicial and legal reform program will build on successes with the judiciary through USAID's commercial law program. In health, supplemental funds received in September will accelerate development of reforms, improve care of pregnant and delivering women and their newborns, prevent an increase in the drug use that is expected to fuel a rise in HIV infection, start condom social marketing to protect people vulnerable to HIV, and support a Demographic and Health Survey to measure the health status of Tajikistan citizens and prioritize future health programming. Finally, USAID used supplemental funding to reduce the threat of extremism and ethnic- or resource-based conflicts in Central Asia by working to strengthen local communities and to initiate a basic education program that will improve in-service teacher training, the quality and relevancy of curriculum, and school infrastructure, while increasing parent and community involvement in schools.

Other Program Elements: With funding from USAID's Child Survival Matching Grant program, we anticipate continuing a very successful primary and reproductive health care activity in the isolated and under-served Penjikent District, which is cut off from the rest of Tajikistan by the closed Uzbekistan border to the east and mountain passes to the north and south that are closed six months out of the year. The Farmer-to-Farmer Program financed through P.L. 480 and managed by the Office of Private and Voluntary Cooperation is active in Tajikistan. USAID's Office of Foreign Disaster Assistance (OFDA) funded three programs this past year: a food security program for drought-affected population, an emergency seed and fertilizer project for drought-affected farmers, and an assistance program for Afghan internally displaced people (IDPs) stranded on the Pyanj Islands in the neutral territory on the Tajik-Afghan border. OFDA is also undertaking a new regional earthquake preparedness project that will target Dushanbe, Tajikistan; Almaty, Kazakhstan; and Tashkent, Uzbekistan. The Departments of Commerce, Defense, Agriculture, and State (particularly through its Public Diplomacy portfolio) also manage programs complementary to USAID field activities in various sectors.

Other Donors: The United States Government is the largest bilateral donor, providing assistance through USAID, the State Department, USDA, and others. The second largest bilateral donor is Japan, which provides assistance for rehabilitation of the agricultural sector, and food security and poverty reduction programs through international NGOs, many of which are also USAID partners. The European Union supports a number of humanitarian programs through the Humanitarian Affairs Office ECHO and will soon begin implementation of a new Euro10 million, 2-3 year development program through Europaid. The EU may also undertake a new Euro10 million food security program. Other bilateral donors include Switzerland, Germany, Denmark, Canada, Norway, Austria, Sweden, and the United Kingdom. The long-established Swiss program is closely coordinated with the USAID effort, particularly in the areas of regional water programs, World Trade Organization accession, and judicial reform. Similarly, USAID has worked in close partnership with the ECHO humanitarian assistance program. The largest non-state donor is the Aga Khan Development Network which supports a number of economic development activities throughout the country. Multilateral donors include the World Bank (health reform, private sector development), the Asian Development Bank (ADB) (social service sector rehabilitation, transportation, irrigation, hydroelectric generation), Islamic Development Bank (road construction, energy sector rehabilitation, school and irrigation rehabilitation), and the European Bank for Reconstruction and Development (EBRD) (telecommunications and airport navigation). USAID works closely with the ADB and the World Bank in a number of areas, but particularly in microfinance, irrigation rehabilitation, and health care reform, and now in basic education. USAID, the ADB, the EBRD successfully negotiated a new Power Trade Relations Agreement between the governments of Tajikistan and Uzbekistan, a key condition to an ADB loan. Implementation of the agreement will reduce electricity costs, improve the use of the region's water resources, and help reduce the potential for conflict over water and energy resources.

**Tajikistan
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	16,805	19,372	22,500	35,000
Supplemental - FSA/NIS	0	37,000	0	0
PL 480 Title II	12,631	26,227	0	10,400
Total Program Funds	29,436	82,599	22,500	45,400

STRATEGIC OBJECTIVE SUMMARY

119-0131 Small and Medium Sized Enterprises				
FSA	2,000	8,950	5,090	6,149
119-0161 Water and Energy				
FSA	2,530	5,350	1,400	2,398
119-0211 Democratic Culture and Institutions				
FSA	3,150	4,500	3,495	5,645
119-0240 Conflict Prevention				
FSA	0	0	0	5,139
119-0320 Health and Population				
FSA	1,500	7,250	3,450	5,910
119-0340 Strengthened Basic Education Sector				
FSA	0	0	0	2,495
119-0420 Cross-Cutting Programs				
FSA	5,050	14,448	4,415	2,484
TRANSFER				
FSA	2,575	15,874	4,650	4,780

SO 119-0131 includes \$6,250 of FY 2002 Supplemental - FSA/NIS.
 SO 119-0161 includes \$4,250 of FY 2002 Supplemental - FSA/NIS.
 SO 119-0211 includes \$2,000 of FY 2002 Supplemental - FSA/NIS.
 SO 119-0320 includes \$4,750 of FY 2002 Supplemental - FSA/NIS.
 SO 119-0420 includes \$8,750 of FY 2002 Supplemental - FSA/NIS.
 TRANSFER includes \$11,000 of FY 2002 Supplemental - FSA/NIS.

Mission Director,
George Deikun

Data Sheet

USAID Mission:	Tajikistan
Program Title:	Small and Medium Sized Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	119-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,090,000 FSA
Prior Year Unobligated:	\$1,701,000 FSA
Proposed FY 2004 Obligation:	\$6,149,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: USAID's program to improve the environment for the growth of small and medium sized enterprises (SMEs) in Tajikistan has three main components: 1) training present and future entrepreneurs in modern business skills and making business information more available; 2) providing more access to capital by enhancing lender knowledge, strengthening financial institutions, and creating alternative sources of capital; and 3) advocating for and training in more transparent, systematic implementation of laws and regulations that improve the environment for SMEs. Prior year unobligated funds include \$1,616,882 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Business skills and information (\$1,448,000 FSA). With the help of FY 2002 supplemental funds, Junior Achievement and USAID's EdNet will give students greater access to information and opportunities to succeed in the free market by providing teaching materials, training, research opportunities, and scholarships. The supplemental also funds the Regional Trade Promotion (RTP) Activity. USAID will also offer targeted business skills and training courses to entrepreneurs and business managers. Work in accounting reform, business advisory services, advocacy group development, and professional associations will continue. USAID's principal partners include: Pragma Corporation (prime), Carana Corporation (prime), MBA Enterprise Corps (sub), and Junior Achievement International (sub).

Access to capital (\$942,000 FSA). Supplemental funds enabled the start up of a new program to improve bank supervision and regulation, as well as provide technical assistance and some financial support to develop a strong microfinance sector. USAID will also sponsor the Small Enterprise Assistance Fund's equity, debt, and leasing investments. USAID's principal partners include: ACDI/VOCA (prime), Abt Associates (prime), BearingPoint (sub), and Small Enterprise Assistance Fund (prime).

Implementation of laws and regulations (\$2,700,000 FSA). Supplemental funds enabled the start up of a new program to support improved tax policy and administration. Supplemental funds will enable us to expand technical assistance and training on trade issues and customs reform and modernization to help streamline the legal and regulatory environment, to assist the government with the World Trade Organization (WTO) accession process and to expand technical assistance and training to foster a modern, informed judiciary. USAID's principal partners include: Pragma Corporation (prime), ARD/Checchi (prime) Abt Associates (prime), and Bearing Point (sub).

FY 2004 Program:

Business skills and information (\$1,415,000 FSA). USAID will provide technical assistance and training to entrepreneurs seeking to strengthen their business skills and practices, and assistance in business association development will foster greater advocacy for reform. Through USAID's EdNet program, training, teaching materials, research opportunities, and scholarships will be made available to Tajikistani university professors and administrators.

Access to capital (\$1,904,000 FSA). Efforts will continue to help the National Bank develop regulatory and supervision systems and to improve the banking practices of the commercial banking sector. Additional support for microfinance will promote the expansion of microlending programs by building capacity of microfinance institutions, and providing additional loan capital, so that entrepreneurs, primarily women, may expand their businesses.

Implementation of laws and regulations (\$2,830,000 FSA). Assistance will continue to support WTO accession, trade and customs reform, modernization of standards, and the dismantling of barriers to investment. Supplemental funding will continue to support technical assistance, and training and purchase of computers to help the government establish more transparent and efficient tax administration. Support will also be provided to improve and simplify the tax code to reduce the burden on business and foster greater tax compliance. Technical assistance and training for judicial and commercial law reform will continue. Funds permitting, new activities in land reform and public sector accounting could be initiated.

Performance and Results: Supplemental funding more than doubled U.S. assistance to Tajikistan during FY 2002, and USAID significantly expanded its portfolio. By the end of FY 2002, USAID had started new activities to support fiscal reform, banking supervision, and microfinance development, and had expanded a number of ongoing activities. One of the key results, USAID helped institutionalize a merit-based system of judicial selection, retention, and promotion. Already a significant number of sitting judges (approximately 41 to date) resigned or have been removed from the bench and replaced with more qualified judges. USAID trained 2,000 businesspeople throughout Tajikistan and, using the newly developed regional internet-based trade network, USAID business advisors helped firms increase their competitive advantage and establish new trade links. For example, one Dushanbe firm took advantage of USAID's services to complete a \$22,000 import deal on macaroni drying equipment. USAID technical assistance in accounting reform led to Tajikistan's signing of a Memorandum of Understanding (MOU) with USAID that incorporates lessons learned and best practices in accounting reform. The MOU stipulates that the government will fully adopt national standards of accounting by the end of 2003 that are fully compliant with International Accounting Standards (IAS), further strengthening Tajik business' capacity to interact with outside markets. USAID's Education Network trained 117 other professors in the EdNet business and economics program. As a result of EdNet activities, over 3,500 students in Tajikistan have been exposed to modern economics and business education. This builds future business leadership with market-based skills. In cooperation with ACDI/VOCA, USAID established a microfinance institution in the politically volatile Ferghana Valley Region, where the number of clients has already climbed to 343 (72% women) with \$65,000 in loans disbursed. Over the next year, we will continue to build on these achievements and significantly expand our portfolio in key areas such as fiscal reform, banking, and microfinance.

Entrepreneurs who are being introduced to a wide array of modern business methods and practices will provide the basis for economic recovery in Tajikistan. By the end of the objective, it is expected that microfinance, trade promotion, a modern legal and regulatory environment, the adoption of international accounting standards, and accession to the WTO will expand entrepreneurial opportunities.

US Financing in Thousands of Dollars

Tajikistan

119-0131 Small and Medium Sized Enterprises	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	7,279
Expenditures	335
Through September 30, 2002	
Obligations	7,279
Expenditures	335
Unliquidated	6,944
Prior Year Unobligated Funds**	
Obligations	1,701
Planned Fiscal Year 2003 NOA	
Obligations	5,090
Total Planned Fiscal Year 2003	
Obligations	6,791
Proposed Fiscal Year 2004 NOA	
Obligations	6,149
Future Obligations	0
Est. Total Cost	20,219

Fiscal Year 2002 includes \$4.633m of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$1.617m of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Tajikistan
Program Title:	Water and Energy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	119-0161
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,400,000 FSA
Prior Year Unobligated:	\$1,094,000 FSA
Proposed FY 2004 Obligation:	\$2,398,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: An important source of water for the region, Tajikistan's ability to manage water resources is the key to meeting its own agricultural production and electric energy development needs, and to regional cooperation on water and energy resources. Due to past security concerns and limited access to the country, USAID water resources and energy activities in Tajikistan are relatively new. Until mid-2002, USAID was only able to provide training for Tajik participants at locations outside the country. Major components of the USAID program are: 1) training for water, energy, and meteorological personnel and their managers; 2) the installation of sustainable, affordable models demonstrating energy efficiency, improved water distribution and control, and more efficient technologies and management techniques; and 3) improving the policy and regulatory framework, especially in hydropower and transboundary water management.

Inputs, Outputs, Activities:

FY 2003 Program:

Water (\$1,120,000 FSA). USAID will focus on improving the capability of the Tajik entities responsible for water resources to collect, analyze, and transmit critical water data that will lead to more accurate and appropriate water allocations and improved efficiencies in water use. Assistance will take the form of improved equipment and training for the modeling of water runoff from snowmelt that will provide planners and managers with more timely and accurate data. Two meteorological stations will be installed in critical high altitude regions and a third in Dushanbe to collect water and weather data. USAID will also install an improved communication system that will facilitate the regional flow of information between the region's water managers. This activity will also provide a stronger, more objective base of information for Tajik policy-makers whose participation is important to future transboundary water and energy agreements. USAID will continue irrigation rehabilitation begun with supplemental funding. As part of this activity, USAID will work with Tajikistan's Ministry of Water Amelioration to rehabilitate priority water distribution structures, including key pump stations. Improvements in irrigation will demonstrate better on-farm irrigation and water management practices at the district level through specific technical upgrades to a water user district (including infrastructure repairs to irrigation canals, some basic automation and communication, and associated training on equipment and improved water management practices). PA Consulting Group is the principal implementer.

Energy (\$280,000 FSA). USAID's heating efficiency demonstration activities in Dushanbe will continue, featuring the installation of cost-effective automated temperature controls that regulate building temperature based on outside temperatures and turn off automatically at times when buildings are not in use. The cost of the technology is expected to pay for itself in saved heating costs by the end of the year. PA Consulting Group is the principal implementer.

FY 2004 Program:

Water (\$1,898,000 FSA). USAID's technical assistance and training associated with installation of an improved communication system for collecting, transmitting, and using water resources and weather data will continue. In turn, this data will provide Tajik decision makers with an informed foundation for

discussion of water management issues and we expect Tajikistan will participate in upcoming transboundary water and energy agreements. USAID will continue improvements to on-farm irrigation.

Energy (\$500,000 FSA). Five additional public buildings in Dushanbe will become USAID demonstration models for heating efficiency. These demonstrations will open windows of opportunity to engage the Tajik government on energy policy issues, such as the development of a National Energy Plan to consider energy supply and use, and potential activities that will stimulate energy commercialization and improve electric and heating service to customers of Tajik utilities.

Performance and Results: An easing of security restrictions, along with supplemental funding accelerated program implementation in water resources management. With supplemental and performance funds, USAID launched a new irrigation system rehabilitation program to address extensive deterioration in the water distribution system that had been left totally inoperable. Training programs are already underway for new automated systems, and new pumps and motors are on order for four irrigation pumping stations in southwestern Tajikistan. The delivery system under repair serves an area of approximately 20,000 hectares, with 60,000 beneficiaries, and is being implemented with the close participation of the Ministry of Agriculture and Water. To improve the collection of vital water and weather data, USAID installed seven weather and river flow stations, which are being linked into a network to collect and analyze the data to make weather predictions and decisions on water allocations. Tajik agencies have already begun collecting and processing data and will use the information to facilitate water and energy agreements with its neighbors. In addition, a unified Central Asian communication system will, for the first time, enable the distribution of critical, real-time water information between all countries in the region. In cooperation with the Canadian International Development Agency, USAID sponsored several water resources training courses in which Tajik water technical personnel and managers became better acquainted with international water law, transboundary water management, and integrated water practices to improve irrigation efficiency.

USAID's facilitation of discussions between the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), and the governments of Tajikistan and Uzbekistan resulted in a new Power Trade Relations Agreement, which is a key condition to an ADB loan. Implementation of the agreement will reduce electricity costs, improve the use of the region's water resources, and help reduce potential conflicts over water and energy resources. This is just the beginning of Tajikistan's effort to reform its electric sector. USAID's innovative heating efficiency demonstrations operate in three pilot schools and one orphanage in Dushanbe, serving some 4,500 children. The retrofitted heating system will increase heating efficiency and decrease losses through temperature regulation based on outside temperatures and automatic switches that close down heat when buildings are not in use. These upgrades are expected to pay for themselves within their first year of use.

By the completion date of this activity, water managers will have the necessary tools, systems, and training to allow them to collect, communicate, and process water resource and related weather and snowmelt data. This will result in improved allocations and overall management of water resources. The information generated by the system will help mitigate potential conflict over energy and water with Tajikistan's neighbors because important water and energy agreements will be based on objective data and standards.

US Financing in Thousands of Dollars

Tajikistan

	FSA
119-0161 Water and Energy	
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	6,446
Expenditures	466
Through September 30, 2002	
Obligations	6,446
Expenditures	466
Unliquidated	5,980
Prior Year Unobligated Funds	
Obligations	1,094
Planned Fiscal Year 2003 NOA	
Obligations	1,400
Total Planned Fiscal Year 2003	
Obligations	2,494
Proposed Fiscal Year 2004 NOA	
Obligations	2,398
Future Obligations	0
Est. Total Cost	11,338

*Fiscal Year 2002 includes \$4.25m of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Tajikistan
Program Title:	Democratic Culture and Institutions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	119-0211
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,495,000 FSA
Prior Year Unobligated:	\$1,439,000 FSA
Proposed FY 2004 Obligation:	\$5,645,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID is helping to create stronger and sustainable civic organizations and accountable public institutions; increasing availability of information on civic rights and domestic public issues; and increasing opportunities for citizen participation in governance. Prior year unobligated funds include \$1,300,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Political process (\$1,382,000 FSA). USAID will train lawyers in human rights laws, establish a central source of legal information in Dushanbe for lawyers and judges, and disseminate legal information to rural areas through mini resource centers. Moot court competitions will improve law students' advocacy skills. USAID will provide training and technical assistance on modern municipal management techniques, greater transparency, and citizen participation in two pilot municipalities. Parliamentary assistance will improve information management and research capabilities so that lawmakers are better informed. USAID will not continue funding political party assistance after program completion this year so as not to duplicate similar efforts funded by the National Endowment for Democracy. Principal implementing partners are: the American Bar Association's Central and East European Law Initiative (ABA/CEELI), ARD Checchi, Urban Institute, Soros, and others to be determined through competition.

Civil society (\$1,090,000 FSA). USAID will train 1,100 Tajik NGOs to increase sustainability through advocacy and strategic planning. Training, grants, and technical assistance will strengthen at least five civil society support centers which provide training, technical support, information, networking, and professional services to non-governmental organizations (NGOs) and associations. At least 35 grants will support community advocacy and national-level NGOs. Principal implementing partners are: Counterpart (grantee) and the International Center for Not-for-Profit Law (ICNL) (sub-grantee), and others to be determined through competition.

Media & information (\$1,023,000 FSA). To address the problem of trafficking in persons, USAID's anti-trafficking activity will focus on prevention and protection of victims. A pilot civics education course for ten secondary schools will be initiated in four regions, reaching 600 students, accompanied by teacher training courses and a teacher's manual. USAID will develop more democratic teaching methods in schools, increase the involvement of parents in the education process, and seek to increase student activism. Approximately 20 classes will be involved in year one of the program. USAID will continue training for media professionals to enable them to create an independent and economically viable press that serves the information needs of its readers. Training seminars in basic journalism, TV and radio production, media management, legal issues, marketing, and ad sales will be held. A production fund will allow local stations to produce original programming. Lawyers will draft and analyze proposed legislation, publish commentary on legal issues facing media, advise legislators, and provide legal consultation to media and journalists. The production of Nabzeh Zindagi (The Pulse of Life), the only Tajik-language program to bring together information among all the regions of the country, will continue with 18 participating stations and a potential audience of one million. Principal implementing partners are:

Internews (grantee), the International Center for Journalists (sub-grantee), Soros Foundation, and others to be determined through competition.

FY 2004 Program:

Political process (\$2,090,000 FSA). Local government training/techniques developed in pilot cities will spread to other regions. If the national policy and legal environment continue to improve, USAID may support a broader range of technical assistance to cities and other decentralization efforts. Training of lawyers, judges, and law students; clinical education programs at local law institutes; and the adoption and enforcement of a code of ethics for legal professionals will continue.

Civil society (\$1,862,000 FSA). The civil society program will continue creating strong, sustainable non-governmental organizations by localizing civil society support centers throughout Tajikistan. USAID may place greater emphasis on supporting community and national advocacy campaigns.

Media & information (\$1,693,000 FSA). USAID may pilot a second volume of the civic education textbook and will continue the early childhood education program. After year two, the program will be implemented in over 80 classrooms throughout the country, serving over 2,200 children. The media program will continue journalists' skills development, a production fund, and legal assistance.

Performance and Results: With supplemental funds, USAID increased resources for political party building and media programs, and a new local government initiative was launched. USAID introduced a new democratic education activity and reinforced ongoing civic education programs with additional resources. These funds also reinforced the judicial and legal reform program, building on successes of the commercial law program. USAID helped Asia-Plus become the first independent radio station broadcasting in the Tajik capital. Following multiple instances of government refusal to grant Asia-Plus a license, USAID provided the station with technical and legal assistance and widely publicized the matter to win international and domestic support. USAID-funded media law experts helped draft a media law currently being considered by the government. Three hundred copies of six Tajik-language texts were distributed on television management, reporting, ethics, and national minorities. Universities and journalists around the country used USAID-published textbooks on newspaper design and television management. Tajik NGOs improved in all categories (the NGO legal environment, organizational capacity, financial viability, advocacy skills, service provision, NGO support services, and public image) over the past year. This can be attributed to an increased presence by USAID and other donors in Tajikistan (facilitated by the improved security situation); renewed interest in engaging Tajik NGOs in reconstruction and reconciliation work; and the maturation of "first generation" Tajik NGOs. The most important change for civil society was the government's recognition of the NGO sector. The main catalyst for this change was Tajik President's participation in a USAID-sponsored NGO Conference on Social Partnerships in June 2002, which brought together several hundred NGO activists, international organizations, and a government delegation led by the president. Part I of a civics textbook for 9th graders and teachers' manual were successfully tested with focus groups of teachers and students. The Ministry of Education approved the piloting of the civic education course for secondary schools. This year, more than 400 students participated in extra-curricular civic activities such as student local government days, democracy summer camps, and student action committees and are now more engaged in political and social issues affecting their country.

By program's end, there will be stronger and more sustainable civic organizations, increased availability of information on civic rights and domestic public issues, enhanced opportunities for citizen participation in governance, and more effective and accountable public institutions.

US Financing in Thousands of Dollars

Tajikistan

119-0211 Democratic Culture and Institutions	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	3,750
Expenditures	627
Through September 30, 2002	
Obligations	3,750
Expenditures	627
Unliquidated	3,123
Prior Year Unobligated Funds**	
Obligations	1,439
Planned Fiscal Year 2003 NOA	
Obligations	3,495
Total Planned Fiscal Year 2003	
Obligations	4,934
Proposed Fiscal Year 2004 NOA	
Obligations	5,645
Future Obligations	0
Est. Total Cost	14,329

*Fiscal Year 2002 includes \$700,000 of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$1.3m of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Tajikistan
Program Title:	Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	119-0240
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,139,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: Conflict prevention strengthens vulnerable communities and eases local tensions through public dialogue and improvement of small-scale social and physical infrastructure. USAID addresses both the root and immediate causes of potential conflict through its conflict prevention objective. Since many conflicts in Central Asia have arisen at the community (rather than international) level and our ability to change structural factors at the national level is limited, our conflict prevention strategy focuses on giving citizens opportunities to participate in decisions that affect their communities, improve living standards, and provide skills and experience that will diminish the potential for conflict. Community action programs, targeted where risks of communal or religious conflicts are greatest, are designed to increase citizen participation in community decision-making and local government, and contribute to mitigating sources of conflict by promoting economic recovery and inter-ethnic cooperation. Conflict prevention activities began in FY 2002 under the Mission's cross cutting program. As the conflict program will become a separate strategic objective in FY 2004, it is being notified separately for FY 2004 funding.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$0 FSA): As FY 2003 will be the transition year for the establishment of a separate strategic objective for conflict prevention, funding for the FY 2003 program activities is being requested under the Mission's cross-cutting programs, and is reported in the separate program data sheet for cross-cutting program. The principal partners in Tajikistan are Mercy Corps, the Aga Khan Foundation, and the United Nations Development Program.

FY 2004 Program:

Conflict Prevention (\$5,139,000 FSA): Conflict prevention activities will continue in the initial 72 communities in Khatlon Oblast and in the Ferghana and Rasht Valleys and in the expanded program identified in FY 2003 that focuses on rural and urban settings. Coordination will continue with partners to emphasize issues of unemployment, human rights, and cultural awareness.

Performance and Results: Rapid obligation of supplemental funds allowed a start-up of conflict prevention activities in 72 communities, with approximately 30,000 beneficiaries, in the Ferghana and Rasht Valleys and Khatlon Oblast to identify and overcome sources of conflict. Groups from cross-sections of the community are formed to identify and prioritize sources of tension and work together to rectify them. A good example of this is the rehabilitation of a school shared by a village in Tajikistan with its neighboring village in Kyrgyzstan. Multi-community social events, such as sporting leagues and traditional festivals, have shown impact, given that much tension among communities is generated by simple ignorance of their neighbors. Results indicators, which report on infrastructure projects completed; number of beneficiaries; reduced tension and increased community capacity to identify and solve problems, have been developed. Data collection will begin in late 2002. By the end of the conflict prevention program in 2005, at least 25,000 people will directly benefit from small-scale, community driven projects. More importantly, the community strengthening component of this activity will build the

capacity for communities not only to identify and solve basic community problems, but also to address local conflicts before they become dangerous.

US Financing in Thousands of Dollars

Tajikistan

119-0240 Conflict Prevention	FSA
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	5,139
Future Obligations	0
Est. Total Cost	5,139

Data Sheet

USAID Mission:	Tajikistan
Program Title:	Health and Population
Pillar:	Global Health
Strategic Objective:	119-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,450,000 FSA
Prior Year Unobligated:	\$2,285,000 FSA
Proposed FY 2004 Obligation:	\$5,910,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's quality primary health care (PHC) objective is creating a higher-quality, user-friendly, more cost-effective PHC system in pilot sites through retraining of doctors and nurses in family medicine and incentive-based provider payment systems; helping health sector NGOs to strengthen their organizations, financial viability, and advocacy skills; improving care of pregnant women and their children; preventing and treating child malnutrition; malaria control efforts and prevention through education; controlling tuberculosis (TB) by providing in-service training to doctors and laboratory specialists in accurate diagnosis and treatment and improving the monitoring system of TB laboratories and facilities; and containing the concentrated HIV epidemic among injecting drug users by increasing NGO-led preventive programs, marketing condoms, and introducing a surveillance system to document the HIV level among high risk groups. Prior year unobligated funds include \$2,011,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Quality primary health care (\$1,077,000 FSA). USAID will train local health sector NGOs and award them small grants to identify and implement health projects with communities. Family doctor trainers will be prepared for oblast-level training centers, more doctors will receive family medicine training, and courses in Integrated Management of Childhood Illnesses (IMCI) will be started. A new activity related to drug quality, availability and pricing is being designed. The American International Health Alliance's (AIHA) first five-year cooperative agreement is ending. USAID/W has completed a follow-on agreement and USAID is currently discussing a next partnership for Tajikistan. Per capita financing systems for PHC practices in pilot sites will be initiated. Principal implementing partners are: Abt Associates (prime), AIHA (prime), and Counterpart Consortium (prime).

Infectious disease control (\$940,000 FSA). USAID will continue training of health staff on the Directly Observed Treatment Short-course (DOTS) approach in pilot sites. The monitoring system for laboratories and facilities will be strengthened. The Centers for Disease Control and Prevention (CDC) will establish a regional training program on blood safety that will equip one virology lab in Tajikistan and train specialists on laboratory quality control. USAID will continue malaria control activities in Tajikistan, and will respond to expanding malaria by developing a regional approach to control. One Tajikistani will be sponsored for the two-year Applied Epidemiology Program at the Kazakhstan School of Public Health. Principal implementing partners are: CDC (prime), Medical Emergency Relief International (MERLIN) (prime) and Project Hope (prime).

HIV/AIDS prevention (\$613,000 FSA). A study of HIV seroprevalence among high risk groups will be conducted and specialists will be trained in modern surveillance methods. HIV/AIDS NGOs will offer clients basic medical care, free condoms, and referrals to social workers, sexually transmitted infection (STI) clinics, HIV testing sites, and legal services. Condoms will be marketed to vulnerable young adults. A drug prevention program will be initiated. Principal implementing partners are: CDC (prime), Johns

Hopkins University (prime), Population Services International (PSI) (prime), and Soros Foundation (prime).

Maternal & child health (\$820,000 FSA). USAID will train health staff to better manage obstetric, pre-natal, and reproductive health care and initiate training on management of common but serious childhood illnesses in Khatlon Oblast. Prenatal care provision, screening of children and referral for malnutrition, and school health classes will continue at rural PHC clinics near the Afghan border. USAID's cross-border Sports and Health Education Project will be extended to include Tajikistani communities. Tajikistan's first Demographic and Health Survey will be conducted. Principal implementing partners are: Abt Associates (prime), Action Against Hunger (AAH) (prime), MACRO International (prime), and Project Hope (prime).

FY 2004 Program:

Quality primary health care (\$2,543,000 FSA). A drug information center to ensure access to and information about reasonably priced quality drugs will continue. USAID will continue small grant support to health sector NGOs and partnership work. Family medicine and IMCI training, as well as health care financing activities, will be expanded. USAID will extend the medical education program and the new PHC agreement to Tajikistan.

Infectious disease control (\$885,000 FSA). USAID will expand TB control efforts and blood safety training to new sites. USAID will continue malaria control and the Applied Epidemiology Program.

HIV/AIDS prevention (\$1,005,000 FSA). USAID will continue establishing HIV/AIDS surveillance of high-risk groups, will integrate this program with other infectious disease surveillance activities, and continue to improve laboratory diagnostic quality. USAID will continue funding HIV/AIDS NGOs and work to improve their preventive programs. USAID will expand the drug prevention program and extend condom social marketing to additional sites of high HIV prevalence.

Maternal & child health (\$1,477,000 FSA). USAID will expand training within pilot oblasts for physicians and nurses to better manage obstetric and pre-natal care and to treat serious childhood illnesses. Prenatal care provision and screening and referral of children for malnutrition, and school health classes will continue at rural PHC clinics near the Afghan border. USAID will continue and expand its cross-border Sports and Health Education Project to more Tajikistani communities in border areas.

Performance and Results: USAID referred 331 severely malnourished children for treatment at hospital-based therapeutic feeding centers. In addition, 2,377 moderately malnourished children received supplementary foods. Women in Gorno-Badakhshan Oblast improved their knowledge of contraceptives (from 73% to 87%) and 39% are now using modern methods. Beginning steps in training and the establishment of infrastructure to control malaria are in place. More people (42% vs. 22% last year) know how to prevent malaria and visit laboratories for diagnosis that will enable proper selection of medication (81% vs. 53% last year). TB pilots have been established, and results from nationwide monitoring indicate that the average scores on minimum standards checklists were 86.6% for labs (65%-target) and 68.5% for facilities (baseline). Four grants were awarded to HIV/AIDS NGOs that work on prevention among high risk groups, including prisoners. Continued support in the health sector will help manage and prevent the spread of infectious disease, improve prenatal care, and reduce child malnutrition. Systemic reform should improve the quality and availability of primary health care and make resource use more efficient.

US Financing in Thousands of Dollars

Tajikistan

119-0320 Health and Population	FSA
Through September 30, 2001	
Obligations	3,658
Expenditures	419
Unliquidated	3,239
Fiscal Year 2002*	
Obligations	5,401
Expenditures	3,484
Through September 30, 2002	
Obligations	9,059
Expenditures	3,903
Unliquidated	5,156
Prior Year Unobligated Funds**	
Obligations	2,285
Planned Fiscal Year 2003 NOA	
Obligations	3,450
Total Planned Fiscal Year 2003	
Obligations	5,735
Proposed Fiscal Year 2004 NOA	
Obligations	5,910
Future Obligations	0
Est. Total Cost	20,704

*Fiscal Year 2002 includes \$2.739m of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$2.011m of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Tajikistan
Program Title:	Strengthened Basic Education Sector
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	119-0340
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,495,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: The Basic Education Sector Strengthening Program will begin activities in January 2003 under the cross-cutting program. Beginning in FY 2004 the education program will be funded as a separate strategic objective, for which this program data sheet constitutes initial notification as a separate program. The basic education program will improve in-service teacher training; improve the quality and relevancy of curriculum; increase parent and community involvement in schools; strengthen institutional, management and technical capacity at all levels of the educational system; and improve school infrastructure. In Tajikistan, the program will focus on grades 1-4 to maximize the program's impact on education for young children.

Inputs, Outputs, Activities:

FY 2003 Program:

Education (\$0 FSA). As FY 2003 will be the transition year for the establishment of a separate strategic objective for education, funding for the FY 2003 education program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting programs. The prime contractor is the Academy for Educational Development.

The Basic Education Program is structured to work at all levels of the system, with a targeted number of schools and communities selected as pilot sites to measure the impact of the full range of activities. Training of trainer models will be used to provide curriculum and methodological training to the maximum number of teachers. Capacity building at different levels of the system will develop support for the expansion of successful pilot activities to other areas in the future. Whenever possible, ongoing education activities (e.g. civic education, Street Law, Junior Achievement, Step by Step, Reading and Writing for Critical Thinking, and the health education component of the Sports and Health Education Program), which are conducted under other strategic objectives will be coordinated with the Basic Education pilot schools to ensure that these schools have access to these curriculum and methodology innovations. A component of the core agreement involves data collection on gender issues in schools, which could be used in the development of future activities designed to address gender issues in basic education.

FY 2004 Program:

Education (\$2,495,000 FSA). USAID will make improvements to in-service teacher training; the quality and relevancy of curriculum; parent and community involvement in schools; institutional, management and technical capacity at all levels of the educational system; and school infrastructure. Small grants may be given to local education NGOs. FY 2004 funds have been set aside for an assessment of the program. Funding for individual activities will be identified during the course of FY 2003.

Performance and Results: Supplemental funding allowed USAID to begin a program in the education sector. Performance indicators for the education program activities will be developed during the first three months of calendar year 2003, and data collection will begin in the summer of 2003.

US Financing in Thousands of Dollars

Tajikistan

119-0340 Strengthened Basic Education Sector	FSA
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	2,495
Future Obligations	0
Est. Total Cost	2,495

Data Sheet

USAID Mission:	Tajikistan
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	119-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,415,000 FSA
Prior Year Unobligated:	\$7,729,000 FSA
Proposed FY 2004 Obligation:	\$2,484,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's cross-cutting program supports all strategic objectives. The five main components are: conflict prevention through public dialogue and small scale social physical infrastructure improvement in vulnerable communities; improving the quality of basic education through activities designed to increase completion rates, attendance rates, and satisfaction with schools on the part of parents, students, teachers, and officials in target areas; training in primary health care and the transition to democracy and a free-market economy; Eurasia Foundation sub-grants to strengthen NGOs; and program development support for cross-cutting evaluations, monitoring, designs, studies, technical assistance and program management assistance. Prior year unobligated funds include \$6,750,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$1,500,000 FSA). With supplemental funds, USAID will expand activities beyond the initial 72 communities (about 45,000 beneficiaries) in Khatlon Oblast and in the Ferghana and Rasht valleys and will equalize the focus on rural and urban settings, especially in transit areas. Coordination with other partners will fold in issues of unemployment, human rights, and cultural awareness. Although none of the conflict prevention activities will, in and of themselves, end conflict or extremism in Central Asia, they are a focal point for the USG's efforts to mitigate potentially violent discord. Principal implementers are Mercy Corps, the Aga Khan Foundation, and the United Nations Development Program.

Education (\$1,000,000 FSA). USAID will support basic education in selected school areas to improve overall quality of primary and secondary education focusing on teacher training, curriculum quality, parent and community involvement in schools, the educational system's institutional, management and technical capacity, and school infrastructure. In Tajikistan, the program will focus on grades 1-4. Girls' education will be an important feature of the activity. Grants will go to active, competent local education NGOs. Ongoing education activities presently funded through other sectors will be extended and/or expanded. Implementers will be selected in December 2002, and activity will begin in January 2003.

Participant training (\$1,000,000 FSA). Over 2,000 participants will be trained in Tajikistan in fiscal and tax reform, SME development, local governance, health care reform, energy and water management, conflict resolution, education reform, and crosscutting objectives. Focus will shift from reporting and analyzing types of participants trained to results and achievements. The Academy for Educational Development is the principal contractor.

Eurasia Foundation (\$650,000 FSA). The Ferghana Valley Initiative will encourage cross-border links among local organizations through a series of linkage seminars and cooperative grants to address preconditions of radicalism and conflict. Municipal management reform will improve local government capacity throughout the country through capacity building, policy review, and advocacy.

Program development (\$265,000 FSA). As required, funds will be used to advance or reinforce USAID program objectives. A major evaluation of the 10-year participant training program will be conducted. A regional gender training program for staff will increase USAID's capacity to incorporate gender issues in programs and activities. Essential cross-cutting program personnel will also be funded.

FY 2004 Program:

Participant training (\$1,000,000 FSA). USAID will focus on private enterprise development, civil society and health care reform. Cost-effective in-country training programs will be emphasized.

Eurasia Foundation (\$500,000 FSA). USAID will continue to provide grants to private enterprise, civil society, and public administration NGOs in addition to those strategic areas described above.

Program development (\$984,000 FSA). As required, funds will be used to advance or reinforce USAID program objectives. Essential program personnel, cross-cutting evaluations, monitoring, designs, studies, technical assistance and program management assistance will also be funded.

Performance and Results: The Community Action Investment Project (CAIP) is active in 72 communities with approximately 30,000 beneficiaries in the Ferghana and Rasht valleys and Khatlon Oblast. Groups from cross-sections of the community are formed to identify and prioritize sources of tension and work together to rectify them. A good example of this is the rehabilitation of a school shared by a village in Tajikistan with its neighboring village in Kyrgyzstan. Multi-community social events, such as sporting leagues and traditional festivals, have shown impact, given that much tension among communities is generated by simple ignorance of their neighbors. Community contributions to these small projects are increasing, and USAID contributions are decreasing. The basic education program was designed in 2002; performance indicators have been developed, and data collection will begin summer 2003.

USAID trained over 2,800 Tajikistani citizens (50% women) in tax reform, NGO development, judicial and legal reform, mass media, and primary health care. Training enabled participants to positively influence practices in Tajikistan by exposing them to international practices through in-country, third-country, and U.S.-based training. Using skills and materials gained during a community outreach program, the head of the Women's Center mobilized the women in Kulob to reconstruct two schools housing 580 and 800 students. The center established a press center that publishes the monthly newspaper, Umed, and has created more than 100 workplaces through its microfinance program; oil pressing and sawing workshops; and mini-bakery, mini-mill, and potato farming enterprises. The Eurasia Foundation made 19 grants to Tajikistani NGOs in FY 2002, with an average grant size of nearly \$16,000. Half of these supported private enterprise development; the remainder targeted improvements in civil society and public policy and administration. A grant to the Center for Social Technologies to conduct seminars for municipal workers on municipal bidding systems and fostering social partnerships provided municipal servants first opportunity to obtain new information in their field in 10 years. This resulted in five partnership projects between local municipalities and NGOs related to managing orphanages, conflict resolution, ecology and public health.

By the end of the conflict program, 525,000 people will directly benefit from small-scale, community-driven projects. The ties developed will build communities' capacity to address local conflicts before they become serious. Training and grants will strengthen entrepreneurship and citizen involvement in civil society and health care reform.

US Financing in Thousands of Dollars

Tajikistan

119-0420 Cross-Cutting Programs	FSA
Through September 30, 2001	
Obligations	12,070
Expenditures	9,532
Unliquidated	2,538
Fiscal Year 2002*	
Obligations	9,709
Expenditures	3,562
Through September 30, 2002	
Obligations	21,779
Expenditures	13,094
Unliquidated	8,685
Prior Year Unobligated Funds**	
Obligations	7,729
Planned Fiscal Year 2003 NOA	
Obligations	4,415
Total Planned Fiscal Year 2003	
Obligations	12,144
Proposed Fiscal Year 2004 NOA	
Obligations	2,484
Future Obligations	0
Est. Total Cost	36,407

*Fiscal Year 2002 includes \$2m of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$6.75m of FY 2002 Supplemental - FSA/NIS.

Turkmenistan

The Development Challenge: The lack of political or economic reform in Turkmenistan makes it difficult for international development agencies and organizations to achieve meaningful, large-scale successes. President Niyazov's cult of personality is pervasive. As a show of his dominance over the country, he renamed the months of the year after national heroes, including himself, his mother and his spiritual guidebook - the Ruhnama. The government controls the judiciary and all media, including the Internet, and allows few civil society groups to officially register as NGOs. Budget cuts have caused a precipitous decline in education. The mandatory number of years of schooling is down to nine years (from 11 years), and children spend a part of each day working in cotton fields. Over the year, little progress was made to liberalize the economy, and a disastrously low cotton harvest is likely to cause more economic problems in 2003. The government remains unwilling to allow free market growth, and a lack of access to capital prohibits businesses from prospering and offering greater employment opportunities. An estimated 58% of the population lives below the poverty line. Unemployment, which especially affects the growing young adult population, is estimated to be 50%. According to the results of the 2000 Turkmenistan Demographic and Health Survey, Turkmenistan has the second highest infant mortality rate in Central Asia, with 74 deaths per every 1,000 live births. The same survey found that 47% of women and 36% of children are anemic. The tuberculosis (TB) situation in Turkmenistan is serious. Since 1995, the rate of TB reported cases has increased by 61% (from 43.3 per 100,000 in 1995 to 114.2 in 2001), and the mortality rate has nearly doubled (from 13 deaths per 100,000 in 1995 to 22.9 deaths in 2001). Even these figures underestimate the true magnitude of TB infection, as government statistics are unreliable. Although state of health care is poor, the government's willingness to initiate health care reform is the only bright spot in a country characterized by patronage and corruption, suspicion of civic action and the media, state-control over and distortion of the economy, and unsustainable water use. Arid Turkmenistan has very limited water resources and is entirely dependent on flows from upstream countries to meet its water resources requirements. Unconcerned with the need for sustainable water policies, the Turkmen government has decided to create a massive lake at a cost of \$1 billion, while at the same time allowing the Karakum Irrigation Canal, which provides all the potable water to Turkmenistan's largest city and capital, Ashgabat, to sustain 60% water loss yearly due to extensive evaporation and leakage.

Turkmenistan has supported the war on terrorism by allowing USG and international assistance to flow across its borders to Afghanistan. Access to this essential route has been key to transporting food aid and other humanitarian assistance.

The USAID Program: To meet the challenges we face in Turkmenistan, USAID has targeted assistance to expand opportunities for citizens to participate, to increase their livelihoods, and to improve their quality of life. The Program Data Sheets provided below cover five strategic objectives and two special objectives for which USAID is requesting funds. These five objectives promote reforms and training that foster the growth of small and medium enterprises, promote civil society and expand access to information, improve primary health care and prevent infectious disease, encourage better use of the region's water and energy resources, and address other cross cutting issues within the region. Two proposed special objectives, made possible through supplemental funding, will support reforms in basic education and conflict prevention. Given the focus on Central Asia since the war on terrorism, the new special objective for conflict prevention will pull together USAID's on-going conflict prevention activities in order to highlight their contribution to broader U.S. objectives in the region. FY 2003 funds will be used to implement the program as currently planned and previously described in the FY 2002 Congressional Budget Justification, including cross-cutting objectives in youth, gender, anti-corruption, and rule of law. With additional resources made available for Turkmenistan in the FY 2002 supplemental appropriations, a maternal and child health care project and expansion of the current civil society program are also underway. Specific activities to be funded by FY 2003 and FY 2004 appropriations are described in the Program Data Sheets that follow.

Supplemental funds provided USAID with a strategic opportunity to implement targeted initiatives to fill key gaps in the existing USAID program. New programs, funded with the supplemental, include expansion of the current civil society program, a maternal/child health program, and a much-needed basic

education program. USAID is bolstering the NGO development program through additional resources for community development grants. In health, supplemental funds will be used to improve care of pregnant and delivering women and their newborns. Supplemental funds were also used to begin a program in Turkmenistan's education sector.

Other Program Elements: In addition to the country-specific program, with regional funds, USAID trained about 800 Turkmenistani citizens in economic and business education, NGO-sector development, and primary health care in FY 2002. The Office of Foreign Disaster Assistance had a presence in Turkmenistan during half of FY 2002. The Farmer-to-Farmer Program, also well accepted and very active in Turkmenistan, is financed through P.L. 480 and managed by USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance. Eurasia Foundation maintains a presence in Turkmenistan and distributed seven grants in FY 2002. The Departments of State and Defense also manage programs complementary to USAID's field activities.

Other Donors: Lending by the World Bank has been limited due to an unresolved negative pledge. The European Union-Technical Assistance to the Commonwealth of Independent States (EU-TACIS) continues to support improved agriculture production and processing, energy, private sector development, financial institutions capacity building, and higher education reform. The United Nations Children's Fund assists with maternal and child health care. The United Nations Development Program supports economic reform and management, the health and education sectors, and environmental protection. The aforementioned agencies all face similar implementation issues. Other donors include United Kingdom Department for International Development (DFID), the Organization for Security and Cooperation in Europe (OSCE), the United Nations High Commissioner for Refugees (UNHCR), the Asian Development Bank (ADB), and the European Bank for Reconstruction and Development (EBRD).

**Turkmenistan
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	6,145	7,398	7,000	8,000
Supplemental - FSA/NIS	0	4,000	0	0
Total Program Funds	6,145	11,398	7,000	8,000

STRATEGIC OBJECTIVE SUMMARY

120-0131 Small and Medium Sized Enterprises				
FSA	750	600	645	762
120-0181 Energy and Water				
FSA	400	400	400	473
120-0211 Democratic Culture and Institutions				
FSA	650	1,100	1,100	1,124
120-0240 Conflict Prevention				
FSA	0	0	0	355
120-0320 Health and Population				
FSA	900	1,500	1,185	1,419
120-0340 Strengthened Basic Education Sector				
FSA	0	0	0	168
120-0420 Cross-Cutting Programs				
FSA	315	1,297	670	429
TRANSFER				
FSA	3,130	6,501	3,000	3,270

SO 120-0211 includes \$100 of FY 2002 Supplemental - FSA/NIS.

SO 120-0320 includes \$300 of FY 2002 Supplemental - FSA/NIS.

SO 120-0420 includes \$500 of FY 2002 Supplemental - FSA/NIS.

TRANSFER includes \$3,100 of FY 2002 Supplemental - FSA/NIS.

Mission Director,
George Deikun

Data Sheet

USAID Mission:	Turkmenistan
Program Title:	Small and Medium Sized Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	120-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$645,000 FSA
Prior Year Unobligated:	\$120,000 FSA
Proposed FY 2004 Obligation:	\$762,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: USAID's program with Turkmenistan's small and medium sized enterprises (SMEs) provides training to current and future entrepreneurs in modern business skills and makes business information more available, and trains entrepreneurs to advocate for more transparent, systematic implementation of laws and regulations that improve the environment for SMEs.

Inputs, Outputs, Activities:

FY 2003 Program:

Business skills and information (\$545,000 FSA). In response to the government's unwillingness to implement reforms, USAID will continue with its program of limited technical assistance to develop the business knowledge and skills of future generations through training and education. USAID will provide Turkmen universities, businesses, regulators, and citizens with teaching materials, training, and research opportunities in business and economics. Through the Network for Economics and Business Education (EdNet), USAID will slightly expand its activity to more college students access to greater information and opportunities to succeed in the free market by training university professors in sound principles of economics and business. In addition to education, USAID will offer less formal basic business skills and training courses to help this next generation of entrepreneurs acquire the tools necessary to succeed in a free market. In particular, USAID assistance will focus on providing targeted information and training that helps future entrepreneurs and managers increase profits and expand their businesses. USAID will also provide students with the opportunity to study graduate-level economics at the Kazakhstan Institute for Management and Economic Research (KIMEP). USAID's principal partners include and Pragma Corporation (prime) and Carana Corporation (prime).

Implementation of laws and regulations (\$100,000 FSA). Seminars and lectures on international and commercial law will be provided to Turkmen law students, government lawyers, legal professionals, private practitioners, and entrepreneurs to give them a comparative international perspective on business law and better prepare them to represent clients in commercial law matters. Seminars and roundtables promote the use of international legal business standards within the local academic, public, and private sectors to foster a legal and general business climate more favorable to foreign investment. Under a no-cost extension, USAID plans to rekindle a limited program of fiscal reform that includes training for personnel at the Ministry of Economy and Finance in fiscal analysis and modern methods of budget development and execution. USAID's principal partners include ABA/CEELI (prime) and BearingPoint (prime).

FY 2004 Program:

Business skills and information (\$655,000 FSA). USAID will continue with its program of limited technical assistance to develop the business knowledge and skills of future generations through training and education. USAID will provide Turkmen university professors and administrators with teaching materials, training, scholarships, and research opportunities in business and economics. USAID will focus on providing targeted information and training that helps future entrepreneurs and managers gain knowledge and skills to help them succeed in a free market.

Access to capital (\$0 FSA). If funds permit, and based on further assessments, USAID would support the development of stronger microfinance institutions by building capacity and providing additional lending capital.

Implementation of laws and regulations (\$107,000 FSA). USAID will continue to provide seminars and lectures on international and commercial law to Turkmen law students, government lawyers, legal professionals, private practitioners, and entrepreneurs to give them a comparative international perspective on business law and better prepare them to represent clients in commercial law matters. Seminars and roundtables will promote the use of international legal business standards within the local academic, public, and private sectors to foster a legal and business climate more favorable to foreign investment. USAID also plans to focus on developing greater public policy dialogue to provide a platform for more informed decision making and greater advocacy for reform.

Performance and Results: The face of U.S. economic assistance in Turkmenistan changed little over the course of FY 2002. Progress under this strategic objective in Turkmenistan was difficult last year. The Government of Turkmenistan's direct control of the economy crippled private sector growth and international trade and investment. Because the country's restrictive economic policies have prohibited USAID from pursuing significant reforms, our assistance focuses on training the next generation of managers and entrepreneurs so that they are equipped with the knowledge and skills to succeed in a healthy business environment and advocate for greater economic reform. USAID achieved some positive results in association development. For example, in September, the Association of Entrepreneurs, a Turkmen association that has received training from USAID, was invited by the State Coordinating Committee for Entrepreneurship to work on important issues to improve the business climate. The EdNet trained 116 professors in modern principles of economics and business, and more than 200 Turkmen accountants received training in International Accounting Standards (IAS) under our regional Certified International Professional Accountant (CIPA) Program, an opportunity absent in any other venue in the country. Consequently, the high-profile program sparked recognition within the Ministry of Economy and Finance of the need to train government accountants in IAS. The Ministry has approached USAID to provide CIPA training to Government accountants in coordination with technical assistance funded by the World Bank to convert national standards to IAS. The Regional Trade Promotion Network in Turkmenistan attracted 25 companies to list their products and services on www.smetradecenter.net. Consultants are helping those firms utilize USAID's growing trade network to identify cross border trade partners. By establishing a network of local consultants providing business courses to enterprises in all five oblasts, USAID has increased Turkmenistan's local training capacity and more than 1,500 people (60% women) have received training. USAID conducted 12 commercial law seminars for 2nd and 3rd year law students at Turkmen State University (TSU), covering legal disciplines not included in TSU's curriculum, such as international business transactions, judicial practice of commercial law in the EU, and contract law. Our implementing partner also conducted seven seminars and roundtables for the local legal community. The seminars and roundtables developed and matured from purely educational events to more discussion-oriented gatherings with active participation from all sectors of the legal community. This resulted in more open and free discussions among participants and permitted a professional exchange of information, experience, and opinions, including active debates.

By program's end, it is expected that USAID will have established a foundation for future economic agents and business leaders to advocate more effectively for the liberalization of economic policies and a stronger private sector.

US Financing in Thousands of Dollars

Turkmenistan

120-0131 Small and Medium Sized Enterprises	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	817
Expenditures	44
Through September 30, 2002	
Obligations	817
Expenditures	44
Unliquidated	773
Prior Year Unobligated Funds	
Obligations	120
Planned Fiscal Year 2003 NOA	
Obligations	645
Total Planned Fiscal Year 2003	
Obligations	765
Proposed Fiscal Year 2004 NOA	
Obligations	762
Future Obligations	0
Est. Total Cost	2,344

Data Sheet

USAID Mission:	Turkmenistan
Program Title:	Energy and Water
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	120-0161
Status:	Continuing
Proposed FY 2003 Obligation:	\$400,000 FSA
Prior Year Unobligated:	\$250,000 FSA
Proposed FY 2004 Obligation:	\$473,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: Turkmenistan's desire to internationalize its oil and gas industry provides the U.S. an opportunity to encourage reforms in the energy sector. USAID plans to focus on improving the management of Turkmenistan's energy and water resources through 1) providing training for water, energy, and meteorological officials and managers; 2) establishing sustainable, affordable system models that demonstrate new, more efficient technology and management techniques; and 3) dialogue and exchanges on the importance of strengthening regional and international water and energy agreements.

Inputs, Outputs, Activities:

FY 2003 Program:

Energy (\$200,000 FSA). As part of its capacity building effort toward future generations of energy officials, our Natural Resources Management Project will continue to support the USAID-established student chapter of the U.S. Society of Petroleum Engineers of the Turkmen Polytechnic Institute, through guest speakers, summer internships, and maintenance of their resource center. At Turkmenistan's request, we will also assist in operationalizing and enforcing the recently-passed rules and regulations that bring Turkmenistan into conformity with international standards governing onshore and offshore oil and gas production. We will also provide requested training in the analysis and use of production-sharing and other such agreements, and will conduct an assessment of the computer database equipment, software, and training needs of the Oil and Gas Regulatory Agency. A cooperative agreement embodying these tasks has been signed by the Government of Turkmenistan.

Water (\$200,000 FSA). USAID's water sector initiatives in Turkmenistan will continue on a dual course: 1) upgrading data monitoring systems for water allocation decisions; and 2) training in water management. Training courses will continue to be a key mechanism for implementing USAID's program in Turkmenistan. The courses offered equip technical experts and staff with important new knowledge in natural resources management, and introduce new concepts to which they have never before been exposed. The billion-dollar "Golden Lake of Turkmenistan" is one example of the sorts of region-wide environmental disasters that we expect participants in such training efforts to help deter and rectify in the future. Training will include public advocacy and outreach, working with both public entities and interested NGO representatives. PA Consulting Group is the chief implementer of the Natural Resources Management Project.

FY 2004 Program:

Energy (\$233,000 FSA). In 2004, USAID will initiate demonstrations of simple, affordable, and environmentally sound methods of oil field cleanup of waste left as a result of poor past practices in the Caspian Sea Region. Energy officials will also be trained in the better analysis, processing, and communication of this data, as applied to energy purposes.

Water (\$240,000 FSA). Water activities in training and data management with regard to streamflow will continue through FY 2004. USAID will also finish the installation of an improved communication system that will facilitate the flow of critical water information between water managers to collect and analyze the

data, which is then supplied to other public entities in order to make weather predictions and decisions on water allocations. This information will be an important ingredient in the country's management of its water resources and will facilitate water and energy agreements with its neighbors. It will also provide the basis for farmers to plan planting and harvesting.

Altogether, these activities will provide a stronger, more objective basis for Turkmenistani decision-makers with regard to sensitive transboundary water and energy agreements in cooperation with counterparts in other Central Asian nations. USAID's demonstrations in the energy and water sectors will be accompanied by equipment upgrades, strong training programs, and public awareness. Projects range from the international level, down to the oil well, farm, and customer level.

Performance and Results: USAID's Natural Resources Management Project made modest progress in Turkmenistan with regard to oil and gas issues. USAID contributed to recently passed oil and gas regulations containing progressive provisions that ensure workers' health and safety, and environmental protection. These regulations bring Turkmenistan into conformity with international standards for rules and regulations that govern onshore and offshore oil and gas production. USAID and the Government of Turkmenistan concurred on a cooperative agreement through which USAID will provide further legislative, operational, and analytical assistance in the oil and gas sector that will pave the way for broader international investment there. USAID's program continued to support the student chapter of the U.S. Society of Petroleum Engineers, providing about 20 student members with computer access to the vast resources of their U.S. counterparts, as well as specialized training in best management practices to prevent or minimize pollution from oil and gas operations. The training materials from this course, developed by USAID's program, were translated into Turkmen, and are to become part of the Turkmen Polytechnic Institute's oil and gas ecology course curricula this academic year. Some student members also attended the opening of a state-of-the-art student resource center created by USAID at the Kazakh National Technical University in Almaty, Kazakhstan. The more experienced Turkmen student leaders provided guidance and advice concerning chapter governance to their Kazakhstani student chapter counterparts. Water activities in Turkmenistan have focused on the improved collection, analysis, and exchange of data critical to water resource management, including improved weather forecasting capability and the ability to better predict annual runoff and river stream flows. USAID's FY 2002 support in the water sector enabled the Turkmen Water Committee to upgrade its network of stations that collect and process data for water, weather, and stream flow forecasting. USAID training and advisory services, along with limited data processing and communications improvements, helped to bring this about. This assistance allowed counterpart Turkmen officials to secure, or leverage, additional funding from the Government of Turkmenistan's own sources to purchase over 40 new computers for Oblast Communication Centers and the Central Communication Center, whereas the Committee was in the past only barely able to maintain the outdated technical capacity of its central data collection and processing station. Substantial specialized computer and related training for Turkmen technical staff was also prepared and provided by USAID's Natural Resources Management Project. Prior to this training, many of the participant professionals had no previous experience with computers or the management and communication of technical data electronically.

By working in the areas of energy and water, both of which are of vital importance to the government of Turkmenistan, USAID will be able to introduce international practices and policies and promote more democratic and market principles in the management of these resources.

US Financing in Thousands of Dollars

Turkmenistan

120-0161 Energy and Water	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	150
Expenditures	0
Through September 30, 2002	
Obligations	150
Expenditures	0
Unliquidated	150
Prior Year Unobligated Funds	
Obligations	250
Planned Fiscal Year 2003 NOA	
Obligations	400
Total Planned Fiscal Year 2003	
Obligations	650
Proposed Fiscal Year 2004 NOA	
Obligations	473
Future Obligations	0
Est. Total Cost	1,273

Data Sheet

USAID Mission:	Turkmenistan
Program Title:	Democratic Culture and Institutions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	120-0211
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,100,000 FSA
Prior Year Unobligated:	\$100,000 FSA
Proposed FY 2004 Obligation:	\$1,124,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: Due to the stifling political environment in Turkmenistan, it is extremely difficult to measure program results or conduct full-scale democracy programming. Therefore, USAID's Democracy Program is fairly restricted. Specifically, USAID's assistance in strengthening democratic culture in Turkmenistan is limited to work in two areas: building stronger and more sustainable civic organizations; and a small effort at increasing the availability of information on civic rights and domestic public issues by working with law students. Modest supplemental funds (\$100,000) have allowed USAID to bolster its NGO development program with additional resources for community development grants. Prior year unobligated funds include \$100,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Civil society (\$820,000 FSA). USAID will provide funds to begin a new phase in our civil society program in Central Asia. USAID will support a network of at least three civil society support centers (CSSCs), each of which will serve as a key intermediary support organization for local civil society actors. Funds will be used to begin a grassroots community development/community advocacy program, based at each of the CSSCs. Support will be given for institutional grants to more advanced NGOs, thus helping them to become more sustainable and stronger advocates for social change. We expect over 1,000 NGO and community-based activists to receive training in FY03 on issues such as advocacy, strategic planning, organizational management, fundraising, and other issues pertaining to sustainable NGO work. Approximately 40 grants of varying sizes will be made to support community advocacy and national-level NGOs. Principal implementing partners are: Counterpart (prime), the International Center for Not-for-Profit Law (ICNL) (sub), and others to be determined through competition.

Increased information (\$280,000 FSA). USAID will continue its limited support by promoting law student exposure to international law and disseminating legal information to lawyers and government officials. In FY 2003, a law clinic "summer camp" for students will be held to explore legal issues intensively, and give Turkmen law students the opportunity to learn about vital international legal subjects that are not currently taught at the government-controlled state university. The Street Law program at Turkmen State University (TSU) law school will be expanded to include more law student participants. An expanded series of legal trainings and seminars will be conducted at TSU's Legal Resource Center. USAID will work on a limited basis with Turkmen legal advocacy clubs relating to the implementation of treaties to which Turkmenistan is a party, including the Aarhus Convention and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). The principal implementing partner is the American Bar Association's Central and East European Law Initiative (ABA/CEELI) (prime).

FY 2004 Program:

Civil society (\$784,000 FSA). USAID will continue its civil society program with strengthening of the three CSSCs. USAID may place more emphasis on advocacy campaigns (if the environment permits) and strengthening the network of civil society support centers.

Increased information (\$340,000 FSA). USAID will continue to improve the awareness of legal rights among law students and others by supporting the legal resource center at Turkmen State University, conducting legal training sessions on international law topics, and disseminating legal information.

Performance and Results: The repressive environment in Turkmenistan precludes commissioning of a poll, which is our primary indicator for measuring results. While USAID met targets, the targets have been set to a modest level. Despite difficult challenges in Turkmenistan, limited democracy work is possible at the grassroots level. Our local counterparts are true trailblazers, who are willing to advocate for small-scale change. Some of the most admirable work is carried out by our NGO partners. In Turkmenistan, most NGO programs target gender or social issues, such as disability rights, consumer protection, or environmental issues. Assistance helps keep hope alive and civil society prepared for a more active role in the future. Nationwide or local political advocacy is now virtually non-existent.

Supplemental funds are being used to bolster USAID's NGO development program to provide more small grants to NGOs and community activists. The grants component of the USAID NGO program aims to reinforce technical assistance and training directed at building sustainable civil society organizations, promoting volunteerism, advancing social partnership, mobilizing communities, and building coalitions.

Overall, the NGO sector in Turkmenistan remains the weakest of the former Soviet Union republics. This year there was a slight change in the NGO environment as measured by the NGO Sustainability Index. The index revealed an increase in NGO advocacy, although advocacy is limited to local or non-political issues. Also, the number of active NGOs in Turkmenistan increased from 156 in 2001 to 267 by April 2002. However, not a single NGO was able to register over the past year. Most NGOs continue to work without proper registration. At the request of President Niyazov, USAID will provide assistance with drafting an NGO law. The Government's commitment to adopting and implementing such a law, however, remains questionable.

Three USAID-funded civil society support centers are helping Turkmen NGOs work effectively by providing training, information resources, and advisory services. With the help of the civil society support centers, NGOs can recruit volunteers, work in partnership with local businesses, and mobilize the community to solve local issues. A prime example is EcoCenter, which recently held a press conference to announce the results of its USAID-funded activities. In the past year, EcoCenter provided services to 2,084 people. They trained 1,048 people on the ecological system of Turkmenistan and how citizens can play a role in keeping Turkmenistan clean. Local press attended this event and several newspapers published reports. Although not registered, EcoCenter has been able to complete activities to better the lives of the people of Turkmenistan. USAID attempts to build a democratic culture in Turkmenistan by focusing on the next generation. USAID provides training and assistance to law students. Our goal is to equip these students with the necessary tools to help advocate for change. With the Eurasia Foundation, USAID supported the opening of a new legal library at Turkmen State University, the only full-scale legal resource center in the country. Law students and lawyers can access the internet, conduct legal research, and participate in substantive legal training sessions at the library. Another noteworthy law student activity was Turkmenistan's participation in the Jessup International Moot Court Competition. This competition brings law students from all over the world to Washington, D.C. to argue different positions of a timely international law issue. Last year was the first time the Turkmen government allowed a team to represent Turkmenistan at this event. USAID's implementing partner coached and prepped the students before the competition. While the Turkmen team did not win any awards, it was a great eye-opening experience for the students, who recognized the power of strong oral and written advocacy skills.

US Financing in Thousands of Dollars

Turkmenistan

120-0211 Democratic Culture and Institutions	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	1,035
Expenditures	613
Through September 30, 2002	
Obligations	1,035
Expenditures	613
Unliquidated	422
Prior Year Unobligated Funds**	
Obligations	100
Planned Fiscal Year 2003 NOA	
Obligations	1,100
Total Planned Fiscal Year 2003	
Obligations	1,200
Proposed Fiscal Year 2004 NOA	
Obligations	1,124
Future Obligations	0
Est. Total Cost	3,359

**Prior Year Unobligated Funds includes \$100,000 of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Turkmenistan
Program Title:	Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	120-0240
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$355,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: Conflict prevention strengthens vulnerable communities and eases local tensions through public dialogue and improvement of small-scale social and physical infrastructure. USAID addresses both the root and immediate causes of potential conflict through its conflict prevention objective. Since many conflicts in Central Asia have arisen at the community (rather than international) level and our ability to change structural factors at the national level is limited, our conflict prevention strategy focuses on giving citizens opportunities to participate in decisions that affect their communities, improve living standards, and provide skills and experience that will diminish the potential for conflict. Community action programs, targeted where risks of communal or religious conflicts are greatest, are designed to increase citizen participation in community decision-making and local government, and contribute to mitigating sources of conflict by promoting economic recovery and inter-ethnic cooperation. Conflict prevention activities began in FY 2002 under the Mission's cross cutting program. As the conflict program will become a separate strategic objective in FY 2004, it is being notified separately for FY 2004 funding.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$0 FSA). As FY 2003 will be the transition year for the establishment of a separate strategic objective for conflict prevention, funding for the FY 2003 program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting programs. The principal partner is Mercy Corps.

FY 2004 Program:

Conflict prevention (\$355,000 FSA). Activities will continue in the initial 10 communities and the communities identified during the FY2003 expansion. Focus will continue on the Afghanistan transport corridor, Ashgabat, and other areas of potential conflict. We will continue to collaborate with partners on issues of unemployment, human rights, and cultural awareness.

Performance and Results: With a boost from supplemental funding, conflict prevention activities began in the fall of 2002. Three neighborhoods in Turkmenabad city have already completed renovations to a school and a community center and have begun a training program for ex-drug addicts. Results indicators, which report on infrastructure projects completed; number of beneficiaries; reduced tension; and increased community capacity to identify and solve problems, have been developed. Data collection will begin in late 2002. By the end of the conflict prevention program in 2005, at least 25,000 people will directly benefit from small-scale, community driven projects. More importantly, the community strengthening component of this activity will build the capacity for communities not only to identify and solve basic community problems, but also to address local conflicts before they become dangerous.

US Financing in Thousands of Dollars

Turkmenistan

120-0240 Conflict Prevention	FSA
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	355
Future Obligations	0
Est. Total Cost	355

Data Sheet

USAID Mission:	Turkmenistan
Program Title:	Health and Population
Pillar:	Global Health
Strategic Objective:	120-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,185,000 FSA
Prior Year Unobligated:	\$154,000 FSA
Proposed FY 2004 Obligation:	\$1,419,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's quality primary health care (PHC) objective is aimed at creating higher quality PHC care in pilot sites through retraining of doctors and nurses in family medicine; helping health sector NGOs to strengthen their organizations and identify and implement health activities with their communities; promoting families' abilities to prevent illness and appropriately care for themselves; improving care of pregnant women and their children; controlling tuberculosis (TB) by providing in-service training to doctors and laboratory specialists in accurate diagnosis and treatment and improving the monitoring system of TB laboratories and facilities; improving blood safety; and decreasing the risk of an HIV epidemic by increasing NGO-led preventive programs, as well as introducing modern surveillance methods for HIV and other infectious diseases. A modest amount of supplemental funds (\$300,000) has been obligated and is being used to improve care of pregnant women and their newborns.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase the quality of primary health care (\$629,000 FSA). In two pilot regions, USAID will expand "Keeping Children Healthy" campaigns to cover new topics. Family doctor trainers will be prepared for oblast-level training centers and more doctors will receive family medicine training and courses in Integrated Management of Childhood Illnesses (IMCI). USAID will continue preventive medicine training of family medicine faculty from the Medical Institute. PHC laboratory training will be expanded. USAID will train local health sector NGOs and award them small grants to identify and implement health projects with communities. AIHA's first five-year cooperative agreement is ending. USAID/W has completed a follow-on agreement and USAID/CAR is currently discussing partnership plans for Turkmenistan. Principal implementing partners are: Abt Associates (prime), American International Health Alliance (AIHA) (prime), and Counterpart Consortium (prime).

Control TB and other infectious diseases (\$356,000 FSA). USAID will continue training of health staff on the Directly Observed Treatment Short-course (DOTS) approach in two pilot sites. The monitoring system for laboratories and facilities will be strengthened. The Centers for Disease Control and Prevention (CDC) will establish a regional training program on blood safety that will equip one virology lab in Turkmenistan and train specialists on laboratory quality control. One Turkmenistani will be sponsored for the two-year Applied Epidemiology Program at the Kazakhstan School of Public Health. Principal implementing partners are: CDC (prime) and Project Hope (prime).

Prevent the spread of HIV/AIDS (\$0 FSA). The HIV/AIDS prevention program is adequately funded, so no additional funds are requested. USAID will support training of specialists in HIV sentinel surveillance of high risk groups. HIV/AIDS NGOs will offer preventive activities including basic medical care, free condoms, and referrals to social workers, sexually transmitted infection (STI) clinics, HIV testing sites, and legal services. USAID will continue to support publication of "Serdar Yoly," a healthy lifestyle newspaper, and "Lukman," a healthy lifestyle magazine. Principal implementing partners are: CDC (prime), Soros Foundation (prime), and UNAIDS (prime).

Improve maternal and child health care services (\$200,000 SSF FSA). USAID will train health staff to better manage obstetric, pre-natal, and reproductive health care in pilot sites and expand training on management of common but serious childhood illnesses. Principal implementing partner is: Abt Associates (prime).

FY 2004 Program:

Increase the quality of primary health care (\$796,000 FSA). USAID will continue health promotion campaigns, partnership activities, and small grant support to health sector NGOs. Family medicine, integrated management of childhood infections, and PHC laboratory training will be expanded.

Control the spread of TB and other infectious diseases (\$425,000 FSA). USAID will expand TB control efforts and blood safety training to new sites. USAID will continue to support the Applied Epidemiology Program.

Prevent the spread of HIV/AIDS (\$0 FSA). As in FY 2003, the HIV/AIDS prevention program is adequately funded, so no additional funds are requested. USAID will continue establishing HIV/AIDS surveillance of high-risk groups, will integrate this program with other infectious disease surveillance activities, and continue to improve laboratory diagnostic quality. USAID will continue funding HIV/AIDS NGOs and work to improve their preventive programs.

Improve maternal and child health care services (\$198,000 FSA). USAID will continue training within pilot oblasts for physicians and nurses to better manage obstetric and pre-natal care and to treat serious childhood illnesses.

Performance and Results: USAID's family medicine training program has been well received after a difficult startup. Two hundred health care staff have completed training and a second training site has been requested and is being initiated. USAID has already trained 120 family doctors and has been asked to expand training in Integrated Management of Childhood Illnesses. The Stop Diarrhea campaign in two districts resulted in a significant increase (40%-47%) in families' knowledge that children with diarrhea must continue to be fed the usual amount or more food and given increased liquids when ill. 75% (50%-target) of health sector NGOs supported by USAID to work with communities were able to achieve behavior change in the groups they selected. There is generally positive news from the national monitoring of TB labs and facilities - the average scores on the minimum standards checklist were 87.9% for labs (85% target) and 62.4% for facilities (70% target). Training programs and a monitoring plan have been initiated, but much effort and time will be required to achieve national TB control. HIV/AIDS remains a highly sensitive topic and an area that is difficult to address in the controlled environment that characterizes Turkmenistan, but prevention efforts are now underway. Four grants were awarded to HIV/AIDS NGOs that work on prevention among high risk groups. The mother and child health program, initiated with supplemental funds to improve care of pregnant women and their newborns, is already in the start-up phase.

At the end of this program, Turkmenistan's health care system will benefit from doctors, nurses, and technicians trained in primary health care and modern epidemiology and surveillance that will help control the spread of infectious diseases. A more effective health care system will in turn deliver quality care to the population, which will be more informed about health issues and able to make healthy lifestyle choices.

US Financing in Thousands of Dollars

Turkmenistan

120-0320 Health and Population	FSA
Through September 30, 2001	
Obligations	886
Expenditures	179
Unliquidated	707
Fiscal Year 2002*	
Obligations	1,395
Expenditures	730
Through September 30, 2002	
Obligations	2,281
Expenditures	909
Unliquidated	1,372
Prior Year Unobligated Funds	
Obligations	154
Planned Fiscal Year 2003 NOA	
Obligations	1,185
Total Planned Fiscal Year 2003	
Obligations	1,339
Proposed Fiscal Year 2004 NOA	
Obligations	1,419
Future Obligations	0
Est. Total Cost	5,039

*Fiscal Year 2002 includes \$300,000 of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Turkmenistan
Program Title:	Strengthened Basic Education Sector
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	120-0340
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$168,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: The Basic Education Sector Strengthening Program will begin activities in January 2003 under the cross-cutting program. Beginning FY 2004 the education program will be funded as a separate strategic objective, for which this program data sheet constitutes initial notification as a separate program. The basic education program will improve in-service teacher training; improve the quality and relevancy of curriculum; increase parent and community involvement in schools; strengthen institutional, management, and technical capacity at all levels of the educational system; and improve school infrastructure

Inputs, Outputs, Activities:

FY 2003 Program:

Education (\$0 FSA): As FY 2003 will be the transition year for the establishment of a separate strategic objective for education, funding for the FY 2003 education program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting programs. A contractor to implement the activity will be selected by the beginning of 2003.

The Basic Education Program is structured to work at all levels of the system with a targeted number of schools and communities selected as pilot sites to measure the impact of the full range of activities. Training-of-trainer models will be used to provide curriculum and methodological training to the maximum number of teachers. Capacity building at different levels of the system will develop support for the expansion of successful pilot activities to other areas in the future. Whenever possible, ongoing education activities (e.g. civic education, Street Law, Junior Achievement, Step by Step, Reading and Writing for Critical Thinking, and the health education component of the Sports and Health Education Program) which are conducted under other strategic objectives, will be coordinated with the basic education pilot schools to ensure access to these curriculum and methodology innovations. A component of the core agreement involves data collection on gender issues in schools, which could be used in the development of future activities designed to address gender issues in basic education.

FY 2004 Program:

Education (\$168,000 FSA): In FY 2004, USAID/CAR will continue to solidify the activities begun in FY 2003, described in the above summary. Girls' education will be an important part of the program. Small grants may be given to active, competent local education NGOs. An assessment of the program is planned in FY 2004. Funding for individual activities will be identified during the course of FY 2003.

Performance and Results: Supplemental funding allowed USAID to begin a program in the education sector. Performance indicators for the education program activities will be developed during the first three months of 2003, and data collection will begin in the summer of 2003.

US Financing in Thousands of Dollars

Turkmenistan

120-0340 Strengthened Basic Education Sector	FSA
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	168
Future Obligations	0
Est. Total Cost	168

Data Sheet

USAID Mission:	Turkmenistan
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	120-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$670,000 FSA
Prior Year Unobligated:	\$794,000 FSA
Proposed FY 2004 Obligation:	\$429,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's cross-cutting program supports all strategic objectives. The five main components are: conflict prevention through public dialogue and small scale social and physical infrastructure improvement in vulnerable communities; improving the quality of basic education through activities designed to increase completion rates, attendance rates, and satisfaction with schools on the part of parents, students, teachers, and officials in target areas; training in primary health care and the transition to democracy and a free-market economy; Eurasia Foundation sub-grants to strengthen NGOs; and program development (cross-cutting evaluations, monitoring, designs, studies, technical assistance, and program management assistance). Armed with supplemental funding, USAID began two innovative initiatives that confront issues critical to Central Asia's stability and social infrastructure - the potential for conflict in ethnically diverse Central Asia and the deterioration of basic education since independence. Prior year unobligated funds include \$500,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$0 FSA). USAID will expand the Community Action Investment Project (CAIP) beyond the 10 initial communities in Lebap Oblast and will better equalize efforts between rural and urban settings. USAID's present focus on the Afghanistan transport corridor will expand to Ashgabat and other areas of potential risk. We will work closely with other partners to fold in issues of unemployment, human rights, and cultural awareness. Although none of USAID's conflict activities will, in and of themselves, end conflict or extremism, they will continue to serve as a focal point for the USG's efforts to mitigate potentially violent discord. The principal implementer is Mercy Corps.

Education (\$250,000 FSA). The Turkmen education program will begin with an assessment in early 2003 and modest pilot projects. Basic education in selected school areas will improve overall quality of primary and secondary education through in-service teacher training; improved curriculum quality; increased parent and community involvement in schools; strengthened institutional, management and technical capacity at all levels of the educational system; and improved school infrastructure. Implementers will be selected in December 2002, and activity will begin in January 2003.

Participant training (\$300,000 FSA). Over 800 participants will be trained in the areas of SME development, health-care reform, energy and water resources, agriculture, and various crosscutting objectives during FY03. Focus will shift from reporting and analyzing types of participants trained to training results and achievements. The Academy for Educational Development is the principal contractor.

Program development (\$120,000). As required funds will be used to advance or reinforce USAID program objectives.

FY 2004 Program:

Participant training (\$320,000 FSA) will broaden support for USAID's ongoing technical assistance in four strategic objective areas: improved environment for the growth of small and medium-sized enterprises;

strengthened democratic culture; improved management of critical natural resources; and increased utilization of quality primary health care. Cost-effective in-country training programs will be emphasized.

Program development (\$109,000 FSA). As required, funds will be used for unanticipated opportunities to advance or reinforce USAID program objectives. Essential program personnel, cross-cutting evaluations, monitoring, designs, studies, technical assistance, and program management assistance will also be funded.

Performance and Results: With a boost from supplemental funding, conflict prevention activities began in the fall of 2002. Three neighborhoods in Turkmenabad city have already completed renovations to a school and a community center and have begun a training program for ex-drug addicts. Formal results indicators were developed over the summer. Next year, USAID will be able to report on infrastructure, employment, increased community capability, reduction of tension, and numbers of beneficiaries. The basic education program was designed in 2002. USAID trained over 1,000 Turkmenistani citizens (30% women) in NGO development, primary health care, water resources, and agriculture. Training exposed participants to neighboring countries' approaches to solving issues of mutual interest. For example, since attending training on effective environmental public relations, the director of an environmental NGO has implemented three public relations projects and established an ecological center for children in Turkmenbashi City. Environmental campaigns included articles, nine workshops for schools, eight illustrated bulletins, three different brochures, posters, coloring books, and 20 field trips. The materials were in such great demand that the NGO produced 80 CD-ROMs. Additionally, the Turkmenbashi City educational administration included some of these materials in school examination papers. The Eurasia Foundation program in Turkmenistan receives no country-specific funding. A very modest program is supplemented by regional Eurasia Foundation funds. Eurasia Foundation made seven grants to Turkmenistani NGOs in FY 2002, with an average grant size of nearly \$17,000. The majority of these grant funds supported private enterprise, with the remainder targeting civil society development and improvements in public policy and administration.

By the end of the conflict program, 70,000 people will directly benefit from the USAID-supported community-driven activities. More importantly, the community strengthening component of this activity will build the capacity for communities to solve local conflicts on their own before they become dangerous. Training and grants will build the capacity of future business leaders and reformers.

US Financing in Thousands of Dollars

Turkmenistan

120-0420 Cross-Cutting Programs	FSA
Through September 30, 2001	
Obligations	8,644
Expenditures	8,127
Unliquidated	517
Fiscal Year 2002	
Obligations	618
Expenditures	379
Through September 30, 2002	
Obligations	9,262
Expenditures	8,506
Unliquidated	756
Prior Year Unobligated Funds**	
Obligations	794
Planned Fiscal Year 2003 NOA	
Obligations	670
Total Planned Fiscal Year 2003	
Obligations	1,464
Proposed Fiscal Year 2004 NOA	
Obligations	429
Future Obligations	0
Est. Total Cost	11,155

**Prior Year Unobligated Funds include \$500,000 of FY 2002 Supplemental - FSA/NIS

Ukraine

The Development Challenge: Ukraine remains critical to United States foreign policy objectives due to its strategic position between Europe and Eurasia and its importance for regional stability. Following a particularly difficult transition period from 1991 to 1999, Ukraine has advanced in its transition, particularly in the economic arena. Its progress in establishing a legal and regulatory environment conducive to private sector growth and the creation of a viable market economy is clearly evident. Less certain is whether Ukraine is making as much progress as it could in establishing sound democratic institutions and practices. While there are promising signs of reform in local government, parliament, and the judiciary, corruption and unequal enforcement of the rule of law cast serious shadows over Ukraine's democratic transition. The media, civil society organizations, political parties and other civic associations are still in a nascent stage of development and many social service providers retain inefficient Soviet-era structures that are unable to meet the needs of the general population.

Political developments in Ukraine in 2002 were uneven. The Organization for Security and Cooperation in Europe (OSCE) viewed parliamentary elections in March 2002 as an improvement over the previous elections, but cited administrative abuses and unequal access to the media as a problem. Since the parliamentary elections, there have been widespread reports of media censorship and increased pressure on parliamentary deputies to join a pro-presidential voting bloc. In addition, following the authentication of a recording in which President Kuchma is heard approving the clandestine sale of the "Kolchuga" early warning systems to Iraq, the U.S. Government instituted a temporary pause in new obligations of FREEDOM Support Act (FSA) assistance benefiting the central government of Ukraine.

The last three years have seen a remarkable turnaround in macro-economic stability and economic growth. Following nine years of contraction in real gross domestic product (GDP), real economic growth was 5.8% in 2000, 9.1% in 2001, and is estimated at 4.4% for 2002. Inflation for 2001 was only 6.5%, and at only 2.4% for 2002, compared to 25.3% for 2000, 27.3% in 1999, and 2,400% at its height in 1995.

However, at the end of 2002 the fiscal situation showed signs of deteriorating. The central government's deficit, originally forecast at 0.7% of GDP, will more likely be around 2.7%. Because of a shortfall in taxation and privatization revenues, the Government of Ukraine (GOU) had to sharply curtail spending and ask Parliament to approve an increase in the fiscal year 2002 budgetary debt ceiling by an additional HRV 2.5 billion, which the banking system is unable to absorb.

The GOU's options for securing financing from international markets appears limited. In November, it did manage to raise a net \$220 million in European markets, though it had hoped to raise more. The government has \$1.6 billion in debt servicing due during the first half of 2003, and must raise an additional \$600 million if it is to meet its objectives for increasing the level of foreign exchange reserves. Presently, foreign exchange reserves stand at \$4.3 billion and are considered minimally adequate for an open economy where trade accounts for 53% of GDP. Until recently, major international credit rating agencies had been upgrading the GOU's international credit rating. However, at end-2002, that trend had been reversed.

The GOU is also having problems with international financial institutions (IFIs). In August 2002, the International Monetary Fund (IMF) announced that it would allow its Extended Financing Facility (EFF) with Ukraine to expire, without disbursing the final \$550 million tranche. The World Bank is currently withholding disbursement of \$250 million under its Programmatic Adjustment Loan (PAL), while continuing its investment lending program, and the European Bank for Reconstruction and Development (EBRD) is withholding disbursement of a \$100 million energy sector loan. The IFIs have indicated that suspensions will continue unless there are reforms in taxation (especially reduction in tax exemptions), the energy sector (including cost recovery and privatization), social sector, and monetary and banking policy. The broader concern is that lack of movement on policy reform will halt Ukraine's economic recovery.

In November, President Kuchma appointed a regional governor loyal to the President as Prime Minister. While his nomination was approved by a slight majority in the Parliament, it remains to be seen if significant progress on reforms will be made.

In short, at the end of 2002, political and economic uncertainties plagued Ukraine.

The USAID Program: The overarching goal of the USAID's Strategy for Ukraine is to "improve the economic and social well being of all Ukrainians within a framework of democratic governance." Analysis shows that for this goal to be achieved, improvements are needed in the following five areas: investment climate; growth of small and medium enterprises (SMEs) and agriculture; engagement of Ukrainians in building their democracy and economy; the effectiveness and accountability of government institutions; and delivery of social services. There are also two special objectives which address environmental protection and several programs that support the Poland-America-Ukraine-Cooperation Initiative, Mission participant training, and a partnership to revitalize the Kharkiv Oblast economy.

Activities under the new strategy build on previous program successes in furthering the reform process. In banking supervision, USAID succeeded in creating a respected supervisory institution. However, the rapidly growing banking sector now requires supervision through more sophisticated techniques such as risk-based internal controls. Similarly, USAID succeeded under the previous strategy in obtaining parliamentary and presidential approval of a Land Code. Assistance in implementing the land titling provisions of the law is now required to make private ownership of land a reality for Ukrainians. A new activity proposed by the Mission is support for agribusiness marketing, in part to acknowledge the strides Ukraine has made in reforming its agricultural policies, and the resultant high level of growth in that sector. The program will continue to strengthen basic institutions of civil society to help them survive in a difficult environment.

The decline in funding in FY 2004 is intended as a first step toward the phase-out of FSA assistance to Ukraine in coming years. As part of a broader U.S. Government effort, USAID will develop a multi-year plan that leaves behind a legacy of sustainable institutions that can continue to promote civil society development and economic growth.

Other Program Elements: The Ukraine program receives support from a regional grant for mother-to-child transmission of HIV/AIDS. Other health program-related support is provided through a World Health Organization grant for tuberculosis control, and the policy project for reproductive health. The Mission participates through a buy-in to the centrally-managed Eurasia Foundation for its economics education program and for small research grants. Other centrally-managed activities include the E&E Bureau Utility Partnership and the National Association of Utilities Commissioners.

Other Donors: The largest donor is the EBRD with a diversified portfolio in enterprise development, privatization, financial sector assistance, infrastructure, and energy. The World Bank ranks second, with its portfolio concentrated in public sector management, community development, institutional development, and rural finance. USAID is Ukraine's largest bilateral donor, followed by the European Union-Technical Assistance for the Commonwealth of Independent States (EU-TACIS) Program, which is concentrated in institutional, legal, and administrative reforms; economic reform and private sector development; and the social consequences of transition. Germany and Canada provide assistance in SME development, agriculture, and the energy and social sectors. Critical cooperation links are with the EU and Germany for the energy sector, the World Bank and the EU-TACIS for policy reform and the social sectors, the EBRD for SME development, and Canada, Germany and the EU-TACIS for agriculture.

**Ukraine
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	1,019	0	0	0
FREEDOM Support Act	172,997	154,937	155,000	94,000
Total Program Funds	174,016	154,937	155,000	94,000

STRATEGIC OBJECTIVE SUMMARY

121-0120 Support to Economic and Fiscal Reform				
FSA	3,094	3,670	0	0
121-0130 Growth and Development of Private Enterprises				
FSA	35,225	29,069	0	0
121-0132 Small and Medium Enterprise and Agriculture				
FSA	0	0	21,761	20,790
121-0140 Reform of Financial Sector and Commercial Law				
FSA	4,715	3,000	0	0
121-0141 Improved Investment Climate				
FSA	0	0	10,290	4,991
121-0150 Energy				
FSA	3,984	3,475	0	0
121-0160 Environment				
FSA	1,760	1,645	0	0
121-0210 Civil Society				
FSA	7,892	7,368	0	0
121-0213 Strengthening Citizen Participation				
FSA	0	0	13,919	13,803
121-0220 Rule of Law				
FSA	2,181	1,169	0	0
121-0224 Good Governance				
FSA	0	0	9,004	8,117
121-0230 Municipal/Local Government Development				
FSA	4,459	4,954	0	0
121-0320 Health				
CSH	1,019	0	0	0
FSA	6,095	5,496	0	0
121-0325 Social Protection and Health				
FSA	0	0	12,594	10,075
121-0340 Social Protection				
FSA	2,635	2,500	0	0
121-0410 Special Initiatives				
FSA	12,000	12,000	0	0
121-0416 Environment				
FSA	0	0	1,113	474
121-0420 Cross-Cutting Programs				
FSA	13,202	11,860	0	0
121-0427 Program Support Initiatives				
FSA	0	0	6,779	5,000
TRANSFER				
FSA	75,755	68,731	79,540	30,750

Data Sheet

USAID Mission:	Ukraine
Program Title:	Small and Medium Enterprise and Agriculture
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0132
Status:	New
Proposed FY 2003 Obligation:	\$21,761,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$20,790,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: Small and medium enterprises (SME) and agriculture play a critical role in the economic and social well being of Ukrainians. There are approximately 32,000 medium-sized enterprises (25-250 employees) in Ukraine, which are in urgent need of capital to operate and expand. Thirty percent of these businesses are women-owned. SMEs now employ over half of the workforce of Ukraine and absorb large numbers of workers dislocated by the restructuring of privatized state enterprises. Agriculture continues as one of the principal economic drivers of the Ukrainian economy and in late 2001 accounted for nearly 14% of Ukrainian GDP and 13% of total exports. Activity areas include: legal and regulatory reform working in tandem with associations and advocacy coalitions to create a favorable environment for SMEs and agriculture to grow; programs to improve business skills of Ukrainian entrepreneurs; increasing access to finance for SMEs and agriculture as well as increased access to land that will enable further growth and development; organizing input and output markets for increased effectiveness and productivity; and mobilizing access to credit for the use of small and medium businesses, homeowners, farmers, and municipalities.

Inputs, Outputs, Activities:

FY 2003 Program:

Legal and regulatory reform (\$7,846,000 FSA). USAID will facilitate interaction among representatives from SMEs, agriculture and government, leading to the identification, passage and enforcement of policies, laws and regulations that foster open market competition. This includes developing a closer working relationship with local governments on economic reform and local business development, as well as a stronger collective voice for SME and agricultural enterprises through associations, cooperatives, and other advocacy organizations. The Business Project (BIZPRO) will support its network of business associations and advocacy coalitions (serving over 20,000 members) to become financially viable and better able to represent their business constituents. BIZPRO's new regulatory reform program will support grassroots regulatory reform in 32 cities of eight pilot regions through working groups composed of local government officials, NGOs, and SMEs. Negotiations are underway with the GOU for nation-wide expansion of a pilot one-stop-shop system (introduced with BIZPRO assistance in three Ukrainian cities in 2002) which will simplify business registration, licensing, and permits. USAID's focus in agricultural reform will be on the development of a regulatory framework for agricultural credit through introduction of warehouse receipt regulations, financial leasing legislation, and development of commercial crop insurance. USAID will broaden administrative reform through enabling legislation for extension services and through legislation to complete privatization of large research farms and the remainder of Khlilb Ukrainy. Implementers are Development Alternatives, Inc. (DAI) and UNDP.

Business skills (\$5,300,000 FSA). USAID will strengthen business management education programs; foster university and business community partnerships in business education; develop local capacity for business service providers, including an agricultural extension service that utilizes the capacity of local institutions to provide entrepreneurs/producers with access to information, training, and technology; and develop and implement an administrative reform program to make educational institutions more responsive to industry needs. BIZPRO will continue to work through its association and business service

provider network and information hotlines to provide business training, consulting, and information to thousands of entrepreneurs. A new five-year business management education program will strengthen undergraduate business management education at a select group of 15-25 universities, develop graduate programs at the most promising from the group, and foster business and university partnerships for business training. USAID will continue the roll-out of the land grant university extension to Khmelnytsky and Cherkasy oblast to broaden the range of information, training, and technology transfer services available to Ukrainian private farmers. Contractors and grantees include University of Minnesota, Development Alternatives Inc. (DAI), National Telephone Cooperative Association (NTCA), and Louisiana State University (prime).

Access to land and credit (\$8,615,000 FSA). USAID-funded technical assistance will help banks develop micro-lending programs and improve the legislative environment to allow them to lend to a larger number of enterprises. USAID will explore alternative sources of credit, such as NGO micro-lending, credit unions, and credit cooperatives, which would require legislative changes to improve lending practices by non-bank financial institutions. To increase access to land, USAID is providing significant assistance with land privatization, including support for the issuance of land titles, and is helping to develop a legislative framework for a fully-functioning land market.

To organize markets and improve farm productivity, USAID will launch a full-scale agricultural market development program to assist commercial family farms to improve their access to markets. USAID will improve farmer access to input and output markets by strengthening associations (women's associations will be specifically targeted) through farmer-to-farmer programs and promote policies that minimize government interventions in agricultural markets.

USAID also will introduce a multi-year Access to Credit (ATC) Project to mobilize credit for the use of small and medium businesses, prospective homeowners, farmers, and municipalities. Implementers include Chemonics, Citizens Network for Foreign Affairs (CNFA), and Microfinance Bank (prime).

FY 2004 Program:

The FY 2004 Program will allocate \$20,790,000 to SME and agriculture development, but will focus more on issues related to SME credit. Activity areas will include legal and regulatory reform; business skill development; and access to land and credit.

Performance and Results: During the past year USAID introduced the concept of a one-stop-shop business registration process, which has been adopted in three communities, with the expectation that it will be adopted nationally in 2003. Enabling legislation for crop insurance, grain warehouse receipts, and a national farm extension service was developed and farm extension activities reached all private farmers in Vinnytsia Oblast, and another 15% in Khmelnytsky and Cherkasy regions. With USAID support, business curricula at 47 universities were improved and the Junior Achievement Program enabled school children at more than 500 schools to take part in business education. As a result of USAID programs, over 5,400 loans to small and medium enterprises were made and 1.2 million land titles were issued to small farmers.

At the conclusion of this strategic objective, small and medium entrepreneurs and farmers will operate within an institutional and regulatory environment which enables them to compete and grow. They will have greater access to training, information, credit, other productive inputs, and markets. A viable land market will enable entrepreneurs to borrow against the value of their homes to provide capital for their businesses. A new generation of Ukrainian citizens will be able to own their own homes, farmers will be able to finance their agricultural production, and municipalities will be able to upgrade their infrastructure and services. The newly launched Development Credit Authority program will enable credit-starved small- and mid-sized farms access to more than six million dollars of credit. The Land Titling Initiative is expected to result in direct improvement of the lives of the rural poor through provision of 1.8 million private land titles to former members of state collective farms.

US Financing in Thousands of Dollars

Ukraine

121-0132 Small and Medium Enterprise and Agriculture	FSA
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	21,761
Total Planned Fiscal Year 2003	
Obligations	21,761
Proposed Fiscal Year 2004 NOA	
Obligations	20,790
Future Obligations	0
Est. Total Cost	42,551

Data Sheet

USAID Mission:	Ukraine
Program Title:	Improved Investment Climate
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0141
Status:	New
Proposed FY 2003 Obligation:	\$10,290,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,991,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID's program to improve Ukraine's investment climate includes: establishment of a legal foundation that secures property rights; budget and tax policies that provide a more transparent and efficient system of expenditures and taxes; development of a reliable and unsubsidized market for energy; and a financial sector that mobilizes resources for investment.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID will continue to provide funding to activities that have achieved substantial results in reforming commercial legislation, budget and tax decentralization, and reform of the energy and financial sectors. An integrated approach to reforming these areas is required to improve Ukraine's investment climate. Specifically, achievement of this strategic objective is dependent on: 1) establishment of a legal foundation that clearly delineates the rules of the game, secures property rights, and provides predictable, formal, and enforceable means of redress; 2) budget and tax policies that provide a more transparent and efficient system of expenditures and taxes; 3) development of a reliable and unsubsidized market for energy that minimizes distortions in pricing of energy and government interference in retail and wholesale markets; and 4) a financial sector that mobilizes resources for investment and gives financial intermediaries and capital markets a key role in guiding investment to the highest and best uses in the economy. USAID is committed to improving the investment climate as a crucial component of a sound market economy. The major issues and problems constraining investment in Ukraine are the lack of an independent court system, weak shareholders' rights, an inadequate legal framework, weak budget and tax systems, lack of regulatory and enforcement capacity within the financial sector's regulatory bodies, distorted economic policies such as those in the electric power sector, and the inefficient allocation of resources in the financial sector.

Commercial law (\$2,450,000 FSA). USAID will help to develop key pieces of legislation and remove conflicts between Soviet-era or patchwork commercial laws and the new Civil Code. The Civil Code will have a dramatic impact on transactions throughout society, and it will provide the basis for personal freedom, ownership of land and property, intellectual property rights, debtor-creditor relations, and the principles of corporate governance and entrepreneurial activity. The USAID-funded Commercial Law Center will provide training to commercial law professionals in the areas of arbitration, mediation, bankruptcy, enforcement of judgments, and legislative drafting, as well as public outreach and advocacy on commercial law reform. The Center will assist in strengthening the enforcement of contracts and court judgments. This includes amendments to the current enforcement legislation, reform of the system for court-ordered sales of assets, and development of alternative dispute resolution mechanisms. In addition, the Commercial Law Center will draft and promote passage of laws and regulations which will increase access to credit for small and medium enterprises, prospective home owners, farmers, and municipalities. This includes legislation on secure transactions, mortgage lending, leasing, credit bureaus, and municipal and corporate bond issuances.

Budget reform (\$2,600,000 FSA) In FY 2003, budget reform will be carried out at the local level. It will focus on strengthening the development and implementation of local budgets, completing budget decentralization to all counties and towns, and implementing program budgeting in key regions and cities. If sufficient resources are available, USAID will work with the Parliament's Budget Committee on aspects of national and local budget policy issues, and provide increased assistance on tax policy issues to Parliament's Sub-Committee on Tax Policy. The contractor is Development Alternatives, Inc. (DAI).

Energy Sector (\$1,950,000 FSA). To improve the energy sector's performance, USAID will focus on development of a competitive wholesale electricity market (WEM). If policy conditions permit, limited assistance may be provided to stimulate further privatization of Ukraine's generation and distribution systems to attract external capital to finance needed investment for modernization and replacement. Regulatory, legal, and partnership support will be provided through technical assistance to the National Energy Regulatory Commission and Energomarket to ensure the implementation of the WEM concept. Implementation of the recently-approved WEM concept will help to remove government control from the market, reduce losses and outages, stabilize tariffs and guarantee quality of supply, set prices through competition, provide for a proportional payment, and support freedom of choice between bilateral contracts and a spot market. Implementers include Hunton and Williams, Deloitte Touche Tohmatsu (DTT), and United States Energy Association (USEA), as prime.

Financial Sector (\$3,290,000 FSA). USAID programs will support: 1) transparent corporate governance practices; 2) training, examination, and certification of accountants that will enable listed Ukrainian companies to report using International Accounting Standards, starting in 2003; and 3) institutional reforms that help develop the market for long-term finance in Ukraine. USAID, through its Banking Supervision activity, will be helping to build confidence in the banking system by establishing stronger risk-based management practices. The activity will shift its capacity-building efforts to the commercial banks, so that they may comply with the risk-based management regulations. Implementers include Financial Markets International (FMI), International Business and Technical Markets Consultants, Inc. (IBTCI), and Bearing Point (prime).

FY 2004 Program:

The FY 2004 program will allocate \$4,991,000 (FSA) to strengthen local government bodies such as municipalities and towns to develop and manage their own budgets, develop a more pro-business commercial legislative framework, increase transparency in the financial sector, and develop a private electricity market.

Performance and Results: In FY 2002, USAID-funded assistance supported decentralization to all 26 regions and region-level cities. In FY 2003 and FY 2004, USAID-funded assistance will extend decentralization to all 475 counties and county-level cities. Over the next year, the legal and institutional mechanisms needed to improve the investment climate in Ukraine will be strengthened. These include improved judicial enforcement, more efficient local governments in providing services and budgeting adequately for social programs, stronger regulatory agencies in the banking and energy sectors, and the use of International Accounting Standards in corporate reports, starting in 2003. By the end of the program, the investment climate in Ukraine will be substantially improved. Results will be measured by the Investment Climate Index that is prepared annually by the European Bank for Reconstruction and Development. This is a systematic, quantified assessment of conditions, including liberalization of markets, the commercial legal environment, the quality of financial institutions, macroeconomic stabilization, privatization, reduction of subsidies, and effective regulation of industries.

US Financing in Thousands of Dollars

Ukraine

121-0141 Improved Investment Climate	FSA
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	10,290
Total Planned Fiscal Year 2003	
Obligations	10,290
Proposed Fiscal Year 2004 NOA	
Obligations	4,991
Future Obligations	0
Est. Total Cost	15,281

Data Sheet

USAID Mission:	Ukraine
Program Title:	Strengthening Citizen Participation
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	121-0213
Status:	New
Proposed FY 2003 Obligation:	\$13,919,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$13,803,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID's program to strengthen citizen participation in Ukraine will contribute to results in four areas: strengthening the role of civil society organizations (CSOs) in promoting democracy; improving the effectiveness and democratic orientation of political parties; improving the openness and competitiveness of the electoral process; and increasing the availability of unbiased public information.

Inputs, Outputs, Activities:

FY 2003 Program:

Enhance the role of civil society organizations (\$5,519,000 FSA). Under a new program, USAID will seek to: 1) strengthen CSO advocacy to better protect and defend citizens' interests and promote more transparent, accountable and responsive governance; 2) enhance the legal and regulatory framework so that it better protects civil liberties and fosters financial sustainability of CSOs; 3) improve the financial viability of CSOs; and 4) strengthen CSOs' professionalism and ethical standards. USAID plans to provide training to 150 people from 50 CSOs and support up to 50 sub-grants for a total of \$500,000 for FY 2003. The Eurasia Foundation will continue to support CSOs in private enterprise growth, local governance, and citizen participation. About 75 grants, totaling \$637,000, will be made to approximately 35 organizations. USAID will provide five grants to think tanks to support policy dialogue on vital issues, such as privatization, freedom of information, Euro-Integration, media freedoms, small business development, and tax reform. Five regional exchanges will be organized to link policy advocates with counterparts in neighboring countries. Assistance will be provided to 10 anti-corruption coalitions working at the community level. Implementers include Institute for Sustainable Communities, Eurasia Foundation, Freedom House, and Development Alternatives, Inc. (prime).

Strengthen political parties (\$3,000,000 FSA). Activities are focused on making parties more responsive and accountable to citizens, improving governance capacity of locally-elected officials, and increasing the participation of Ukrainians, particularly youth and women. The International Republican Institute's (IRI) program will train at least 450 local elected officials in such topics as budgeting, coalition building, and public hearing. Approximately 375 youths and another 375 women will receive leadership training. The National Democratic Institute's (NDI) program will sponsor weekly talks and consultations with parties' national leadership in Kyiv and monthly consultations and training seminars in major regions. Through training and consultations for party activists, NDI will help political partners maintain their internal unity and assist them in developing local and regional level structures. Grantees are IRI and NDI.

Improve the openness and competitiveness of the electoral process (\$1,000,000 FSA). USAID will foster reform of the legal and regulatory framework through grants to reform-minded CSOs. Monthly roundtables will engage civic activists and government officials on electoral reform issues. Relevant publications will be printed and distributed including, a compendium of European election laws and a reference book of judicial rulings in Ukraine on electoral issues. Support will help a leading elections monitoring CSO observe preparations for several by-elections as well as Election Day itself. Plans will be developed for improving training of election commissioners. The prime contractor is Development Associates, Inc.

Increase the availability of unbiased public information (\$4,400,000 FSA). Activities will: support advocacy initiatives to improve and uphold the legal and regulatory framework for media; strengthen legal defense for freedom of speech; improve the financial viability of the non-state, independent media outlets through business, marketing, and financial management training; and increase the availability of quality news through non-state, independent media outlets. USAID training and technical assistance will focus on 30 media outlets. Grant support to CSOs will promote advocacy for press freedom and services to media outlets. Legal aid for media representatives will also be provided. USAID will support the production of news and information products to ensure that quality information continues to be produced even within Ukraine's constrained enabling environment. Specifically, to increase citizen understanding of key issues, USAID will fund the production of over 150 hours of TV news, 130 hours of radio news, 14 different brochures of 5,000 copies each, and 2 monthly publications with a total circulation of 14,000. A hotline will service up to 140,000 calls a year on such issues as SME, taxes, land privatization, credit unions, and deregulation. Over 700 journalists should be reached through various roundtables and seminars to improve the substance of their journalism. The major grantee is the Centre for Ukrainian Reform Education (CURE, a Ukrainian NGO). A new recipient for media activities will be determined by competition.

FY 2004 Program:

Enhance the role of civil society organizations (\$6,200,000 FSA). Technical assistance will continue to focus on supporting coalitions among CSOs, strengthening membership and constituencies, financial diversification, information-sharing, and more sophisticated advocacy. It is also planned that the total funding directed to sub-grants will enable CSOs, including associations, think tanks, and advocacy groups, to launch citizen defense/government accountability action plans and support legal advocacy and legal defense for freedom of association.

Strengthen the effectiveness and democratic-orientation of political parties (\$2,500,000 FSA). USAID will continue implementing activities that were started in FY 2003 in this functional area. Similar training will be provided by IRI and NDI in order to deepen the outreach of USAID training and thus increase the likelihood of organizational change within those parties who are receptive to USAID assistance.

Improve the openness and competitiveness of the electoral process (\$1,000,000 FSA). Activities that began in FY 2003 in these areas would continue. In addition, USAID would likely fund training for judges and lawyers on the new presidential election law to increase the capability of Ukrainians to address violations in the electoral process. Long-term monitoring of the electoral process leading up to the 2004 presidential elections will be supported and USAID will seek to provide grants and technical assistance to media outlets and CSOs seeking to supply voters with objective and thorough information about the electoral process and candidates.

Increase the availability of unbiased public information (\$4,103,000 FSA). Plans for FY 2004 are to deepen USAID assistance in the aforementioned areas (legal aid and advocacy; business development; dissemination of news and information) working with a greater number of outlets, journalists, and citizens.

Performance and Results: The March 2002 parliamentary elections were viewed as an improvement over past electoral experiences. Over 2,000 party leaders and staff and 25,000 poll station workers were trained through USAID assistance, ensuring a more competitive and transparent process than in the past. During FY 2002, over 60 media events reached 900 media professionals. Ninety active programs were awarded over a dozen election-related grants to CSOs to mobilize voters and increase participation in the election process. By the end of FY 2003, a majority of citizens will demonstrate a better understanding of the issues involved in pension, tax, and agricultural reform, as a result of USAID support to NGOs, independent media, and competitive electoral processes. By the end of the program, a greater percentage of Ukrainians will be participating through voter turnout and membership in civil society organizations.

US Financing in Thousands of Dollars

Ukraine

121-0213 Strengthening Citizen Participation	FSA
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	13,919
Total Planned Fiscal Year 2003	
Obligations	13,919
Proposed Fiscal Year 2004 NOA	
Obligations	13,803
Future Obligations	0
Est. Total Cost	27,722

Data Sheet

USAID Mission:	Ukraine
Program Title:	Good Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	121-0224
Status:	New
Proposed FY 2003 Obligation:	\$9,004,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$8,117,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: Good governance assistance will be provided for: increased autonomous and responsive local self-governance; more effective, independent and representative legislature; and adherence to the rule of law.

Inputs, Outputs, Activities:

FY 2003 Program:

Autonomous and responsive local government (\$6,300,000 FSA). USAID will provide support to further develop the capabilities of the Association of Ukrainian Cities (AUC) in the areas of member services and communication, and lobbying for better national legislation for local self-governance. This will be accomplished by assisting the regional offices in 23 oblast capital cities to build their capacities to deliver training to member cities in the areas of budgeting, strategic planning for economic development, public procurement, citizen participation, and use of computer equipment for communication. USAID will prepare both the regional offices' staff to become trainers in these areas and municipal officials from over 380 member cities. USAID will also train AUC's core staff in effective advocacy. The Community Partnerships Program will facilitate technical assistance to 14 Ukrainian partner cities and five Regional Training Centers will deliver a wide variety of training programs to local governments, civil society organizations, and businesses. The graduation of some cities will reduce the number of active partnerships in late FY 2003 or beginning of FY 2004. This year and next, in addition, the publication of a quarterly journal and newspaper for municipal professionals will reach more than 4,000 public officials across Ukraine.

To improve basic municipal services, the Tariff Reform Project will prepare a comprehensive toolkit for strategic planning, improved management of water/heat services, and equitable fee pricing based upon customer involvement and implementing new price structures. The toolkit will incorporate the results and lessons learned from national tariff reform implementation in the two pilot cities. Fifteen Ukrainians will be trained to create an indigenous capacity to disseminate the toolkit through training and expert support for reform implementation.

By the end of FY 2003, USAID plans to launch a new Local Economic Development (LED) Project that, during FY 2003 and FY 2004, will competitively select 15 participating cities. The project will work with these cities to create an enabling environment for both new and existing business to prosper and provide employment. In addition to local government capacity building, the focus will be on forging partnerships between the public, private, and civil society sectors for strategic planning and implementation of community economic development initiatives. The project will also work with indigenous advocacy NGOs, such as the AUC and others, to promote an improved national legal and regulatory environment that provides local governments the authority and autonomy to better manage the affairs of the city in supporting economic development. By late FY 2004, the number of partner cities involved in the program should increase. Implementers include CH2M HILL, U.S.-Ukraine Foundation, Research Triangle Institute, PADCO, and a new implementer for LED.

More effective, independent, and representative legislature (\$1,379,000 FSA). In FY 2003, parliamentary strengthening will support two objectives: facilitating the advancement of reform legislation and strengthening the Verkhovna Rada (parliament) as a legislative institution. The Parliamentary Development Program (PDP) will continue providing comparative information on various aspects of the legislative process such as guidance on judicial, administrative, and local government reform, through research and analysis on individual legislative and parliamentary issues, and consultations with international experts. The newly passed Law on the Judiciary, which requires the adoption of procedural codes as well as other important legislation, will be assisted by PDP's analyses and comparative information. For the advancement of legal reforms, PDP plans to conduct at least five roundtables and conferences and co-organize two committee hearings with other USAID implementers and NGOs.

PDP facilitates the conduct of committee hearings and provides consultations for the Secretariat, committees, and factions of the Verkhovna Rada on how to make the legislative process more efficient through greater transparency. In FY 2003, PDP will hold three policy analysis workshops for parliamentary staff and interns; organize a seminar on parliamentary oversight for newly elected

Adherence to rule of law (\$950,000 FSA). ABA/CEELI would continue work begun during FY 2003.

Performance and Results: In late FY 2003, USAID plans to assist another 30-50 Ukrainian cities to improve: the delivery of services to citizens; local government administrative and financial management; transparency of local government operations; citizen participation in decision-making; and the financial independence of local governments. USAID expects that AUC's communications with members will have been demonstrably improved and that the association will have effectively implemented advocacy initiatives to promote the adoption of improved legislation that affects local self-governance. By the middle of FY 2003, the first group of some 15 cities will be selected for a new Local Economic Development Project and by end of FY 2004, concrete strategic plans will have been developed through an inclusive process that promotes community economic development. Five regional training centers that operate under the Community Partnerships Program are aiming to train another 6,000 municipal officials, representatives of local businesses, and NGO members from all over the country in various aspects of community development.

USAID expects that, by the end of FY 2003, several parliamentary committees will improve the reform character of draft legislation. Training seminars, policy analysis, hearings, and distribution of analytical papers, will also contribute to more transparent and effective legislative processes.

At least three of ABA/CEELI's regional legal partners will graduate from USAID funding due to their improved capacity. The legal defense fund will have financed court costs for at least 10 cases involving impact litigation. Court efficiency, measured by decreasing case pendency in courts that use the full case flow management system (CFMS), will rise as will the utility of CFMS with each additional court that becomes integrated into the system, including the six courts scheduled to receive the clerical version of CFMS this year. Initial stirrings of judicial self-governance should gain momentum with assistance to 24 regional chapters of the newly established National Independent Judges Association and the formalization of membership.

US Financing in Thousands of Dollars

Ukraine

121-0224 Good Governance	FSA
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	9,004
Total Planned Fiscal Year 2003	
Obligations	9,004
Proposed Fiscal Year 2004 NOA	
Obligations	8,117
Future Obligations	0
Est. Total Cost	17,121

Data Sheet

USAID Mission:	Ukraine
Program Title:	Social Protection and Health
Pillar:	Global Health
Strategic Objective:	121-0325
Status:	New
Proposed FY 2003 Obligation:	\$12,594,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,075,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: Almost 30% of Ukraine's population lives below the poverty line. Lack of jobs remains a critical issue and an estimated 40% of the population continues to rely on social insurance, social assistance benefits, or social services. Economic hardships contribute to declining birth rates and lower life expectancy. Approximately 30% of all Ukrainians (some 14 million) are pensioners who are supported by only 23 million workers. Social and economic realities contribute to rising rates of infectious diseases, especially HIV/AIDS and tuberculosis, as well as alcoholism and substance abuse. Domestic violence and human trafficking are additional serious concerns, as are the vulnerabilities of institutionalized children and youth who lack life and job skills. As a result of these immense social problems, USAID assistance supports: pension reform; prevention of trafficking in persons and the provision of assistance to victims; delivery of social services and humanitarian assistance by NGOs; access to quality primary health care services through promoting family medicine clinics and women's wellness centers; quality of maternal and infant health services; reproductive health policy reform; prevention and control of HIV/AIDS and TB; and prevention and surveillance of birth defects.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved social conditions and health (\$12,594,000 FSA). USAID will continue to work on the improvement of social conditions and health. The Government of Ukraine (GOU) will be supported in their efforts to establish the legal framework and institutional capacity for a financially sustainable, reformed public pension system. Support will also be given to introduce private pension insurance and to establish its regulation by a non-banking financial institutions (NBFI) regulator. USAID assistance will continue to enhance the capacity of local social service NGOs that deliver humanitarian assistance based on community needs and to provide information and services for the prevention and care of HIV/AIDS, with a focus on populations with high-risk behaviors. Support for crisis intervention clinics and economic opportunities for women will contribute to anti-trafficking efforts. Partnerships between U.S. and Ukrainian health providers will consolidate the capacity of recently-established family medicine clinics and women's wellness centers to provide high quality primary health care services. Technical assistance will be given to raise the standards of maternal care in maternity hospitals and rural health facilities as well as to introduce the Directly Observed Treatment Short-course (DOTS) for the control of tuberculosis. Contractors and grantees include American International Health Alliance (AIHA), Counterpart International, Centre for Ukrainian Reform Education (CURE, a Ukrainian NGO), the Futures Group International, John Snow International, Planning and Development Collaborative International Inc. (PADCO), the University of South Alabama, Winrock, EWorld Health Organization, HIV/AIDS Alliance, and World Council of Hellenes.

FY 2004 Program:

A pension system that is transparent, reliable, fiscally sound, and sustainable (\$1,600,000 FSA). USAID plans to continue providing legal and regulatory support to policy makers to implement a pension system that is transparent, reliable, fiscally sound and sustainable. USAID will help the GOU reduce the

administrative burden on employers through the introduction of unified social insurance contributions and by building the institutional capacity for a private pension industry.

Indigenous social services NGOs (\$410,000 FSA). Through its humanitarian assistance project, USAID will support indigenous social services NGOs to strengthen their ability to effectively meet the needs of their communities.

Trafficking in persons (\$1,325,000 FSA). Previous efforts to prevent trafficking of women will be strengthened under a new initiative to expand the availability of crisis intervention, training in job skills, and access to credit as well as to incorporate vulnerable children and youth into the target group.

War on AIDS (\$1,100,000 FSA). As an intensive focus country in USAID's War on AIDS, public/private partnerships will be supported in high prevalence regions and municipalities to prevent the spread of HIV and to extend care and support to those affected.

Control of tuberculosis (\$1,100,000 FSA). The introduction of the WHO-recommended DOTS strategy for the control of tuberculosis in the Donetsk region will be completed and evaluated for implementation nation-wide.

Maternal and neonatal health services (\$4,540,000 FSA). Assistance for improved maternal and neonatal health services in four regions will pilot interventions to reduce (maternal and neonatal) morbidity and mortality. The capacity to analyze data from the surveillance of birth defects in two regions will be consolidated and expanded to an additional two regions, and the fortification of flour with folic acid will be piloted to prevent neural tube birth defects.

Performance and Results: USAID support has helped the GOU to stabilize the public pension system, which provides benefits for 14 million pensioners. During the last two years, benefits increased by 60 percent as a result of USAID efforts. Significantly, critical pension reform legislation, drafted with USAID technical assistance, passed the first reading in Parliament in November 2001, and bylaws associated with the passage of the Law "On Non-Banking Financial Services" were drafted in 2002. Continued USAID support with an automated personalized data collection process has resulted in a national database of 19 million workers. The success of this database is demonstrated by the issuance of more than three million social security certificates in 2002.

Humanitarian assistance was provided through 760 local NGOs and medical and social service institutions to meet the immediate needs of some 1.6 million impoverished and vulnerable citizens. Of note, was the USAID-supported emergency response to the airplane disaster in Lviv and to the coal mine fire in Donetsk.

Over the past four years, a sustainable system for primary health care services and community outreach was implemented in pilot areas to introduce a new paradigm for primary care based on an integrated family medicine approach. As a result of partnerships between USAID and Ukrainian health facilities and communities, a sound infrastructure for furthering family medicine development was established through professional training, provision of medical supplies and equipment, and upgraded facilities. Twelve demonstration family medicine clinics were opened, and this acted as a catalyst for the establishment of family medicine clinics by local health administrations, totaling 266 in pilot areas in 2002. An important result of USAID training for family medicine practitioners was a 50% decrease in the number of patients referred for highly specialized and costly services in pilot sites, from 2000 to 2002.

Support for reproductive health service provision through Women's Wellness Centers was complemented by assistance for the development of national contraceptive service delivery guidelines. USAID also assisted a GOU and NGO task force on reproductive health policy development in support of the implementation of the National Reproductive Health Program for 2001-2005. NGO participation in policy dialogue was facilitated by USAID through support to a network of Ukrainian NGOs providing reproductive health services. As a result of policy reforms in the provision of services through women's wellness

centers and family planning clinics, the abortion rate declined nearly 50% over the last five years and the use of modern contraceptives increased.

Under the joint HIV/AIDS Prevention and Awareness Program with the European Union, USAID support continued to enable the HIV/AIDS Information Clearinghouse to provide information and educational materials to policy makers, health providers, and vulnerable groups. In addition, over 40 indigenous NGOs provided information and services to some 36,000 clients with high risk behaviors for HIV infection in over 20 regions of the country.

A USAID pilot program for the control of tuberculosis introduced the World Health Organization-recommended treatment protocol, strengthened laboratory capacity, and provided an adequate drug supply. Similarly, a USAID-funded birth defects surveillance system is now in operation in two pilot regions, and in recognition of the high quality of its data, this system has been accepted as a contributor to the International Birth Defects Clearinghouse in Italy. Similarly, over 110,000 children have been screened for early thyroid cancer and psych-sociological trauma in radioactive contaminated areas as a result of programs designed to detect the growth of thyroid abnormalities and identify psychosocial consequences of the Chernobyl accident.

US Financing in Thousands of Dollars

Ukraine

121-0325 Social Protection and Health	FSA
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	12,594
Total Planned Fiscal Year 2003	
Obligations	12,594
Proposed Fiscal Year 2004 NOA	
Obligations	10,075
Future Obligations	0
Est. Total Cost	22,669

Data Sheet

USAID Mission:	Ukraine
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0416
Status:	New
Proposed FY 2003 Obligation:	\$1,113,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$474,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: This special objective is targeted to promote sound environmental management for sustainable development. It includes technical assistance and training to government, industry, NGOs, and experts to: strengthen Ukraine's environmental policy, legal and regulatory framework for environmental management; increase environmental investments and promote environmentally sound technologies; improve environmental management at public and private facilities; and involve citizens and NGOs in environmental decision-making.

Inputs, Outputs, Activities:

FY 2003 Program:

Environment (\$1,113,000 FSA). USAID will continue to support the Local Environmental Action Program (LEAP) and the Ukrainian Land and Resources Management Center (ULRMC) with an emphasis on increasing public understanding of environmental problems and promoting public involvement in decision-making. Results from these USAID environmental activities, as well as those achieved under the Climate Change Initiative, are expected to be an important part of Ukraine's progress report when Ukraine hosts the Fifth Environment for Europe Ministerial Conference in Kyiv in May 2003. With funds obligated in FY 2002, USAID will provide local environmental management training and study tours in the areas of solid waste, drinking water and waste water treatment, municipal and household hazardous waste, and environmental management at enterprises. FY 2002 carry-over funds also will support the installation of satellite-transmitting automatic stream-gauging stations in the Tisa River basin by the U.S. Geological Survey, in cooperation with the ULRMC. PA Government Services, the Institute for Sustainable Communities, Altarum, and the U.S. Geological Survey (prime).

FY 2004 Program:

Environment (\$474,000 FSA). USAID plans to use FY 2004 resources to extend the Local Environmental Action Program to new communities and to continue support to the Ukrainian Land and Resources Management Center.

Performance and Results: In FY 2002, USAID-funded environmental activities in Ukraine continued to address important global environmental problems such as climate change and sustainable development, as well as environmental problems at the local level. USAID activities promoted increased investment in environmental technologies and improvements in environmental management, facilitated environmental policy development, and increased citizen participation in environmental decision-making. USAID programs have demonstrated that small amounts of funds managed at the local level can achieve concrete results. Furthermore, USAID has observed an increased interest among industrial facilities in energy conservation and environmental management brought about, in large measure, by increased prices and collection rates for fuel and energy. FY 2002 results indicate that combining environmental training and study tours in order to develop individual action plans is a cost-effective approach for improving the capabilities of regional and local authorities, NGOs, and facility managers while addressing specific local environmental problems.

US Financing in Thousands of Dollars

Ukraine

121-0416 Environment	FSA
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	1,113
Total Planned Fiscal Year 2003	
Obligations	1,113
Proposed Fiscal Year 2004 NOA	
Obligations	474
Future Obligations	0
Est. Total Cost	1,587

Data Sheet

USAID Mission:	Ukraine
Program Title:	Program Support Initiatives
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0427
Status:	New
Proposed FY 2003 Obligation:	\$6,779,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,000,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID/Ukraine will continue to implement selected activities that support multiple objectives. These cross-cutting initiatives include the Kharkiv Partnership, the Poland-America-Ukraine Cooperation Initiative (PAUCI), and participant training.

Inputs, Outputs, Activities:

FY 2003 Program:

Participant Training (\$1,000,000 FSA). The participant training program will continue to provide leaders and professionals with the practical knowledge and technical skills needed to create policies, programs, and institutions that support Ukraine's transition to democratic governance and a free market economy in FY 2003-FY 2004. Under this initiative, U.S.-based, third-country, and in-country short-term technical training opportunities are organized for public and private sector organizations. Participant training activities will continue to support all strategic objectives. However, a new emphasis will be placed on the provision through small grants of follow-up services to trainees to ensure that training is applied. The implementer is Academy for Educational Development (AED).

Kharkiv Partnership (\$100,000 FSA). In FY 2003, USAID will sponsor: a regional study tour for the five new municipal economic development offices (EDOs) that were recently assisted by the Kharkiv Partnership Strategic Planning Activity, and the EDOs established with assistance from the International Executive Service Corps and Gillette; a study tour within Ukraine that will allow Kharkiv EDOs to meet with Regional Economic Development Agencies in Lviv, Ivano-Frankivsk, Donetsk, Dnipropetrovsk, among other cities; and a national conference for regional and local economic development professionals in Kharkiv. The Implementer is Mendez England.

Poland-America-Ukraine-Cooperation Initiative (\$1,500,000 FSA). Over \$1 million of FY 2003 will be used to award additional grants to further the advances of the Poland-America-Ukraine-Cooperation Initiative (PAUCI) in creating sustainable cross-border links through grants to Polish-Ukrainian organizations in areas such as small and medium enterprise (SME) development, local governance, macroeconomic reform, and European integration. PAUCI may also become less dependent on public-funding by working with Polish and regional foundations to raise funds for further cooperation in cross-border priorities. It will also start a Polish-Ukrainian volunteer program, where specialists from Poland and/or Ukraine will be funded for short-term consulting in NGOs who don't necessarily want a grant, but need specific short-term assistance. The implementer is Freedom House.

Program development and support (\$ 4,179,000 FSA). Program development and support funds will be provided for the support of the program.

FY 2004 Program:

Participant training (\$1,000,000 FSA). The participant training program will continue to provide leaders and professionals with the practical knowledge and technical skills to create policies, programs, and institutions that support Ukraine's transition to democratic governance and a free-market economy.

Kharkiv Partnership (\$100,000 FSA). FY 2004 planning depends on progress in FY 2003. The Kharkiv Partnership office will continue operations through FY 2004. The work will focus on coordination of USAID activities in the oblast and continued mentoring and assistance to the oblast, Kharkiv City, and local municipalities in support of their various economic development initiatives.

Poland-America-Ukraine-Cooperation Initiative (\$1,000,000 FSA). FY 2004 activities will culminate in a final assessment of grant performance and a number of roundtables to review Polish-Ukrainian relations and policy reform to date.

Program development and support (\$ 2,900,000 FSA). Funds will be provided to support design and monitoring of the program across strategic objectives.

Performance and Results: Third-country, U.S.-based, and local training for Ukraine's professionals with the added value of follow-up financial support will increase the likelihood that training participants will significantly impact SO goals. In Kharkiv, expected results depend on continued performance of Kharkiv's association of regional development offices and partnership members to conclude the possible creation of a regional development agency in Kharkiv, which would stimulate business development and improve the investment climate and regulatory reform in the region. USAID-sponsored study tours and attracting local economic development experts to the oblast will contribute to this goal. PAUCI's continued financing of grass-roots initiatives will increase the percentage of successful reforms in Poland adapted to Ukraine's conditions in SME reform, municipal government, and most directly, compliance with international and European macro-policy standards.

US Financing in Thousands of Dollars

Ukraine

121-0427 Program Support Initiatives	FSA
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	6,779
Total Planned Fiscal Year 2003	
Obligations	6,779
Proposed Fiscal Year 2004 NOA	
Obligations	5,000
Future Obligations	0
Est. Total Cost	11,779

Uzbekistan

The Development Challenge: While the Government of Uzbekistan (GOU) has committed to key economic and democratic reforms, there has been only modest progress. Governance is autocratic and human rights abuses persist, despite some recent positive steps. Corruption is endemic. With Uzbekistan's proximity to volatile southern neighbors, and with an under-employed and impoverished population, there is growing pressure for the GOU to institute genuine reform. Despite claims of 4.5% GDP growth in 2001, the government's unwillingness to implement market-oriented reforms has constrained economic growth. The government lacks a full understanding of market economics and makes bad policy decisions that stifle economic development, maintain avenues for corruption, and fail to foster a business environment that will attract foreign direct and domestic investment. The state-controlled banking system, a virtual absence of non-bank credit institutions, and lack of investment capital have produced underdeveloped financial intermediation, preventing entrepreneurs from accessing financing to expand their businesses and create jobs. Inefficient state-owned enterprises control the preponderant part of the nation's economy. Unemployment is high and growing. Nearly one third of Uzbeks live below the national poverty line. Poverty and official indifference to hardship are fueling social tensions. Barriers to trade and cross-border transit reinforce a sense of isolation among the Uzbeks. At current growth rates of 2.3-3% per annum, Uzbekistan's population of approximately 25 million is expected to double over the next 50 years, placing greater pressure on Uzbekistan's health care system to satisfy the demand for services. Drug policy remains a problem area with adverse consequences for the treatment of infectious and other diseases. Preventable acute respiratory diseases, diarrhea, and inadequate nutrition spur infant mortality - measured at 44 per 1,000 live births. Poor water management due to excessive use of inefficient irrigation systems has contributed to the shrinking of the Aral Sea, contaminated underground potable water supplies, and increased salinity of the soil. The GOU needs to establish viable private farms and ensure that the water and land that farmers rely on for their livelihood is protected from further degradation. The continued GOU enforcement of growing cotton and lack of agricultural diversification cause both environmental and economic problems.

At the same time, it is important that the United States maintain engagement with Uzbekistan because following the September 11 terrorist attacks on the United States, Uzbekistan emerged as an important U.S. partner in the war on terrorism - a relationship reinforced at the March 2002 meeting in Washington, D.C. between President Bush and Uzbek President Karimov. With a large and growing population, a potential for strong economic growth, and an important geo-strategic location, Uzbekistan's economic and democratic development remains central to the future prosperity and stability of the region.

The USAID Program: The enhanced USG commitment to Central Asia following the September 2001 terrorist attacks on the United States transformed USAID's ability to respond to the development challenges outlined above. Through a robust increase in funding, enabling new initiatives in conflict prevention and education, USAID is expanding economic opportunities, fostering democratic values and practices, and supporting natural resource management and improved health care services. The Program Data Sheets provided below cover the four objectives for which USAID is requesting funds: primary health care, natural resource management, democratic culture, and small enterprise and macro-economic reform, with cross cutting objectives in conflict prevention, youth and education, gender, anti-corruption, and rule of law. Specific activities to be funded in FY 2003 and FY 2004 are described in greater detail in the Program Data Sheets.

Supplemental funding nearly tripled U.S. assistance to Uzbekistan in FY 2002. By the end of the fiscal year, USAID had expanded its economic reform portfolio to include fiscal reform, banking supervision, and microfinance and credit union development. USAID also used supplemental funding to significantly broaden the scope of programs in the water sector. Working in close collaboration with Uzbek officials, the water program consists of five activities that directly build upon and expand previous successful efforts and together address a range of transboundary water, irrigation network management, and on-farm water management activities of high priority to Uzbek counterpart institutions. Supplemental funds allowed USAID to expand into more hard-hitting democracy areas such as support for human rights defenders and civic advocacy. USAID plans to launch new initiatives in judicial reform, local government,

and civic education. Additionally, supplemental funds bolstered existing legal and media reform activities. Supplemental funds are being used to further strengthen tuberculosis control, initiate a blood safety program, develop HIV/AIDS surveillance, prevent an increase in the drug use that is fueling the HIV epidemic, improve care of pregnant and delivering women and their newborns, start much needed educational programs for health managers, and prevent border community conflict through sports activities. Supplemental funding enabled USAID to focus on reducing the threat of extremism and ethnic- or resource-based conflicts. Conflict prevention activities consist of community action programs, targeted where risks of communal or religious conflicts are greatest, and designed to increase citizen participation in community decision-making and local government, and contribute to mitigating sources of conflict by promoting economic recovery and inter-ethnic cooperation. The Community Action Investment Program is the centerpiece of this conflict prevention initiative. Supplemental funding also allowed USAID to begin a program in the education sector.

Uzbekistan has resisted significant macro-economic reforms, particularly currency convertibility, decontrolling cotton prices, and liberalizing access to cash. Following the government's closer engagement with the USG after September 11, USAID seized the opportunity to engage the GOU on key reform issues. While policy responses from the GOU have been mixed, the USG is taking advantage of the window of opportunity to provide targeted policy support assistance. The U.S. Department of Treasury is providing advisors to advance treasury, debt, tax and banking reform, while USAID will provide complementary support in fiscal, banking, and trade reform. Assistance will also strengthen policy think tanks' capacity to conduct compelling policy analyses and to communicate findings effectively to policy makers. This program of targeted assistance is just getting underway. If successful, these programs, with adequate policy reform, could have a major impact on the future of Uzbekistan's economic development, and it will also be likely that long term support would be required to institutionalize the reforms.

Other Program Elements: USAID also supports institutional partnerships that seek to build lasting relationships between the United States and Uzbekistan. USAID utilizes several pillar bureau-managed programs, including an agreement with the Centers for Disease Control and the Monitoring and Evaluation to Assess and Use Results (MEASURE)/Evaluation Program. The Farmer-to-Farmer program managed by USAID's Bureau for Democracy, Conflict and Humanitarian Assistance is also active. The Departments of Commerce, Defense, Energy, Agriculture, and State also manage programs complementary to USAID field activities in diverse sectors. The Eurasia Foundation has an active small grants program in education, small business, local government and civil society, which reinforces USAID's strategic objectives.

Other Donors: Due to supplemental funding, USAID is the largest bilateral donor, and the third largest overall donor to Uzbekistan. The largest overall donor is the Asian Development Bank (ADB), followed by the European Bank for Reconstruction and Development (EBRD). The World Bank (WB) is the fourth largest donor, followed by the Government of Japan (including the Japanese International Cooperation Agency, the Japanese Bank for International Cooperation, and the Japan External Trade Organization), and the Government of China. Other important bilateral donors include the Government of Switzerland and the Government of Germany (through the German Society for Technical Cooperation). Other important multilateral donors include the United Nations Development Program and the European Union. USAID continues to strengthen its ties with these and other donors through joint activities and coordination. The government and donor community is currently engaged in a joint national effort to reform primary health care by improving the quality of management and service delivery. USAID is coordinating with the WB on accounting reform and treasury system reform activities. USAID has a cooperative agreement with the International Finance Corporation to develop the legislative framework for microfinance. USAID assistance to credit unions is coordinated with the ADB, and the EBRD is providing business advisory services. In natural resources management, USAID activities are complemented by WB and ADB loans to support improved management of agriculture and water.

**Uzbekistan
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	700	0	0	0
FREEDOM Support Act	25,310	29,190	31,500	42,000
Emergency Response Fund - FSA/NIS	0	54,500	0	0
Supplemental - FSA/NIS	0	34,500	0	0
Total Program Funds	26,010	118,190	31,500	42,000

STRATEGIC OBJECTIVE SUMMARY

122-0131 Small and Medium Sized Enterprises				
FSA	2,100	8,000	5,149	6,086
122-0161 Energy and Water				
FSA	1,750	21,050	1,889	3,476
122-0211 Democratic Culture and Institutions				
FSA	2,950	8,440	4,270	7,216
122-0240 Conflict Prevention				
FSA	0	0	0	302
122-0320 Health and Population				
CSH	700	0	0	0
FSA	5,500	19,000	5,256	8,163
122-0340 Strengthened Basic Education Sector				
FSA	0	0	0	575
122-0420 Cross-Cutting Programs				
FSA	2,598	14,242	3,236	3,222
TRANSFER				
FSA	10,412	47,458	11,700	12,960

SO 122-0131 includes \$5,900 of FY 2002 Supplemental - FSA/NIS.

SO 122-0161 includes \$18,000 of Emergency Response Fund - FSA/NIS and \$1,350 of FY 2002 Supplemental - FSA/NIS.

SO 122-0211 includes \$4,440 of FY 2002 Supplemental - FSA/NIS.

SO 122-0320 includes \$15,000 of Emergency Response Fund - FSA/NIS.

SO 122-0420 includes \$4,000 of Emergency Response Fund - FSA/NIS and \$7,500 of FY 2002 Supplemental - FSA/NIS.

TRANSFER includes \$17,500 of Emergency Response Fund - FSA/NIS and \$15,310 of FY 2002 Supplemental - FSA/NIS.

Mission Director,
George Deikun

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Small and Medium Sized Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	122-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,149,000 FSA
Prior Year Unobligated:	\$1,576,000 FSA
Proposed FY 2004 Obligation:	\$6,086,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: USAID's program to improve the environment for the growth of small and medium sized enterprises (SMEs) in Uzbekistan has three main components: 1) training present and future entrepreneurs, including agro-entrepreneurs, in modern business skills and making business information more available; 2) providing more access to capital by enhancing lender knowledge, strengthening financial institutions, and creating alternative sources of capital; and 3) advocating for and training in more transparent, systematic implementation of laws and regulations that improve the environment for SMEs. Supplemental funding was critical for an expansion at all levels of the SME portfolio, especially in the finance sector. Prior year unobligated funds include \$1,495,426 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Business skills and information (\$3,986,600 FSA). With some help from supplemental funds, the EdNet activity will give college students greater access to information and opportunities to succeed in the free market by providing teaching materials, training, research opportunities, and scholarships. USAID will also offer business training to entrepreneurs and business managers. Work in accounting reform, business advisory services, advocacy group development, and professional associations will continue. A Regional Trade Promotion activity will help link buyers and sellers to increase regional and international trade among SMEs. USAID's principal partners include Pragma Corporation (prime) and Carana Corporation (prime).

Access to capital (\$318,400 FSA). Supplemental funding has enabled the start-up this fiscal year of several new activities to support this objective for both small/medium and micro enterprises. Through technical assistance and some financial support, entrepreneurs will gain access to alternative sources of capital, including microfinance, equity, debt, and leasing. Technical assistance will also improve the legal basis for microfinance. Technical assistance to the Central Bank and commercial banks will improve financial transparency and bank accounting methods. USAID's principal partners include ACDI/VOCA (prime), World Council of Credit Unions (prime), Small Enterprise Assistance Fund (prime), Abt Associates (prime), BearingPoint (sub), and the International Finance Corporation (prime).

Implementation of laws and regulations (\$844,000 FSA). Supplemental funds enabled the start-up in FY 2003 of a new activity that will provide technical assistance, training, and some computers to help strengthen the capacity of economic think tanks. That activity will also provide short-term technical assistance to support monetary policy and exchange rate and fiscal policy. In FY 2003, USAID technical assistance and training on trade issues will support the GOU's efforts to join the World Trade Organization. USAID's principal partners include Pragma Corporation (prime), Abt Associates (prime), and BearingPoint (sub).

FY 2004 Program:

Business skills and information (\$3,044,000 FSA). USAID will continue to provide technical assistance and training to firms to strengthen their business skills and practices. Assistance in business association

development will foster greater advocacy for reform. Training, teaching materials, research opportunities, and scholarships will be made available to Uzbek university professors and administrators.

Access to capital (\$1,582,000 FSA). We will continue to support a number of activities in mobilizing finance. Technical support to the Central Bank and commercial banks will continue to help implement bank accounting reform, particularly the adoption of International Accounting Standards and analysis and management of foreign exchange risk. We will continue the expansion of microfinance programs and credit unions by building basic capacity and providing additional lending capital, so that entrepreneurs, primarily women, may expand their businesses.

Implementation of laws and regulations (\$1,460,000 FSA). USAID will continue to support economic think tanks to help develop greater public policy dialogue and greater advocacy for reform. Technical assistance to support WTO accession will continue, and funds permitting, work would begin with local and national government authorities and local businesses to identify and remove or reduce barriers to regional trade. Funds permitting, technical assistance, training, and some computers would be provided to help the GOU implement tax reform in support of small/medium enterprise development.

Performance and Results: Uzbekistan demonstrated strong commitment and provided critical assistance to the U.S. in the global fight against terrorism. USAID seized the opportunity to engage the GOU on a number of key economic reform issues and offered a substantial package of economic assistance. While policy messages have been mixed, the U. S. government is taking advantage of the window of opportunity to provide targeted policy support assistance to advance market and institutional reform. The Department of Treasury is providing advisors to advance treasury, debt, tax, and banking reform, while USAID will provide complementary support in fiscal, banking, and trade reform. After receiving supplemental funding in September that tripled total economic assistance to Uzbekistan, USAID responded rapidly to obligate and start-up expanded programs to address macro-economic reform, micro-finance, and credit union development. In a six-month period micro-finance loans totaled 405 (69% women) with no loans in arrears.

USAID continued to increase access to modern business information and skills. USAID trained more than 1,500 businesspeople in marketing, accounting, business plan development, and other business topics. With USAID technical assistance and help from the USAID-supported Uzbek professional accounting and audit associations, Uzbekistan's Ministry of Finance launched a two-year transition program for implementation of Uzbek Accounting Standards, which are based on International Accounting Standards. During the year, business advisors assessed 225 enterprises, primarily in food processing, and delivered direct consultancy services to 60 of those firms. For example, one fruit and vegetable flash-freezer and jam producer signed a \$465,000 contract with a large multinational company. In the first six months of a pilot microfinance activity, \$59,000 was disbursed to nearly 404 micro-entrepreneurs. USAID and ADB cooperated closely to support the development of credit union system, including close cooperation with the GOU on developing a credit union law. While restrictive economic policies predominated during FY 2002, the International Monetary Fund (IMF) began a dialogue with the Government of Uzbekistan on key macroeconomic issues. As a result of this opening of policy dialogue, USAID has re-started support for economic policy reform.

By program's end, Uzbekistan will be well equipped to carry out sorely needed economic reforms in key areas, including banking supervision and fiscal reform. In addition, improvements in the financial sector and a legal and regulatory environment that is favorable to SME development will ensure a vigorous small business sector, which is key to Uzbekistan's economic development. Entrepreneurs will have the business skills and information to take advantage of increased economic opportunities.

US Financing in Thousands of Dollars

Uzbekistan

122-0131 Small and Medium Sized Enterprises	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	6,924
Expenditures	791
Through September 30, 2002	
Obligations	6,924
Expenditures	791
Unliquidated	6,133
Prior Year Unobligated Funds**	
Obligations	1,576
Planned Fiscal Year 2003 NOA	
Obligations	5,149
Total Planned Fiscal Year 2003	
Obligations	6,725
Proposed Fiscal Year 2004 NOA	
Obligations	6,086
Future Obligations	0
Est. Total Cost	19,735

*Fiscal Year 2002 includes \$4.405m of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$1.495m of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Energy and Water
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	122-0161
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,889,000 FSA
Prior Year Unobligated:	\$2,746,000 FSA
Proposed FY 2004 Obligation:	\$3,476,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: Uzbekistan consumes up to 65% of Central Asia's water resources, mostly for irrigation. Thus Uzbekistan is key to improving water management on all levels: transboundary, irrigation, and on farm. USAID's water programs in Uzbekistan include: training for technical personnel in water specialties; installation of sustainable, cost-effective models that demonstrate new, more efficient technologies and management techniques for water; improving the policy and regulatory framework for management of water resources; and developing public commitment for improved water resources management. Supplemental funds allowed a major expansion of water activities, including potable water for the arid region of Karakalpakstan, canal rehabilitation supplying water to 250,000 hectares, and private water user associations to manage irrigation on former state farms. Prior year unobligated funds include \$1,350,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Water (\$1,889,000 FSA). Water activities begun with supplemental funds, including strengthening newly organized private water user associations in five pilot regions and the refurbishment and modernization of key structures and communications systems for the extensive Surkhandaryo and Zarafshan canal systems, will continue. Similar assistance for tributary and canal systems that feed from the Syr Darya and Amu Darya river systems will continue. About one million farmers will benefit from improvements to the canal systems. Activities will also improve access to reliable sources of potable water in Karakalpakstan benefiting 6,000 citizens. The Ministry of Agriculture and Water Resources and the two river basin organizations are principal partners in these activities. USAID will continue improvements in water use and efficiency at the farm level through demonstrations on selected sites of practical, cost-effective water control structures for Uzbek conditions. USAID will also continue to support the establishment of much-needed communication networks and linkages to facilitate the flow of weather and water information, both for Uzbekistan and within the region. This information is critical to forecasting national- and regional-level water needs and allocation decisions. Practical field-based training and the development of useful training modules, including farm level water management, will continue. Additional emphasis will be devoted to public awareness and advocacy through training, public service announcements, and expanded work with NGOs, which are active in the water, energy, or environment sectors. Training and public awareness activities, such as the radio public service announcements providing advice on conserving water, will continue to capitalize on the success of the program's demonstration activities. USAID will also assist in a renewal of the current five-year Transboundary Water Agreement between Kazakhstan, Kyrgyzstan, and Uzbekistan, which is due to expire this year. The Ministry of Agriculture and Water Resources will continue to be USAID's primary host-country collaborator for these tasks, and PA Consulting Group will continue as the prime implementer for all water activities.

FY 2004 Program:

Water (\$3,476,000 FSA). New USAID projects begun with 2002 supplemental funding will be completed in mid-2004. USAID will work with the Ministry of Agriculture and Water Resources to demonstrate more efficient on-farm management practices through models and corollary training for water technical staff of

host country institutions (some at a more advanced level), and public awareness activities will be enhanced to reach ever larger audiences. Assistance will be provided to strengthen private water user associations.

Performance and Results: With significant supplemental funding, USAID addressed water resources needs far beyond what would have been possible otherwise. USAID has begun new assistance for water user associations, construction of potable water in Karakalpakstan, and refurbishment of the Zaravshan and Surkhandaryo canal systems, as well as refurbishment of select tributaries and canals of the Amu Darya and Syr Darya rivers. The Surkhandaryo canal system supplies vital irrigation water to 250,000 hectares through more than 1,000 miles of canals, to approximately one million farmers. Each of these activities has made significant progress since implementation began in mid-year 2002. Training is underway to make newly organized private water user associations self-sustainable in five pilot regions. Training is also underway in the Surkhandaryo and Zaravshan Canal, and some areas of the Syr Darya and Amu Darya canals, related to refurbishment, improvements to key water control structures, and communications systems. Technical designs are in process for improved access to reliable sources of potable water in the Karakalpakstan region. USAID's program to improve water resources management relies heavily on human resource development, much of it through training, which is generally conducted in tandem with equipment installations, demonstrations, and similar activities such as the Pakhtaabad or Chirchik models. The training combines field experience with classroom instruction to improve analytical and forecasting capacity for improved river flow management. The value of the training program is evidenced by the fact that government agencies and NGOs in Uzbekistan are using new water management practices, flow control devices, and information technology, which was developed and first used under the Natural Resources Management Project. The communications network for collecting, analyzing, and sharing vital weather and river flow information within the country is being upgraded. The Pakhtaabad Canal Pilot Project, which permits monitoring of canal conditions and automatic adjustment of the water usage regime, was completed in FY 2002. This canal serves over 20,000 hectares of irrigated land and was selected as a pilot project site because of its location in an important agricultural production area, the Ferghana Valley. The Pakhtaabad pilot and its predecessor, the Chirchik River flow management model, both serve as catalysts for policy reform in water management as well as in the agricultural sector, and directly support an active level of policy dialogue with the Ministry of Agriculture and Water Resources. These models have given USAID's program considerable credibility, and are directly responsible for the Ministry's willingness to undertake desirable policy reforms in water resources management. Approximately 100,000 farmers are expected to benefit from improvements to the canal systems. The Ministry has solicited USAID assistance to improve the legislation governing water user groups. In one of our biggest successes, USAID worked with the World Bank and Asian Development Bank to bring Tajikistan and Uzbekistan together in a joint agreement for commercial sales of electricity between the countries. Host country commitment to improvements in the water resources sector is strong and key counterparts have consistently supported USAID's agenda.

By the completion date of this activity, water managers will have the necessary tools, systems, and training to allow them to collect, communicate, and process water resource and related weather and snowmelt data. This will result in improved allocations and management of water resources. The information generated by the system will help mitigate potential conflict over energy and water with Uzbekistan's neighbors because important water and energy agreements will be based on objective data and standards.

US Financing in Thousands of Dollars

Uzbekistan

122-0161 Energy and Water	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	18,574
Expenditures	2,539
Through September 30, 2002	
Obligations	18,574
Expenditures	2,539
Unliquidated	16,035
Prior Year Unobligated Funds**	
Obligations	2,746
Planned Fiscal Year 2003 NOA	
Obligations	1,889
Total Planned Fiscal Year 2003	
Obligations	4,635
Proposed Fiscal Year 2004 NOA	
Obligations	3,476
Future Obligations	0
Est. Total Cost	26,685

**Fiscal Year 2002 includes \$18m of the Emergency Response Fund - FSA/NIS.

**Prior Year Unobligated Funds includes \$1.35m of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Democratic Culture and Institutions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	122-0211
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,270,000 FSA
Prior Year Unobligated:	\$3,087,000 FSA
Proposed FY 2004 Obligation:	\$7,216,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID is creating stronger and more sustainable civic organizations; increasing the availability of information on civic rights and domestic public issues; and increasing opportunities for citizen participation in governance. Supplemental funding was critical and essential to expanding the human rights and civic advocacy portfolios and initiatives in judicial reform, local government, and civic education. Prior year unobligated funds include \$2,740,000 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Political process (\$1,326,735 FSA). To bolster rule of law in Uzbekistan, USAID will launch a judicial reform program to train judges, disseminate legal information, and institute a court administration program. The existing legal reform activity will train legal professionals, overhaul the curriculum at Tashkent State Law Institute, conduct continuing legal education for advocates, and train law students on oral and written advocacy. A small amount of funds will be used to augment the work of the Institute's new human rights law clinic. In support of local government reform, USAID will provide technical assistance, training, and grants to housing associations, NGOs advocating for housing reform, and local governments. Principal implementing partners are: the American Bar Association's Central and East European Law Initiative (ABA/CEELI) (prime), Urban Institute (prime), and others to be determined through competition.

Civil society (\$2,072,123 FSA). With supplemental funds, USAID will launch the next phase of its flagship civil society program with primary emphasis on supporting a network of at least seven civil society support centers. USAID's assistance will include training and resources to strengthen the financial and institutional sustainability of these centers. Additionally, USAID will train NGOs to implement advocacy campaigns at the local and national levels. USAID will also provide grants to support up to four national advocacy campaigns. Also as part of its civil society program, USAID will train at least 75 human rights defenders on strategic planning, monitoring, legal advice, and public outreach; provide grants to local human rights organizations; and establish a Human Rights NGO resource center in the Ferghana Valley. Principal implementing partners are Counterpart International (prime), the International Center for Not-for-Profit Law (sub), Freedom House (prime) and others to be determined through competition.

Media & information (\$871,142 FSA). USAID will support management and technical training for non-governmental television stations. A full-time legal advisor will continue to provide legal consultation to non-governmental broadcast and print media outlets, ensuring that they are in compliance with the law so that the Government is not able to easily shut them down. A print media advisor will continue to provide training and support to print journalists to upgrade the quality of reporting. Furthermore, FY 2003 funds will be used to support two new information initiatives. USAID will launch a new anti-trafficking activity in Uzbekistan. Since Uzbekistan is one of the few countries not listed on the State Department's Trafficking in Persons list due to lack of verifiable data, the new program will focus on educating the public on the dangers associated with trafficking. The other new initiative is a civic education project that will introduce new teaching methodologies as well as promote tolerance, advocacy, and pluralism in public schools.

Debate clubs, student governance, and summer camps are specific activities under this civic education project. Principal implementing partners are: Internews (prime), the International Center for Journalists (sub), Soros Foundation (sub), and others to be determined through competition.

FY 2004 Program:

Political process (\$2,960,000 FSA). USAID will continue to foster the rule of law through its judicial and legal reform programs. In local government, USAID will continue its condominium reform program, possibly expanding into other areas of local government reform to help municipalities to become more transparent and responsive to citizens.

Civil society (\$2,595,000 FSA). USAID will continue to provide a comprehensive range of assistance to strengthen non-governmental organizations' capacity for advocacy, sustainability, community-based constituency building, and organizational development. Support will continue for the civic advocacy program and the human rights defenders project.

Media & information (\$1,661,000 FSA). USAID will continue to increase the quality of information available to the public; enhance the financial and editorial independence of print and broadcast media outlets; and improve the legal environment in which the media operates. USAID may expand its civic education efforts to additional schools, depending on performance. Anti-trafficking efforts may be expanded to include work on anti-trafficking legislation and enforcement of this legislation.

Performance and Results: The democracy program portfolio grew enormously during 2002 due to increased funding. Supplemental funds permitted USAID to expand into hard-hitting democracy areas such as human rights and civic advocacy. Supplemental funds also allowed USAID to launch several initiatives in judicial reform, local government, and civic education. Supplemental funds also bolstered existing legal and media reform. With additional funding and new opportunities for democratic reform, USAID pushed for change last year and produced some noteworthy results, the most visible of which is the new Freedom House Resource Center in Tashkent, which provides training, human rights information resources, meeting facilities, and legal services to human rights NGOs, jointly funded with Department of State's Bureau for Democracy, Human Rights and Labor (DRL). All seven of the USAID-supported civil society support centers (CSSCs) were officially registered last year. These CSSCs provide training seminars, technical support, information resources, networking opportunities, and professional services to NGOs and associations. The importance of these CSSCs cannot be overlooked. For instance, the number of NGOs in Samarkand Province tripled (from 30 to 90) in the last year since the opening of the Civil Society Support Center. Another highlight of USAID's work in Uzbekistan is the opening of a new human rights law clinic at Tashkent State University. The clinical program focuses on providing pro-bono legal advice on in-country residency restrictions issues, freedom of movement cases, and government-sanctioned discrimination based on gender, origin, ethnicity, or language. Clinical students also receive instruction from human rights advocates and international scholars on a wide-range of human rights-related subjects. DRL funds this program, and USAID manages it. USAID provided training to Osiyo-TV, a new independent station in the Bukhara Region, which aired its first broadcast in January. As a result of the director's participation in USAID-funded journalism seminars, he launched his own television station that facilitates communication between the town's citizens and its government. The station airs a 2 ½-hour live call-in show for the community to interact with the mayor's office, judicial leaders, and local education and health board representatives. Citizens now have an opportunity to voice their concerns and actively participate in discussions on the town's management.

By program's end, there will be stronger and more sustainable civic organizations; increased availability of information on civic rights and domestic public issues; enhanced opportunities for citizen participation in governance; and more effective, responsive, and accountable public institutions.

US Financing in Thousands of Dollars

Uzbekistan

122-0211 Democratic Culture and Institutions	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002*	
Obligations	5,896
Expenditures	420
Through September 30, 2002	
Obligations	5,896
Expenditures	420
Unliquidated	5,476
Prior Year Unobligated Funds**	
Obligations	3,087
Planned Fiscal Year 2003 NOA	
Obligations	4,270
Total Planned Fiscal Year 2003	
Obligations	7,357
Proposed Fiscal Year 2004 NOA	
Obligations	7,216
Future Obligations	0
Est. Total Cost	20,469

*Fiscal Year 2002 Includes \$1.7m of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds Includes \$2.74m of FY 2002 Supplemental - FSA/NIS.

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	122-0240
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$302,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: Conflict prevention strengthens vulnerable communities and eases local tensions through public dialogue and improvement of small-scale social and physical infrastructure. USAID addresses both the root and immediate causes of potential conflict through its conflict prevention activities. Since many conflicts in Central Asia have arisen at the community (rather than international) level and our ability to change structural factors at the national level is limited, our conflict prevention strategy focuses on giving citizens opportunities to participate in decisions that affect their communities, improve living standards, and provide skills and experience that will diminish the potential for conflict. Community action programs, targeted where risks of communal or religious conflicts are greatest, are designed to increase citizen participation in community decision-making and local government, and contribute to mitigating sources of conflict by promoting economic recovery and inter-ethnic cooperation. Conflict prevention activities began in FY 2002 under the Mission's cross cutting program. As the conflict program will become a separate strategic objective in FY 2004, it is being notified separately for FY 2004 funding.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$0 FSA). As FY 2003 will be the transition year for the establishment of a separate strategic objective for conflict prevention, funding for the FY 2003 program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting program. The principal partners in Uzbekistan are Mercy Corps, Counterpart International, and Community Habitat Finance.

FY 2004 Program:

Conflict prevention (\$302,000 FSA). From the initial 59 communities, with approximately 70,000 beneficiaries, and the communities identified for expansion in FY 2003, activities will continue in the Ferghana Valley and southern Uzbekistan, near the Afghanistan border. We will continue to work closely with partners on issues of unemployment, human rights, and cultural awareness.

Performance and Results: Supplemental funding enabled initiation of two critical programs to address important issues, conflict prevention, and basic education. The Community Action Investment Program (CAIP), helps conflict-vulnerable communities in the Ferghana Valley and in Surkhandarya and Kashakadarya oblasts in southern Uzbekistan overcome sources of conflict. The program is currently active in 59 communities, with approximately 70,000 beneficiaries. Groups from cross-sections of the community are formed to identify and prioritize sources of tension and work together to rectify them. In Namangan, three school facilities were rehabilitated for \$9,000 (with the community contributing 45% of the costs) to benefit 1,900 students. In Karayontak, the Peaceful Communities Initiative worked to rehabilitate a medical clinic at a cost of \$39,238, 32% of which was contributed by the community, and the World Bank committed \$50,000 worth of medical equipment. Approximately 3,000 people will benefit directly from the clinic. Results indicators, which report on infrastructure projects completed; number of beneficiaries; reduced tension and increased community capacity to identify and solve problems, have been developed. Data collection will begin in late 2002. By the end of the program in 2005, approximately

447,000 people will directly benefit from small-scale, community-driven projects. More importantly, the ties developed through the community strengthening component of this activity will build communities' capacity to deal with local conflicts before they become dangerous.

US Financing in Thousands of Dollars

Uzbekistan

122-0240 Conflict Prevention	FSA
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	302
Future Obligations	0
Est. Total Cost	302

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Health and Population
Pillar:	Global Health
Strategic Objective:	122-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,256,000 FSA
Prior Year Unobligated:	\$1,141,000 FSA
Proposed FY 2004 Obligation:	\$8,163,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID is creating a higher quality primary health care (PHC) system in select oblasts by retraining doctors and nurses in family medicine, establishing incentive-based provider payment systems; helping health sector NGOs to strengthen their organizations; and developing pre-service and postgraduate education programs in health care administration. Doctors and laboratory specialists receive in-service training in accurate diagnosis and treatment of tuberculosis (TB), and TB laboratories' and facilities' monitoring systems are improved. HIV is addressed by increasing prevention programs of NGOs, marketing condoms, and introducing a surveillance system to document the HIV level among high risk groups. Supplemental funding expanded health activities in Uzbekistan.

Inputs, Outputs, Activities:

FY 2003 Program:

Quality primary health care (\$2,371,703 FSA). USAID will promote healthy behaviors with nationwide family planning and breastfeeding campaigns and train PHC staff on health promotion. USAID will award NGOs small grants to implement community health projects. Uzbekistan's health managers will benefit from a new partnership that will develop health management education in several Uzbek medical institutions. More family doctors will be trained in family medicine, including reproductive health, care of pregnant women, anemia, rational nutrition, and Integrated Management of Childhood Illnesses. Nurses will be trained in improved home visit care and the community health nursing short courses in Israel will continue. Quality improvement pilots will begin in hypertensive care, pregnancy-induced hypertension and acute respiratory infection in children. USAID will initiate health reform models in one urban primary health clinic and one central rayon hospital site. USAID will extend the per capita financing system in Ferghana, Navoi, and Syr Darya and expand to two new oblasts, Surkhandaryo and Kashkadaryo. Finance managers' training in health management skills will continue. Clinical information and enrollment systems will be refined and extended geographically. Principal implementers are Abt Associates (prime), American International Health Alliance (prime), Counterpart Consortium (prime), and Center for International Cooperation of the Israeli Ministry of Foreign Affairs (MASHAV) (prime).

Infectious disease control (\$1,992,297 FSA). USAID will continue to train health staff in the Directly Observed Treatment Short-course (DOTS) approach. TB specialists will be trained in laboratory diagnosis and the statistical information system will be improved. The Centers for Disease Control and Prevention (CDC) will establish a regional training program on blood safety that will equip 19 virology labs in three pilot sites in Uzbekistan. USAID will respond to the growing malaria threat by developing a regional approach to malaria control that will include activities in Uzbekistan. Two Uzbekistanis will be selected for the two-year Applied Epidemiology program at the Kazakhstan School of Public Health. Principal implementers are CDC (prime) and Project Hope (prime).

HIV/AIDS prevention (\$667,000 FSA). USAID and CDC are establishing four sentinel surveillance sites in Tashkent, Termez, Andijon, and Samarkand. USAID is collecting behavioral information in high HIV-transmission locations, to better focus AIDS prevention programs. CDC will initiate a large-scale study of behavioral risk factors, and prevalence of HIV, hepatitis, and sexually transmitted infections (STIs) in the

Tashkent/Yangi-Yul area, where HIV-positive cases are concentrated. Four HIV/AIDS NGOs will offer basic medical care, free condoms, and referrals to social workers, STI clinics, HIV testing sites and legal services. A drug prevention program will be initiated, condoms will be marketed to vulnerable young adults, school-based education on STIs and HIV/AIDS will start, and outreach work to high risk groups will begin. Principal implementing partners are: CDC (prime), Population Services International (prime), Soros Foundation (prime), and the University of North Carolina (prime).

Maternal & child health (\$225,000 FSA). USAID will train health staff to better manage obstetric, pre-natal and RH care, and initiate training on management of common but serious childhood illnesses in Kashkadaryo and Surkhandaryo oblasts. The pilot-tested interactive school health curriculum will be extended throughout Ferghana Oblast and the health education component of the Sports and Health Education Program will be implemented. Principal implementers are: Abt Associates (prime) and Project Hope (prime).

FY 2004 Program:

Quality primary health care (\$2,695,000 FSA). USAID will continue health promotion activities, training of PHC staff, and small grant support to health sector NGOs. Pilot programs in quality improvement and health care financing activities will be expanded. The community health nursing short courses in Israel and the health management partnership will continue, while medical education activities will be introduced. AIHA's first five-year cooperative agreement is ending. USAID/W has completed a follow-on agreement and USAID is currently discussing an additional partnership for the country.

Infectious disease control (\$1,550,000 FSA). USAID will expand TB control efforts to new sites and continue malaria control and the Applied Epidemiology program.

HIV/AIDS prevention (\$1,388,000 FSA). USAID will continue establishing HIV/AIDS surveillance of high-risk groups, will integrate this program with other infectious disease surveillance activities, and continue to improve laboratory diagnostic quality. USAID will continue funding HIV/AIDS NGOs and work to improve their preventive programs. USAID will expand condom social marketing to new sites of high HIV prevalence and continue the drug prevention program.

Maternal and child health (\$2,530,000 FSA). USAID will expand training within pilot oblasts for physicians and nurses to better manage obstetric and pre-natal care and to manage serious childhood illnesses. USAID will continue cross-border sports and health education activities with youth.

Performance and Results: Supplemental funding enabled expanded activities in three new oblasts. Funds are used to further strengthen TB control, initiate a blood safety program, develop HIV/AIDS surveillance, prevent an increase in the drug use that is fueling the HIV epidemic, improve care of pregnant women and their newborns, start much needed educational programs for health managers, and prevent border community conflict through sports activities. Reformed primary health care practices now cover approximately 12.7% of the population. In pilot areas, 28% to 46% of people are using PHC practices for outpatient care although the national use of PHC is still unchanged at 5% of total outpatient visits (7% target). Twenty-two percent of people in pilot sites (22% target) were served by PHC practices meeting minimum standards on a variety of components including clinical and management training, equipment, and laboratory and drug access. PHC's share of health sector expenditures was 18.7% (15% target). Health sector NGOs established a center where drug addicts and alcoholics can receive medical services. Five grants were awarded to HIV/AIDS NGOs that work on prevention among high-risk groups, including prisoners. By the end of the program, nurses and doctors trained in family medicine and the cost-effective PHC system will improve the delivery of healthcare to the population served.

US Financing in Thousands of Dollars

Uzbekistan

122-0320 Health and Population	FSA
Through September 30, 2001	
Obligations	19,059
Expenditures	9,342
Unliquidated	9,717
Fiscal Year 2002*	
Obligations	20,322
Expenditures	8,445
Through September 30, 2002	
Obligations	39,381
Expenditures	17,787
Unliquidated	21,594
Prior Year Unobligated Funds	
Obligations	1,141
Planned Fiscal Year 2003 NOA	
Obligations	5,256
Total Planned Fiscal Year 2003	
Obligations	6,397
Proposed Fiscal Year 2004 NOA	
Obligations	8,163
Future Obligations	0
Est. Total Cost	53,941

*Fiscal Year 2002 includes \$15m of the Emergency Response Fund - FSA/NIS.

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Strengthened Basic Education Sector
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	122-0340
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$575,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: The Basic Education Sector Strengthening Program will begin activities in January 2003 under the cross-cutting program. Beginning in FY 2004, the education program will be funded as a separate strategic objective, for which this program data sheet constitutes initial notification as a separate program. The basic education program will improve in-service teacher training; improve the quality and relevancy of curriculum; increase parent and community involvement in schools; strengthen institutional, management, and technical capacity at all levels of the educational system; and improve school infrastructure

Inputs, Outputs, Activities:

FY 2003 Program:

Education (\$0 FSA): As FY 2003 will be the transition year for the establishment of a separate strategic objective for education, funding for the FY 2003 education program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting program. The prime contractor is the Academy for Educational Development.

FY 2004 Program:

Education (\$575,000 FSA): In FY04, USAID/CAR will continue to solidify the activities begun in FY2003, described in the above summary. Girls' education will be an important part of the program. Small grants may be given to active, competent local education NGOs. An assessment of the program is planned in FY2004. Funding for individual activities will be identified during the course of FY 2003.

Performance and Results: Supplemental funding allowed USAID to begin a program in the education sector. Performance indicators for the education program activities will be developed during the first three months of calendar year 2003, and data collection will begin in the summer of 2003.

The Basic Education Program is structured to work at all levels of the system with a targeted number of schools and communities selected as pilot sites to measure the impact of the full range of activities. Training of trainer models will be used to provide curriculum and methodological training to the maximum number of teachers. Capacity building at different levels of the system will develop support for the expansion of successful pilot activities to other areas in the future. Whenever possible, ongoing education activities like civic education, Street Law, Junior Achievement, Step by Step, Reading and Writing for Critical Thinking, and the health education component of the Sports and Health Education Program which are conducted under other strategic objectives will be coordinated with the Basic Education pilot schools to ensure that these schools have access to these curriculum and methodology innovations. A component of the core agreement involves data collection on gender issues in schools, which could be used in the development of future activities designed to address gender issues in basic education.

US Financing in Thousands of Dollars

Uzbekistan

122-0340 Strengthened Basic Education Sector	FSA
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	575
Future Obligations	0
Est. Total Cost	575

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	122-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,236,000 FSA
Prior Year Unobligated:	\$6,931,000 FSA
Proposed FY 2004 Obligation:	\$3,222,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: This cross-cutting program supports all of USAID's strategic objectives. It includes conflict prevention through public dialogue and small scale social and physical infrastructure improvement in vulnerable communities; improving the quality of basic education; participant training in health, democracy, and a free-market economy; Eurasia Foundation training and sub-grants to strengthen NGOs working in business education, civil society, and media; and program development (cross cutting evaluations, studies, and program management support). Supplemental funds were critical for the initiation of conflict activities and the start up of the basic education activity. Prior year unobligated funds include \$6,815,647 of FY 2002 Supplemental - FSA/NIS.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$400,000 FSA). USAID will expand conflict prevention activities beyond its 59 initial communities, with approximately 70,000 beneficiaries, in southern Uzbekistan and the Ferghana Valley, and will better balance efforts between rural and urban settings, especially in Karshi, Termez, Ferghana, Kokand, and Namangan. We will also work more closely with other partners to address unemployment, human rights, and cultural awareness. While the root causes of conflict are long-term in nature, our conflict prevention activities can mitigate some of the most immediate causes of potential conflict stemming from ethnic tensions, competition over scarce resources and border restrictions to trade. Beginning in FY 2004, these activities will be funded as a separate strategic objective. The primary partners are: Mercy Corps International (prime), Counterpart International (prime), and Community Habitat Finance (prime).

Education (\$1,000,000 FSA). USAID will begin its basic education program in FY 2003, through activities that improve in-service teacher training; enhance the quality and relevancy of curriculum; increase parent and community involvement in schools; strengthen institutional, management, and technical capacity at all levels of the educational system; and improve school infrastructure. Principal contractors and grantees are to be selected by competition.

Participant training (\$400,000 FSA). More than 2,000 participants will be trained in economic growth, democracy, health, and natural resources. The focus will shift from reporting on types of participants to training results and achievements. The implementing partner is the Academy for Educational Development (prime).

Eurasia Foundation (\$1,250,000 FSA). The Eurasia Foundation will expand the Ferghana Valley Initiative to provide targeted grants to increase dialogue and cross-border linkages in this conflict-prone region.

Program support (\$186,000). Funding will provide for a range of support activities to the entire program. As required, funding will enable USG to support unanticipated opportunities to advance or reinforce USAID objectives. A major evaluation of the 10-year participant training program will be conducted. A region-wide gender-training program will be conducted for USAID staff to increase capacity to incorporate

gender issues. Program personnel essential to the implementation of activities will be supported by this category.

FY 2004 Program:

Participant training (\$1,000,000 FSA). Greater emphasis will be placed on more cost-effective in-country training programs, in addition to the training that takes place in the United States and third countries.

Eurasia Foundation (\$1,000,000). The program will continue to provide grants in three sectors (private enterprise, civil society, and public administration) on an open-door basis to NGOs in Uzbekistan.

Program support (\$1,222,000 FSA). A wide range of program and personnel support activities will continue. It is anticipated that funding will support various assessments in anticipation of a new strategy for 2005.

Performance and Results: Supplemental funding enabled initiation of two critical programs to address important issues, conflict prevention, and basic education. The Community Action Investment Program (CAIP) helps conflict-vulnerable communities in the Ferghana Valley and in Surkhandaryo and Kashkadaryo oblasts in southern Uzbekistan overcome sources of conflict. The program is currently active in 59 communities, with approximately 70,000 beneficiaries, that are especially vulnerable to conflict. Groups from cross-sections of the community are formed to identify and prioritize sources of tension and work together to rectify them. In Namangan, CAIP worked with the local school department to rehabilitate facilities at three schools, costing \$9,000 in all, which will benefit 1,900 students. The community match for these projects far exceeded expectations, coming in at 45%. In Karayontok, USAID's Peaceful Communities Initiative (PCI) worked with the community to rehabilitate a medical clinic at a total cost of \$39,238, 32% of which was contributed by the community. As a result of the rehabilitation, the World Bank committed \$50,000 worth of medical equipment. Approximately 3,000 people will benefit directly from improved medical services at the clinic. In Naiman, Uzbekistan, and Jeke-Miste, Kyrgyzstan, the neighboring village across the border, a cross border drinking water project was started in August 2002 at a cost of \$18,300. The community cost share is 20%, but the community was able to leverage funds from the Soros Foundation to contribute an additional 10% to the project. The total number of beneficiaries in the two communities is 2,500 people. The broader impact of these activities is community resolution of local conflict over access to resources and the equitable share of those resources, such as heat, water, and access to medical facilities and schools. More formal results indicators and data sheets have been developed, which report on infrastructure projects completed; number of beneficiaries; reduced tension and increased community capacity to identify and solve problems. Data collection on these indicators will begin in FY 2003. In FY 2002 USAID trained over 1,600 Uzbekistani citizens (50% women) in business, democratic reform, and primary health. The Umid Credit Union conducted an event that led to five new credit unions in Bukhara, Samarkand, Namangan, and Navoi oblasts. Eurasia's 38 grants, which averaged \$16,000, help implement USAID's objectives and complement other USAID programs in the economic and democracy sectors. One Uzbekistani NGO has begun lobbying for legislative change to improve housing associations in Uzbekistan.

By the end of the program in 2005, approximately 447,000 people will directly benefit from small-scale, community-driven projects. More importantly, the ties developed through the community strengthening component of this activity will build communities' capacity to deal with local conflicts before they become dangerous. Training and grants will strengthen entrepreneurship and citizen involvement in civil society and health care reform.

US Financing in Thousands of Dollars

Uzbekistan

122-0420 Cross-cutting Programs	ESF	FSA
Through September 30, 2001		
Obligations	112	16,550
Expenditures	112	14,485
Unliquidated	0	2,065
Fiscal Year 2002*		
Obligations	0	8,777
Expenditures	0	2,681
Through September 30, 2002		
Obligations	112	25,327
Expenditures	112	17,166
Unliquidated	0	8,161
Prior Year Unobligated Funds**		
Obligations	0	6,931
Planned Fiscal Year 2003 NOA		
Obligations	0	3,236
Total Planned Fiscal Year 2003		
Obligations	0	10,167
Proposed Fiscal Year 2004 NOA		
Obligations	0	3,222
Future Obligations	0	0
Est. Total Cost	112	38,716

*Fiscal Year 2002 includes \$4m of the Emergency Response Fund - FSA/NIS and \$684,353 of FY 2002 Supplemental - FSA/NIS.

**Prior Year Unobligated Funds includes \$6.816m of the FY 2002 Supplemental - FSA/NIS.

Central Asia Regional

The Development Challenge: The U.S. has strong national interests in Central Asia. The countries of Central Asia are critical allies in the war on terrorism and could help diversify world energy supplies. Thus regional stability and development in this critical region are important to U.S. national interests.

The regional nature of Central Asia's development challenges requires coordinated and integrated assistance from USAID. Several regional issues pose particular challenges. All countries in the region have a vital stake in improving regional management of water resources, which are absolutely essential to the agricultural sector and energy supply sector, not to mention the ecological problems posed by the disappearing Aral Sea. Health issues are rapidly becoming regional in nature. Infectious diseases, and the incidence of tuberculosis, HIV/AIDS, and drug use, have increased dramatically in all countries in Central Asia, and a failure to prevent the spread of malaria from Afghanistan to Tajikistan has now resulted in a malaria problem that has already grown into a regional threat. While there is variation across the countries of Central Asia, democracy, human rights and independent media benefit from a regionally coordinated approach since authoritarian governance is pervasive in all countries. The basic education system in all countries has suffered dramatic setbacks since independence, with deteriorating quality and reduced resources. Regional trade is essential to the region's overall economic development, and many barriers remain to overcome the difficulties, especially for small and medium enterprises. Risks of regional conflict also poses serious challenges. The stresses on individual communities produced by these challenges and the need for employment to satisfy growing populations, who are divided by artificial national borders, create a ripe environment for conflict.

The USAID Program: To meet these challenges, the goals of USAID in Central Asia are to promote regional stability through economic growth and democratic development, which provides opportunities for citizens to participate and to improve their livelihoods and quality of life. USAID's regional objectives parallel and support the specific country objectives. In FY 2002, USAID's program included water management, media and information, infectious disease control, regional trade, and conflict prevention. USAID also expanded its cross-cutting initiative in conflict prevention through community development and explored opportunities in higher education, anti-corruption, and rule of law.

In water management, the shared use of water for irrigation, livelihoods, and electricity generation are difficult challenges for the Central Asian Republics. Because of this, USAID focuses on improving the management of regional water and energy resources. The major components of this program are training for water, energy, and meteorological officials and managers; installation of sustainable, affordable system models that demonstrate new and more efficient technology and management techniques; improvement and strengthening of regional and international water and energy agreements; and building public commitment to sustainable natural resource management policies and practices.

In economic and financial development, USAID supports economic reform, including accession to the WTO in all countries of the region, except Turkmenistan. USAID's efforts to increase access to business information, knowledge and skills have made substantial progress. The legal and regulatory framework for micro-finance has also been improved in Uzbekistan and Tajikistan through sharing of best practices from more mature programs in Kyrgyzstan and Kazakhstan. Regional funding for the expansion of micro-finance activities in Tajikistan and Uzbekistan was particularly productive. In a six-month period approximately 740 loans have been made (70% were women recipients), and the repayment rate has been 100 percent.

The U.S. government interest in human rights and combatting the growth of criminal activity are key aspects of our democracy programs. Regional funds also supported the production and broadcasting of the television program, Open Asia. In a region characterized by inter-ethnic conflict, Open Asia promotes improved inter-ethnic and inter-state relations, dialogue and understanding. The program is generally well-received throughout the region, though it is still controversial in some more conservative areas. Regional funds were also used to assess the opportunities to promote religious tolerance to help guide program development.

Regional funding complemented country specific funding for several projects in HIV/AIDS and tuberculosis as well as activities that benefit women and children.

The cross-cutting regional program includes the Community Action Investment Program (CAIP), which is helping to prevent potential sources of conflict by improving community participation in social infrastructure projects in targeted communities throughout Central Asia. Community action programs, begun in the summer of 2002, are targeted where risks of communal or ethnic conflicts are greatest. CAIP is designed to increase citizen participation in community decision-making and local government, and to mitigate conflict by promoting economic recovery and inter-ethnic cooperation.

The Program Data Sheets provided below cover five strategic objectives and one special objective for which USAID is requesting regional funds. These five objectives promote reforms and training that foster the growth of small and medium enterprises, promote civil society and expand access to information, improve primary health care and prevent infectious disease, encourage better use of the region's water and energy resources, and address other cross cutting issues within the region. Given the focus on Central Asia since the war on terrorism, the new special objective for conflict prevention will pull together USAID's on-going conflict prevention activities in order to highlight their contribution to broader U.S. objectives in the region. FY 2003 funds will be used to implement the program as currently planned and previously described in the FY 2002 Congressional Budget Justification, including cross-cutting objectives in youth, gender, anti-corruption and rule of law. Regional resources will complement country resources to allow for multi-country expansion of activities supporting regional objectives. Specific activities to be funded by FY 2003 and FY 2004 appropriations are described in the Program Data Sheets that follow.

Supplemental Funds: Regional supplemental funds were quickly obligated for the initial start up of conflict prevention activities in all five Central Asian countries, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. This allowed USAID to focus on reducing the threat of extremism and ethnic and/or resource based conflicts. The Community Action Investment Project, begun in the last half of FY 2002 is the centerpiece of this conflict prevention program. The Peaceful Communities Initiative, started with performance funds in early FY 2002, is the forerunner of our conflict program. These two activities are the principal interventions of USAID's conflict program. Activities have begun in more than 140 communities with more than 160,000 people benefitting from assistance. Regional supplemental funds also were essential for the expansion of micro-finance activities in Tajikistan and Uzbekistan. In 2002, in a six-month period, approximately 750 loans were made; 70% of the loan recipients were women. To date, there is a 100% repayment rate.

Other Program Elements: Other USAID funding sources, which complement and reinforce the inputs of regional funding, are directed at country specific programs. These activities are addressed in individual country reports.

Other Donors: Donor relations are detailed in individual country summaries. We work closely with bi-lateral and multi-lateral organizations to address country specific and regional issues. The World Bank, the European Bank for Reconstruction and Development and the Asian Development Bank are important regional partners, particularly in water, energy, education and trade.

**Central Asia Regional
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
FREEDOM Support Act	7,567	7,850	9,000	6,000
Emergency Response Fund - FSA/NIS	0	6,000	0	0
Total Program Funds	7,567	13,850	9,000	6,000

STRATEGIC OBJECTIVE SUMMARY

176-0131 Small and Medium Sized Enterprise Program				
FSA	500	1,000	1,050	814
176-0161 Water and Energy				
FSA	4,000	3,500	3,150	2,783
176-0211 Democratic Culture and Institutions				
FSA	0	500	550	407
176-0240 Conflict Prevention				
FSA	0	0	0	341
176-0320 Health and Population				
FSA	967	1,000	1,050	814
176-0420 Cross-Cutting Programs				
FSA	0	7,000	2,300	341
TRANSFER				
FSA	2,100	850	900	500

SO 176-0420 includes \$6,000 of Emergency Response Fund - FSA/NIS.

Mission Director,
George Deikun

Data Sheet

USAID Mission:	Central Asia Regional
Program Title:	Small and Medium Sized Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	176-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,050,000 FSA
Prior Year Unobligated:	\$105,000 FSA
Proposed FY 2004 Obligation:	\$814,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: USAID's regionally-funded program to improve the environment for the growth of small and medium sized enterprises (SMEs) focuses on training present and future entrepreneurs in modern business skills and making business information more available. Regional supplemental funding enabled USAID to act quickly to initiate new micro-finance programs to stimulate greater economic opportunities, which will result in increased regional stability.

Inputs, Outputs, Activities:

FY 2003 Program:

Business skills and information (\$1,050,000 FSA). Through technical assistance, training, and some financial support, USAID will continue to support an internationally recognized, Russian-language accounting education, examination, and certification program. Financial assistance for Junior Achievement International will help students gain access to and familiarity with free market principles through training programs and targeted coursework. Some FY 2002 supplemental funds will complement country funds to support the development of a strong microfinance sector in Uzbekistan and Tajikistan. USAID's principal partners include Certified International Professional Examination Network (CIPA-EN) (prime), ACDI/VOCA/FINCA (prime), American Councils (sub), the International Finance Corporation (prime), Junior Achievement International (sub), and the International Council of Certified Accountants and Auditors (prime).

FY 2004 Program:

Business skills and information (\$814,000 FSA). Through technical assistance, training and regional funding USAID will continue to support an internationally recognized, Russian-language accounting education, examination, and certification program. If funds permit, USAID will continue to assist Jr. Achievement in helping students gain access to and familiarity with free market principles through training programs and targeted coursework. Regional funds will continue to support USAID efforts to help develop stronger microfinance institutions by building capacity and providing additional lending capital to microfinance institutions.

Performance and Results: Regional supplemental funds: With regional supplemental funding made available through the Mission's cross-cutting program, USAID expanded micro-finance activity in two cities of the Ferghana Valley, Khojent in Tajikistan, and Andijan in Uzbekistan. While lending only began in March, the number of clients in Uzbekistan has already reached 405 (69% women) with \$59,000 in loans disbursed. These results have been achieved without compromising the quality of loans, and arrears remain at zero. Also, with input from USAID and other donors and stakeholders, the government adopted a long-awaited resolution that allows development agencies to legally implement micro-credit activities. The next step will be to develop a comprehensive legal framework for microfinance institutions, which is the objective of a new program to be implemented by the IFC with USAID financing. The number of clients in Tajikistan has already climbed to 343 (72% women) with \$65,000 in loans disbursed with a 100% repayment rate. USAID also used supplemental funding to begin partnering with IFC to develop a legal and regulatory framework that supports the growth of micro-financial institutions and promotes

sustainable development. At the end of the program we expect a strong micro-finance sector and an overall improved environment for small and medium enterprise development.

Regional funds were important in our efforts to broaden greater economic opportunities and increased regional stability. In FY 2002, USAID's accounting reform program offered international certification for two new internationally recognized classifications for accountants: Certified Accounting Practitioners (CAP) and Certified International Professional Accountants (CIPA). USAID established the Certified International Professional Examination Network (CIPA-EN), a not-for-profit organization legally registered in the U.S. in July 2002, to deliver accounting examinations that conform to international standards. In May and September 2002, CIPA-EN developed, administered, and graded a total of 5,061 CAP/CIPA exam papers in the five Central Asian Republics and Ukraine. The International Accounting Standards Committee Foundation (IASCF) endorsed the CIPA program and is represented on the CIPA-EN Board of Directors, while the American Institute of Certified Public Accountants (AICPA) has reviewed CIPA-EN's administration and grading procedures and found them satisfactory. To further bolster this program, USAID provided financial and technical support to establish the International Council of Certified Accountants and Auditors (ICCAA), which includes 12 members from Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Ukraine, and Russia. ICCAA has endorsed the CAP/CIPA program as the technical requirement for individual members of ICCAA's member associations.

In education, Junior Achievement International (JA) made progress in exposing young people to free market principles. A regional office was established in Almaty, Kazakhstan to serve and support the countries of the Former Soviet Union with a focus on Central Asia. JA programs are delivered to students from ages six to 18 and have been translated into Kazakh, Kyrgyz, and Tajik languages. In Central Asia, including the Caucasus, there was a projected 86% increase in students participating in JA in the 2002-2003 school-year. JA now reaches 426,000 students.

By the end of the program, positive changes in the business environment, including widespread access to microcredit, the acceptance and use of International Accounting Standards (IAS), and a new generation of business leaders and reformers educated in market economics and modern business practices, will foster the growth of Central Asia's small and medium enterprises. SMEs, in turn, will form the foundation of economic development in the region, creating much-needed jobs and revenue.

US Financing in Thousands of Dollars

Central Asia Regional

176-0131 Small and Medium Sized Enterprise Program	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	925
Expenditures	119
Through September 30, 2002	
Obligations	925
Expenditures	119
Unliquidated	806
Prior Year Unobligated Funds	
Obligations	105
Planned Fiscal Year 2003 NOA	
Obligations	1,050
Total Planned Fiscal Year 2003	
Obligations	1,155
Proposed Fiscal Year 2004 NOA	
Obligations	814
Future Obligations	0
Est. Total Cost	2,894

Data Sheet

USAID Mission:	Central Asia Regional
Program Title:	Water and Energy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	176-0161
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,150,000 FSA
Prior Year Unobligated:	\$1,044,000 FSA
Proposed FY 2004 Obligation:	\$2,783,000 FSA
Year of Initial Obligation:	2000
Estimated Completion Date:	2005

Summary: Energy and water resources are both key elements to sustained economic growth and regional stability in Central Asia. The shared use of water resources for electric power generation and irrigation is one of the most difficult challenges faced by the Central Asian Republics. USAID's program in energy and water is focused on activities that will contribute to improved management at national and regional levels. The program seeks to foster cooperation among Central Asian nations, and several activities are directed specifically at advancing and achieving regional goals. The major components of USAID's regional program are: 1) training for water, energy, and weather technical staff and managers; 2) installation of sustainable, affordable models that demonstrate new and more efficient technologies and management techniques, in both energy and water sectors; 3) improvement and strengthening of regional and international water and energy agreements; and 4) development and building of public commitment leading to sustainable natural resource management policies and practices.

Inputs, Outputs, Activities:

FY 2003 Program:

Regional water and energy (\$3,150,000 FSA). USAID's on-going regional Natural Resources Management Project is working to improve collection, analysis and exchange of data critical to water resource management, including improved weather forecasting capability and the ability to better predict annual runoff and river stream flows. USAID has provided improved monitoring equipment and training programs for the modeling of water runoff from snowmelt in order to facilitate river flow forecasting and farm water allocations. This improves decision-making and the overall management of the countries' vital water resources. USAID supports the linking of remote automated stations into a regional network for collecting and analyzing data. When networks are completed, this information will be an important ingredient in each country's ability to know the characteristics of its water resources, make more informed allocations of water among users, and be more informed as they discuss and enter into agreements covering water and related energy resources.

The presidents of the Aral Sea Basin states have expressed a need for more regional cooperation in water and energy, and USAID is assisting in that effort through its innovative Transboundary Water and Energy Project, which began during 2002. Consensus building activities facilitate getting regional water staffs together to openly discuss water and energy issues. A series of short-duration technical analyses will be undertaken to provide much-needed technical options which can facilitate and complement consensus building activities. The program works in close cooperation with key technical and policy representatives in the Aral Sea Basin to develop and agree on measures to reduce the main transboundary water and energy conflict in the basin. These actions are carried out in harmony with on-going World Bank and Asian Development Bank activities designed to address large investments associated with energy generation, in particular. Short, medium, and long-term options to reduce potential conflict between upstream and downstream users are being designed in collaboration with the stakeholders in the basin. A promising short-term option is the rapid reduction of the high level of technical and non-technical losses in the Kyrgyz energy system. USAID will support the implementation of an immediate loss reduction demonstration program in Kyrgyzstan. USAID will sponsor an evaluation of

both the storage options for water in Uzbekistan and the completion of the construction of two hydroelectric projects (designed in the 1980's) upstream of the Toktogul Reservoir in Kyrgyzstan. These evaluations will consider the viability of these two options as a long-term solution for Kyrgyzstan's power system expansion and Uzbekistan's summer water needs. Principal implementing partners for this project are PA Consulting (prime) and Meteor Communications Corporation (prime).

FY 2004 Program:

Regional water and energy (\$2,783,000 FSA). Since water and energy issues are regional in nature, this program was historically funded through regional funding. Over the past few years, funding has gradually moved into country budgets as the regional funding has decreased. In FY 2004, planned regional funding levels will limit regional interventions.

Activities will focus on providing decision makers with technological and structural solutions to the various system changes that will need to take place for the countries of the region to meet basic needs for water and energy. This will include activities that support international financial institution lending that finances upgrades of energy and water infrastructure. It will also include public outreach activities to inform the citizens of the region about the role they must play in reducing the losses to the systems of the region. Additional support will improve national forecasters' abilities to predict water and energy demand and availability. This activity will also provide a stronger, more objective basis for decision- and policy-makers with regard to trans-boundary water and energy agreements between the Central Asian Republics. In order to broaden program objectives in the coming years, the Mission will be examining new initiatives to strengthen the outreach and impact of water and energy activities.

Performance and Results: Through the Transboundary Water and Energy Project, USAID played a key role in encouraging dialogue and data-based decision-making as a way to settle politically sensitive transboundary issues. This activity builds on past successful USAID efforts and assists in bringing Central Asian republics together to conclude regional water and energy agreements. A key feature of this project is collaboration with the World Bank and the Asian Development Bank, providing key technical inputs, which will lead to agreements and loans for improvements in the sector. This process has been successful in getting Tajikistan and Uzbekistan together to sign a joint agreement for commercial sales of electricity between the countries, a requirement for an Asian Development Bank loan of \$126 million to upgrade the trans-border measurement of electricity trading. USAID assisted water policymakers in developing agreements that meet international standards and provide an objective basis for decision-making through activities in forecasting snowmelt runoff. Central Asian national river flow forecasting agencies are participants in the Regional Snowmelt Runoff Committee that meets semi-annually to improve water allocations for the region. After USAID provided equipment and training, the committee is collecting and processing water data. Water and energy pilot demonstration models, along with training and public outreach, are now underway in the region. When completed, they will provide managers and policymakers with more efficient, and sustainable means to manage and use the region's natural resources. For example, after retro-fitting an institution with energy saving devices, the institution becomes a learning center for others outside the community with similar issues to address. The value of the training program is highlighted by the fact that various government agencies and NGOs have already replicated and are using many of the training courses USAID developed to educate their staff and others on better water and energy management techniques.

By the end of the program, Central Asian water managers will have the capacity to effectively manage scarce water resources to generate much-needed electrical energy and to irrigate vast amounts of productive farmland and avert conflict over resource access. USAID water and energy demonstration models and upgrades will be replicated on a wide scale, incorporating best practices and efficient use of resources.

US Financing in Thousands of Dollars

Central Asia Regional

176-0161 Water and Energy	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	3,075
Expenditures	699
Through September 30, 2002	
Obligations	3,075
Expenditures	699
Unliquidated	2,376
Prior Year Unobligated Funds	
Obligations	1,044
Planned Fiscal Year 2003 NOA	
Obligations	3,150
Total Planned Fiscal Year 2003	
Obligations	4,194
Proposed Fiscal Year 2004 NOA	
Obligations	2,783
Future Obligations	0
Est. Total Cost	10,052

Data Sheet

USAID Mission:	Central Asia Regional
Program Title:	Democratic Culture and Institutions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	176-0211
Status:	Continuing
Proposed FY 2003 Obligation:	\$550,000 FSA
Prior Year Unobligated:	\$188,000 FSA
Proposed FY 2004 Obligation:	\$407,000 FSA
Year of Initial Obligation:	2002
Estimated Completion Date:	2005

Summary: USAID's regional democracy programs promote a more democratic culture among citizens and targeted institutions in Central Asia through: creating stronger and more sustainable civic organizations; increasing the availability of information on civic rights and domestic public issues; increasing opportunities for citizen participation in governance; and strengthening the judiciary and local governments.

Inputs, Outputs, Activities:

FY 2003 Program:

Civil society (\$129,150 FSA). USAID's current cooperative agreement for providing NGO support expires in March, 2003. Under the new program, USAID will provide financial support, and technical assistance to a network of more than 30 civil society support centers in Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan. This assistance will include training and advisory services to improve the centers' financial and institutional sustainability as well as increase their capacity to provide resources and training to Central Asian NGOs. Using regional funds, USAID will conduct an evaluation of its civil society program and design a request for applications for the follow-on program. Regional funds will also be used to support networking activities across borders such as roundtables and conferences for the civil society support centers. Principal implementing partners are Counterpart International (prime) and others to be determined through competition.

Media and information (\$420,850 FSA). USAID will continue the production of Open Asia, a 30-minute weekly television program that is broadcasted by 40 privately-owned television stations in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Open Asia reaches millions of people in those countries. As part of a training effort, journalists will produce feature stories that chronicle the pressing political and social problems of their countries.

To supplement existing initiatives supporting independent media in Central Asia, USAID will launch a new Press Freedom Project in Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan. This new program will build and expand on the positive experience of USAID-supported Kazakhstani media watchdog NGOs in monitoring of violations of freedom of speech. The regional funds allocated towards this project will be used to organize a conference to share experiences and techniques between countries at the end of the first year of the project.

Also as part of its information initiative, USAID will launch a new anti-trafficking program in Kyrgyzstan, Uzbekistan, Kazakhstan, Tajikistan and Turkmenistan. Regional funds will be used to assess trafficking problems in Central Asia and design a request for applications. Additionally, regional funds will support networking, coordination, and information activities for the new program. For example, a USAID-supported organization produced a hard-hitting trafficking documentary for Ukrainian television last year. Plans are underway to have this trafficking documentary translated into Kazakh, Kyrgyz, Uzbek, Turkmen, and Russian. Principal implementing partners are: Internews (prime), the International Center for Journalists (ICFJ) (sub), and others to be determined through competition.

FY 2004 Program:

Civil society (\$185,000 FSA). USAID will continue to support regional networking amongst Central Asian NGOs.

Media and information (\$222,000 FSA). USAID will continue to support the dissemination of news and information across the region through funding of Open Asia. Regional trafficking problems may be addressed through networking events and information dissemination.

Performance and Results: FY 2002 was the first year that regional funds were available for democracy and media activities. A small amount of funds was obligated to support leadership training for women in Israel to enhance the knowledge, competence, and skills of Central Asian women. Twenty-five women from Kyrgyzstan, Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan will receive training on effective communication and organization, NGO management, leadership skills, strategic planning, and mobilization of community support. The training is geared toward NGO representatives who work on gender issues. Unfortunately, due to continuing instability in Israel, the training was postponed until recently, and the training is now just taking place. The follow-on component of the program includes a hands-on opportunity for the participants to conduct training in their own communities with the assistance of the Israeli trainers. At the close of the training exchange, the trained women should be in a position to mobilize community participation and implement small projects that address the socio-economic issues facing Central Asian women.

Regional funds also supported the production and broadcasting of Open Asia. In a region characterized by inter-ethnic conflict, Open Asia promotes improved inter-ethnic and inter-state relations, dialogue and understanding. The program is generally well-received throughout the region. Regional funds were also used to assess opportunities to promote religious tolerance in the Ferghana Valley to help guide program development.

US Financing in Thousands of Dollars

Central Asia Regional

176-0211 Democratic Culture and Institutions	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	312
Expenditures	8
Through September 30, 2002	
Obligations	312
Expenditures	8
Unliquidated	304
Prior Year Unobligated Funds	
Obligations	188
Planned Fiscal Year 2003 NOA	
Obligations	550
Total Planned Fiscal Year 2003	
Obligations	738
Proposed Fiscal Year 2004 NOA	
Obligations	407
Future Obligations	0
Est. Total Cost	1,457

Data Sheet

USAID Mission:	Central Asia Regional
Program Title:	Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	176-0240
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$341,000 FSA
Year of Initial Obligation:	2004
Estimated Completion Date:	2005

Summary: Conflict prevention strengthens vulnerable communities and eases local tensions through public dialogue and improvement of small-scale social and physical infrastructure. USAID addresses both the root and immediate causes of potential conflict through its conflict prevention objective. Since many conflicts in Central Asia have arisen at the community (rather than international) level and our ability to change structural factors at the national level is limited, our conflict prevention strategy focuses on giving citizens opportunities to participate in decisions that affect their communities, improve living standards, and provide skills and experience that will diminish the potential for conflict. Community action programs, targeted where risks of communal or religious conflicts are greatest, are designed to increase citizen participation in community decision-making and local government, and contribute to mitigating sources of conflict by promoting economic recovery and inter-ethnic cooperation. Conflict prevention activities began in FY 2002 under the Mission's cross cutting program. As the conflict program will become a separate strategic objective in FY 2004, it is being notified separately for FY 2004 funding.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict Prevention (\$0 FSA): As FY 2003 will be the transition year for the establishment of a separate strategic objective for conflict prevention, funding for the FY 2003 program activities is being requested under the Mission's cross-cutting program, and is reported in the separate program data sheet for cross-cutting program. The principal implementing partners are Mercy Corps, Counterpart International, Community Habitat Finance, Aga Khan Foundation, ACDI/VOCA, and United Nations Development Program.

FY 2004 Program:

Conflict Prevention (\$341,000 FSA): USAID will continue to strengthen program activities begun in the initial communities and the communities identified for expansion in FY 2003. We will also continue to work closely with partners on issues of unemployment, human rights, and cultural awareness.

Performance and Results: Regional supplemental funding allowed USAID to initiate conflict mitigation activities in border areas into all five Central Asian republics. Through the "Peaceful Communities Initiative," communities most vulnerable to conflict are identified, and groups representative of cross-sections of the communities are formed. These groups, in turn, identify and prioritize sources of tension and work together to rectify those sources. In some cases, these sources are as simple as a broken gas or water distribution system, or a school or clinic rehabilitation in an otherwise neglected neighborhood. By the end of FY 2002, USAID's conflict mitigation program was active in over 100 communities, with approximately 250,000 beneficiaries. The average matching contribution from the communities with which the "Peace Communities Initiative" works is 31%, totaling \$81,617. By the end of FY 2002, the program had completed 13 infrastructure projects benefiting 28,500 people and 32 social projects benefiting 65,500 people. By the end of the program, more than one million people throughout Central Asia will benefit from participation in community decision-making, leading to improvements in and

ownership of community infrastructure. More importantly, the community strengthening component will build the capacity of communities to solve local conflicts on their own before they become dangerous.

US Financing in Thousands of Dollars

Central Asia Regional

176-0240 Conflict Prevention	FSA
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	341
Future Obligations	0
Est. Total Cost	341

Data Sheet

USAID Mission:	Central Asia Regional
Program Title:	Health and Population
Pillar:	Global Health
Strategic Objective:	176-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,050,000 FSA
Prior Year Unobligated:	\$382,000 FSA
Proposed FY 2004 Obligation:	\$814,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's quality primary health care (PHC) objective is aimed at creating a higher quality, user-friendly, more cost-effective PHC system region-wide through retraining of doctors and nurses in family medicine and implementing incentive-based provider payment systems; developing pre-service and postgraduate education programs in medical education; and controlling tuberculosis (TB) by providing in-service training to doctors and laboratory specialists in accurate diagnosis and treatment, improving the monitoring system of TB laboratories and facilities, as well as establishing modern surveillance methods.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase the quality of primary health care (\$725,000 FSA). USAID will award a new contract to continue primary health care activities described above. Additionally, USAID will start a medical education program, working with selective medical schools to improve the quality of pre-service medical education. Activities include the development and revision of curricula, evidence-based clinical courses, and interactive lecture materials. Principal implementing partners are to be determined.

Control TB and other infectious diseases (\$325,000 FSA). USAID will support a regional TB advisor through World Health Organization (WHO) to provide expertise and engage in policy dialogue with Ministries of Health in support of the WHO-recommended TB DOTS (Directly Observed Treatment Short-course) strategy. Principal implementing partners are: Project Hope (prime) and WHO (prime).

FY 2004 Program:

Increase the quality of primary health care (\$570,000 FSA). The activities initiated in FY 2003 will continue.

Improve maternal and child health services (\$244,000 FSA). USAID will involve in regional activities, on a limited basis, countries that are not yet part of the state-of-the-art Maternal and Child Health/Reproductive Health activity initiated in Uzbekistan and Tajikistan.

Performance and Results: Infectious disease policy makers will share experiences, lessons learned and unresolved issues at two scheduled conferences: an international conference on "Status of DOTS Strategy Implementation in Europe and Central Asia" and a regional conference on "HIV/AIDS and TB Prevention in Central Asia: Today and Tomorrow." Central Asian epidemiologists will be better prepared to track communicable disease patterns after completing training in a two-year regional program, which is currently being designed.

HIV/AIDS prevention programs will be better focused with the completion of baseline surveys in three countries to collect behavioral information in high HIV-transmission locations. The extent of HIV infection and its geographical sources will be better understood through a study of HIV sero-prevalence patterns among high-risk groups in Tajikistan.

Women and children throughout Central Asia will benefit from improved access and quality of health care provided through a maternal and child health and reproductive health project, which has recently begun.

At the end of this program, we expect specific improvement in the programs to control infectious diseases and the delivery of family health care, particularly for mothers and children.

US Financing in Thousands of Dollars

Central Asia Regional

	CSH	FSA
176-0320 Health and Population		
Through September 30, 2001		
Obligations	500	18
Expenditures	0	18
Unliquidated	500	0
Fiscal Year 2002		
Obligations	400	2,385
Expenditures	286	159
Through September 30, 2002		
Obligations	900	2,403
Expenditures	286	177
Unliquidated	614	2,226
Prior Year Unobligated Funds		
Obligations	0	382
Planned Fiscal Year 2003 NOA		
Obligations	0	1,050
Total Planned Fiscal Year 2003		
Obligations	0	1,432
Proposed Fiscal Year 2004 NOA		
Obligations	0	814
Future Obligations	0	0
Est. Total Cost	900	4,649

Data Sheet

USAID Mission:	Central Asia Regional
Program Title:	Cross-Cutting Programs
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	176-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,300,000 FSA
Prior Year Unobligated:	\$161,000 FSA
Proposed FY 2004 Obligation:	\$341,000 FSA
Year of Initial Obligation:	2001
Estimated Completion Date:	2005

Summary: USAID's cross-cutting program supports all strategic objectives and includes two components: 1) Conflict prevention strengthens vulnerable communities and eases local tensions through public dialogue and improvement of small scale social and physical infrastructure. 2) Program development funds cross-cutting evaluations, monitoring, designs, studies, technical assistance, and program management assistance. Regional supplemental funds were critical to the start up of conflict mitigation activities in all five Central Asian republics. Regional funding is generally used to supplement and/or start new activities, which affect more than one country. Regional funding in FY 2004 is to be reduced as country-specific funding is increased. This will result in minimal funding available to fund regional activities in conflict and program support.

Inputs, Outputs, Activities:

FY 2003 Program:

Conflict prevention (\$500,000 FSA) In FY 2003, USAID will expand its conflict prevention activities beyond the initial communities across the region and will better equalize efforts between rural and urban settings, especially in transit areas. We will work more closely with other partners to fold in issues of unemployment (particularly among urban youth), human rights, and cultural awareness. While the root causes of conflict are long-term, conflict prevention activities can mitigate the most immediate potential causes of conflict from ethnic tensions, competition over scarce resources and border restrictions to trade. ACDI/VOCA (prime), Mercy Corps (prime), Aga Khan Foundation (prime), the United Nations Development Program (prime), and the Cooperative Housing Foundation (prime) are the principal implementers.

Program development (\$200,000 FSA). Funding will provide for a wide range of support activities to the entire program. As required, funds will be used for unanticipated opportunities to advance or reinforce USAID program objectives. A major evaluation of the 10-year participant training program will be conducted. A regional gender training program for staff will increase USAID's capacity to better incorporate gender issues in programs and activities. Essential cross-cutting program personnel will also be funded.

FY 2004 Program:

Program development (\$341,000 FSA). A wide range of program and personnel support will continue. It is anticipated that funding will support various assessments to prepare for the new strategy beginning in 2005. Regional funding for FY 2004 is expected to be lower as funds are moved from regional to country accounts. This will result in minimal funding for regional activities in program support.

Performance and Results: With regional supplemental funds, USAID initiated conflict mitigation activities in border areas into all five Central Asian republics. Through the Peaceful Communities Initiative (PCI), communities most vulnerable to conflict are identified, and groups representative of cross-sections of the communities are formed. These groups, in turn, identify and prioritize sources of tension and work together to rectify those sources. In some cases, these sources are as simple as a broken gas or water

distribution system, or a school or clinic rehabilitation in an otherwise neglected neighborhood. By the end of FY 2002, USAID's conflict mitigation program was active in over 100 communities, with approximately 250,000 beneficiaries. The average matching contribution from the communities with which PCI works is 31%, totaling \$81,617. By the end of FY 2002, PCI had completed 13 infrastructure projects benefiting 28,500 people and 32 social projects benefiting 65,500 people. One Kurdish village in Kazakhstan is undertaking major new school renovations on their own, with no donor support, after having seen how easy it was to carry out the community's contribution to the school's USAID-funded heating rehabilitation. This sort of behavioral change is the best kind of success that we could hope for and is what makes this program sustainable. By the end of USAID's conflict mitigation program, which includes PCI and the Community Action Investment Project, more than one million people throughout Central Asia will benefit from participation in community decision making, leading to improvements in and ownership of community infrastructure. More importantly, the community strengthening component of this activity will build the capacity of communities to solve local conflicts on their own before they become dangerous.

Regional supplemental funds also were essential for the expansion of micro-finance activities in Tajikistan and Uzbekistan. In 2002, in a six-month period, approximately 750 loans were made and 70% of the loan recipients were women. To date, there is a 100% repayment rate.

US Financing in Thousands of Dollars

Central Asia Regional

176-0420 Cross-Cutting Programs	FSA
Through September 30, 2001	
Obligations	7,262
Expenditures	5,162
Unliquidated	2,100
Fiscal Year 2002*	
Obligations	6,839
Expenditures	1,063
Through September 30, 2002	
Obligations	14,101
Expenditures	6,225
Unliquidated	7,876
Prior Year Unobligated Funds	
Obligations	161
Planned Fiscal Year 2003 NOA	
Obligations	2,300
Total Planned Fiscal Year 2003	
Obligations	2,461
Proposed Fiscal Year 2004 NOA	
Obligations	341
Future Obligations	0
Est. Total Cost	16,903

* Fiscal Year 2002 includes \$6m of the Emergency Response Fund - FSA/NIS.

Eurasia Regional

The Development Challenge: The transition picture in Eurasia is complex. While economic growth for the sub-region has been positive, the pace of democracy building is slow and social conditions are dismal. Over the last several years, progress in economic policy reform has improved in a number of countries, including Russia, Ukraine, Armenia, Azerbaijan, Kazakhstan, and Kyrgyzstan. However, income inequality and poverty are increasing and long-term growth does not yet appear sustainable.

Eurasian economies are highly dependent on primary commodities and remain relatively autarchic, with few trade and investment ties to countries outside the sub-region. Depletion in human capital is a major concern given the decade-long deterioration of health and education systems. Lackluster reform in a few countries (e.g., Turkmenistan, Uzbekistan, Belarus, and Tajikistan) has maintained their economic and political isolation from global organizations. Authoritarian rule remains the norm in the majority of Eurasian countries. With widespread corruption and an incomplete reform process, public trust in government and private institutions continues to deteriorate throughout the sub-region.

Fundamental challenges in Eurasia include: 1) rampant corruption; 2) weak or non-existent legal infrastructure including inconsistent application of the rule of law; 3) non-competitive industries; 4) inefficient financial systems; 5) lack of a stable environment for private investment; 6) an inefficient market development in energy; 7) weak local governments; 8) overextended and inefficient health systems; and 9) increasing upward trends in HIV/AIDS and human trafficking.

USAID's challenge in Eurasia is to accelerate and broaden the reform process while adjusting to substantial shifts in funding levels. U.S. assistance budgets for Russia and Ukraine are targeted to decline as we develop strategies to phase out or graduate their FSA assistance, while leaving behind a legacy of sustainable institutions that will continue to promote civil society development and economic growth. The Central Asian Republics and Caucasus countries will continue to receive significant resources in the near term to promote domestic stability, economic growth, democracy, and regional stability.

The USAID Program: The regional program in Eurasia is carried out through program support objectives in economic growth, democracy and governance, social transition, and cross-cutting initiatives. USAID's strategy for regional assistance is to target multi-country and region-wide interventions that support the achievement of bilateral assistance objectives but cannot be easily funded through individual country budgets. Regional activities in Eurasia address cross-border issues (such as infectious disease control), promote dialogue and networking between countries on problems and transition themes of common concern, support regional professional organizations in targeted sectors, fund directives and special initiatives not covered by country budgets, and achieve cost savings through regional training events and conferences and specialized technical assistance in emerging priority areas.

Activities under the economic growth area will include those directed at increased competitiveness, accounting reform, and agro industry development. This rubric will also include technical assistance in energy, whose complex issues are closely intertwined with the politics of the region. Funding for the environmental partnerships program, ECOLINKS, will end in FY 2003 and no regional support is proposed in privatization.

Under the democracy and governance rubric, USAID will continue to support regional activities in civil society, rule of law and judicial strengthening, and local government. Activities under social transition encompass efforts directed at infectious disease control including HIV/AIDS, health promotion and improved health access through medical partnerships, and select social safety net issues. No regional support is proposed for humanitarian assistance.

Cross-cutting programs will support a new initiative to raise the profile of the values and ethics inherent in a successful transition to democracy, open markets, and broad-based economic growth. The cross-

cutting category also includes activities which address the debilitating problems of corruption and conflict. In addition, it funds participant training and program evaluation, assessments, and support needs.

Other Program Elements: The Eurasia regional program complements bilateral assistance programs and does not contain other program elements of its own.

Other Donors: Other donors are reflected in the country overviews of the bilateral programs supported by these program support objectives.

Eurasia 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	550	0	0	0
FREEDOM Support Act	55,254	54,831	58,000	49,000
Total Program Funds	55,804	54,831	58,000	49,000

STRATEGIC OBJECTIVE SUMMARY

110-0120 Fiscal Reform				
FSA	1,383	835	351	721
110-0130 Private Enterprise Development				
FSA	1,602	1,056	557	553
110-0140 Strengthening the Financial Sector				
FSA	1,392	500	402	826
110-0150 Sustainable Energy Systems				
FSA	822	774	1,458	1,240
110-0160 Better Environmental Management				
FSA	2,166	1,453	391	632
110-0210 Civil Society				
FSA	772	825	571	473
110-0220 Rule of Law				
FSA	927	1,050	1,410	1,326
110-0230 Local Government and Urban Development				
FSA	724	1,048	508	327
110-0310 Strengthened Humanitarian Responses to Crises				
FSA	219	58	0	0
110-0320 Health Promotion and Care				
CSH	550	0	0	0
FSA	3,948	4,667	5,640	4,505
110-0340 Social Sector Reform				
FSA	571	510	340	200
110-0410 Special Initiatives				
FSA	100	0	0	0
110-0420 Cross-Cutting Programs				
FSA	5,507	5,340	6,372	4,127
123-0310 Strengthened Humanitarian Responses to Crises				
FSA	4,000	2,000	2,000	2,000
TRANSFER				
FSA	31,123	34,715	38,000	32,070

Deputy Assistant Administrator,
Gloria Steele

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Fiscal Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	110-0120
Status:	Continuing
Proposed FY 2003 Obligation:	\$351,000 FSA
Prior Year Unobligated:	\$205,000 FSA
Proposed FY 2004 Obligation:	\$721,000 FSA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

Summary: USAID's fiscal reform program promotes fiscal transparency and accountability in the region through development and implementation of 1) programmatic interventions aimed at combating corruption and promoting integrity in targeted public sector institutions; 2) interventions that improve financial transparency and disclosure and enhance private sector corporate governance and ethical business conduct; 3) activities that build regional associations of accounting professionals committed to fair and accurate disclosure and audit of financial transactions; 4) activities that further professional certification of public and private sector accounting professionals based on standardized curricula and corruption-free examination protocols; and 5) activities that replace the communist legacy of opaque, statutory accounting standards with market-oriented International Accounting Standards necessary for integration of regional economies into the global marketplace. FY 2003 and 2004 funds will be used to support anti-corruption, accounting reform, and technical support for field programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Regional transparency, accountability, and accounting reform. (\$351,000 FSA). Working with international, regional, and national accounting institutions, this activity promotes expansion and improvement of a regional Certified International Professional Accountant (CIPA) program. By developing and implementing uniform accounting standards, curricula, and examinations and providing technical expert advice not available within USAID for mission support and management of regional projects, the CIPA program and related regional activities increase fiscal transparency and accountability and prevent corruption in the certification of public and private sector accounting professionals.

FY 2004 Program:

Regional transparency, accountability, and anti-corruption. (\$350,000 FSA). Through results obtained from field work, this activity provides USAID Missions in FSA countries with refined, practice-oriented diagnostic and analytical tools to combat corruption and promote integrity in targeted public and private sector institutions based on the Europe and Eurasia Bureau's strategic framework for combating corruption (Transparency-Accountability-Prevention-Enforcement-Education or "T A P E E") and technical expert advice not available within USAID for mission support and management of regional projects.

Regional transparency, accountability, and accounting reform. (\$371,000 FSA). Working with international, regional, and national accounting institutions, this activity supports and expands the regional Certified International Professional Accountant (CIPA) program. By developing and implementing uniform accounting standards, curricula, and examinations and providing technical expert advice not available within USAID for mission support and management of regional projects, the CIPA program and related regional activities increase fiscal transparency and accountability and prevent corruption in the certification of public and private sector accounting professionals.

Performance and Results: USAID's fiscal reform activities are achieving three sets of results that promote financial transparency, accountability, and integrity and combat corruption in public-private

relationships and transactions. The regional anti-corruption activity is generating, testing, implementing, and refining new, practice-oriented diagnostic and analytical tools tailored to the specific anti-corruption programming needs of USAID field missions. The regional accounting reform activity introduced the successful Russian-language CIPA in Russia based on the model first implemented in Central Asia and Ukraine. Through targeted networking, small implementation grants, and online resources, the corporate governance activity has increased public awareness and demand for improved corporate governance within stakeholder and regulatory communities and has provided channels for transfer of knowledge and skills to diverse constituencies involved in combating corruption and promoting integrity in public and private sector relationships and transactions.

US Financing in Thousands of Dollars

Eurasia Regional

110-0120 Fiscal Reform	FSA
Through September 30, 2001	
Obligations	1,931
Expenditures	1,671
Unliquidated	260
Fiscal Year 2002	
Obligations	1,509
Expenditures	408
Through September 30, 2002	
Obligations	3,440
Expenditures	2,079
Unliquidated	1,361
Prior Year Unobligated Funds	
Obligations	205
Planned Fiscal Year 2003 NOA	
Obligations	351
Total Planned Fiscal Year 2003	
Obligations	556
Proposed Fiscal Year 2004 NOA	
Obligations	721
Future Obligations	0
Est. Total Cost	4,717

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Private Enterprise Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	110-0130
Status:	Continuing
Proposed FY 2003 Obligation:	\$557,000 FSA
Prior Year Unobligated:	\$531,000 FSA
Proposed FY 2004 Obligation:	\$553,000 FSA
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2005

Summary: This regional program provides support for the Bureau's enterprise development work across the transition countries of Eurasia in small enterprise support and finance, in commercial dispute resolution, and in encouraging food industry cluster formation, competition, and trade.

Inputs, Outputs, Activities:

FY 2003 Program:

Technical advice and finance for micro, small, and medium enterprise development. (\$278,000 FSA). In order to build institutions and programs capable of supporting the development of micro-, small- and medium-sized business, funding is provided to the NGO community and other organizations to better the business environment, to encourage the provision of business services, and to expand and improve business finance. The principal contractor/grantee is the Microfinance Center in Warsaw.

Encouragement of food industry cluster formation, competition, and trade on a regional basis. (\$279,000 FSA). Contacts with agribusiness and food industry firms are being pursued throughout the region to identify clusters of business that are capable and committed to working together to produce quality products that respond to the demands of the markets in the region and beyond. Clusters in two countries will be chosen and technical assistance will be provided to the clusters. The principal contractor/grantee is Chemonics.

FY 2004 Program:

Encouragement of food industry cluster formation, competition, and trade on a regional basis. (\$553,000 FSA). The work with the clusters chosen in two countries will continue. USAID will work with the groupings of businesses to better understand the demands of the markets, to improve the business environment directly impacting the cluster, to improve the productivity up and down the supply chain, and to participate actively in trade.

Performance and Results: Nearly all USAID programs have focused significant bilateral resources on improving the environment for private sector economic growth. In each of the countries in the region, policy reforms and laws have been enacted to give the private sector greater access to information, credit, technology, markets, and an improved commercial legal and regulatory environment. Land reform is beginning to take hold and land consolidation is proving profitable. Through various private sector endeavors in both the agricultural and non-agricultural areas, the private sector is gaining greater access to credit, technology, and information. Trade and investment events and other activities have generated momentum as well as competition among domestic businesses. USAID's clients are beginning to look beyond their borders and request information and technology needed to be competitive in regional and international markets. Support to business and farmer associations is enabling firms and farmers throughout the region to improve product value and volume, primarily for sale in domestic, regional, or European Union markets.

US Financing in Thousands of Dollars

Eurasia Regional

	ESF	FSA
110-0130 Private Enterprise Development		
Through September 30, 2001		
Obligations	15,092	88,279
Expenditures	14,792	77,246
Unliquidated	300	11,033
Fiscal Year 2002		
Obligations	0	2,604
Expenditures	208	2,896
Through September 30, 2002		
Obligations	15,092	90,883
Expenditures	15,000	80,142
Unliquidated	92	10,741
Prior Year Unobligated Funds		
Obligations	0	531
Planned Fiscal Year 2003 NOA		
Obligations	0	557
Total Planned Fiscal Year 2003		
Obligations	0	1,088
Proposed Fiscal Year 2004 NOA		
Obligations	0	553
Future Obligations	0	0
Est. Total Cost	15,092	92,524

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Strengthening the Financial Sector
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	110-0140
Status:	Continuing
Proposed FY 2003 Obligation:	\$402,000 FSA
Prior Year Unobligated:	\$395,000 FSA
Proposed FY 2004 Obligation:	\$826,000 FSA
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2006

Summary: The goal of activities under SO 1.4 is to accelerate the development of sound, vibrant, private, and competitive financial sectors in Eurasia which promote growing financial intermediation in support of private sector development and sustainable economic growth. The focus of the regional activities is on the introduction of new products to broaden and deepen the financial sector, cross-border trading and risk management, institutional development and capacity building of financial and regulatory institutions, and anti-money laundering activities. A key element in all the programs is harmonization and meeting international standards to ensure faster integration of financial markets into the international financial system.

Inputs, Outputs, Activities:

FY 2003 Program:

Competitive financial markets (\$150,000 FSA). USAID will provide technical support in select countries to structure and place corporate debt instruments. Building upon pilot projects in several countries, a comprehensive package of resource materials to support corporate debt issuance in other countries in the region will be developed. A corporate bond workshop will be held bringing together bond market experts and practitioners with public and private financial sector players in the region.

A secondary mortgage market workshop will be held which brings together American and European mortgage finance experts with bankers, financial sector regulators, government housing officials, and international financial institutions to promote standardization and harmonization of mortgage finance practices in the region with international standards and norms.

Both the corporate bond and mortgage finance activities intend to establish regional networks or working groups of primarily private financial sector practitioners to develop specific recommendations regarding regional harmonization of financial sector laws, policies, and practices to facilitate greater financial flows and cross-border placement and trading. A communications mechanism to provide an interactive on-line forum and a posting point for resources and materials will be established. Primary contractors are Deloitte Touche, Chemonics, and Urban Institute.

Policy and technical support to missions (\$252,000 FSA). Supports technical expertise for financial sector reform in the region.

FY 2004 Program:

Competitive financial markets (\$150,000 FSA). Technical support in additional countries in the region is contemplated as well as a second workshop building on the findings of the first workshop.

A second workshop is contemplated targeted on a specific obstacle identified in the assessments, the workshop, and the regional working group that is established.

Policy and technical support to missions (\$676,000 FSA). Supports technical expertise for financial sector reform in the region.

Performance and Results: The first activities - assessment, templates, and workshops - will take place in FY 2003.

US Financing in Thousands of Dollars

Eurasia Regional

110-0140 Strengthening the Financial Sector	ESF	FSA
Through September 30, 2001		
Obligations	175	14,308
Expenditures	175	13,260
Unliquidated	0	1,048
Fiscal Year 2002		
Obligations	0	901
Expenditures	0	511
Through September 30, 2002		
Obligations	175	15,209
Expenditures	175	13,771
Unliquidated	0	1,438
Prior Year Unobligated Funds		
Obligations	0	395
Planned Fiscal Year 2003 NOA		
Obligations	0	402
Total Planned Fiscal Year 2003		
Obligations	0	797
Proposed Fiscal Year 2004 NOA		
Obligations	0	826
Future Obligations	0	0
Est. Total Cost	175	16,832

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Sustainable Energy Systems
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	110-0150
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,458,000 FSA
Prior Year Unobligated:	\$47,000 FSA
Proposed FY 2004 Obligation:	\$1,240,000 FSA
Year of Initial Obligation:	FY 1991
Estimated Completion Date:	FY 2006

Summary: The regional energy program increases regional cooperation in electricity, heat, and gas regulatory harmonization, market development, and energy efficiency.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve energy regulatory capacities (\$400,000 FSA). The development of professional, independent energy regulatory agencies is a central requirement of creating efficient and financially viable energy systems in this region. Seven countries in Eurasia have established such bodies and are members of the Energy Regulators Regional Association (ERRA). This program element finances a cooperative agreement with the U.S. Association of Regulatory Utility Commissions to support the professional development programs and regulatory exchanges of the ERRA. The regulators work together on practical, common issues in tariff policy and implementation, licensing and standards, market design and operation, public involvement and anti-corruption. Since ERRA includes eleven Central European countries, it serves as a useful mechanism to keep the Eurasia regulators up-to-date on regulatory developing related to EU accession.

Promote private financing and investment in energy efficiency (\$250,000 FSA). USAID has been working with municipal governments and private/NGO groups to overcome barriers to commercial financing of energy efficiency. Funding support will continue for the region- wide Municipal Energy Efficiency Network (MUNEE). Through a cooperative agreement with the Alliance to Save Energy, the MUNEE network involves NGOs in Russia, Ukraine, Moldova, Armenia, Georgia, and Kazakhstan in training and comparative policy work with Eastern European counterparts on methodologies for management and financing of municipal energy efficiency projects. The network also involves energy service companies, banks, and international financial organizations. Missions in Moldova and Armenia are implementing energy efficiency activities through this regional mechanism.

Provide policy and technical support (\$808,000 FSA). This element of the program is financing regional analyses on energy infrastructure development issues, e.g., low income energy needs and strategies, and provides critical technical expertise to support mission programs and manage regional contracts.

FY 2004 Program:

Improve policy and energy regulatory capacities (\$1,040,000 FSA). USAID will provide continued funding to the National Association of Regulatory Utility Commissioners (NARUC) for the Energy Regulatory Regional Association. The emphasis in FY 2004 will be on development of a training strategy and pilot activities that seek to move ERRA towards greater financial sustainability and cost-sharing. Close collaboration is planned with the Council of European Energy Regulators (CEER), which is participating in selected ERRA activities at their own expense. In addition to financing technical expertise to support mission programs and manage regional projects, this component will focus on East-West energy system integration issues in electricity and natural gas as part of an overall effort involving both Europe and Eurasia missions.

Promote private financing and investment in energy efficiency (\$200,000 FSA). USAID will continue to foster the exchange of experiences in municipal energy efficiency programs and efforts to develop regional financing mechanisms with private banks and energy service companies. The focus will be on: replication of successful concession, management contract experiences in district heating system; the role of energy efficiency to help low-income households meet the rising costs of energy; and more efficient alternatives to electricity for space heating.

Performance and Results: USAID regional energy programs have achieved significant results by focusing resources on strategic regional institutional development. For example, a success story has been the development, through a cooperative effort with NARUC of the Energy Regulators Regional Association, an independent association of 19 national energy regulatory agencies legally-registered in Hungary, and the improvement of the knowledge and credibility of the new energy regulatory agencies in the countries and in the region. In addition, under a partnership with the Alliance to Save Energy, a network of committed NGOs and private organizations has been established through which lessons in municipal efficiency and heat projects have been disseminated and municipal capabilities increased.

US Financing in Thousands of Dollars

Eurasia Regional

	ESF	FSA
110-0150 Sustainable Energy Systems		
Through September 30, 2001		
Obligations	1,769	20,871
Expenditures	1,769	19,361
Unliquidated	0	1,510
Fiscal Year 2002		
Obligations	0	727
Expenditures	0	923
Through September 30, 2002		
Obligations	1,769	21,598
Expenditures	1,769	20,284
Unliquidated	0	1,314
Prior Year Unobligated Funds		
Obligations	0	47
Planned Fiscal Year 2003 NOA		
Obligations	0	1,458
Total Planned Fiscal Year 2003		
Obligations	0	1,505
Proposed Fiscal Year 2004 NOA		
Obligations	0	1,240
Future Obligations	0	0
Est. Total Cost	1,769	24,343

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Better Environmental Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	110-0160
Status:	Continuing
Proposed FY 2003 Obligation:	\$391,000 FSA
Prior Year Unobligated:	\$781,000 FSA
Proposed FY 2004 Obligation:	\$632,000 FSA
Year of Initial Obligation:	FY 1993
Estimated Completion Date:	FY 2006

Summary: Decades of abuse of the environment under the communist governments and command economies took their toll on the countries in the region. The transition to free markets provides unique opportunities to introduce innovative approaches to incorporating the efficiencies of cleaner production into the industrial cycle and to end subsidies that waste power, water, and raw material. The purposes of the program are to develop partnerships between U.S. firms and businesses and municipalities to solve environmental problems.

Inputs, Outputs, Activities:

FY 2003 Program:

Environmental impact compliance (\$391,000 FSA). Each USAID activity must go through environmental impact assessment prior to obligation, pursuant to the Agency's federal impact assessment regulations (22 CFR 216). This funding provides technical support, helping to ensure that potentially significant adverse environmental impacts are identified prior to project start-up and mitigated to acceptable levels.

FY 2004 Program:

Environmental impact compliance (\$632,000 FSA). This funding will continue to provide technical support, helping to ensure that potentially significant adverse environmental impacts are identified prior to project start-up and mitigated to acceptable levels.

Performance and Results: Over this past year, EcoLinks conducted two cycles of competitively awarded Challenge Grants to promote market-based solutions to environmental problems and provided a follow-on grant to support financing of a previous Challenge Grant project. EcoLinks to date has leveraged \$10 million in follow-on investment for environmental technology in the region.

The E&E Bureau processes over 150 impact assessments annually. While no programs were significantly delayed or cancelled due to environmental compliance requirements, many were brought into compliance by careful design of mitigation measures to ensure minimal environmental damage while still meeting USAID development objectives.

US Financing in Thousands of Dollars

Eurasia Regional

	ESF	FSA
110-0160 Better Environmental Management		
Through September 30, 2001		
Obligations	3	15,858
Expenditures	3	12,019
Unliquidated	0	3,839
Fiscal Year 2002		
Obligations	0	1,178
Expenditures	0	3,439
Through September 30, 2002		
Obligations	3	17,036
Expenditures	3	15,458
Unliquidated	0	1,578
Prior Year Unobligated Funds		
Obligations	0	781
Planned Fiscal Year 2003 NOA		
Obligations	0	391
Total Planned Fiscal Year 2003		
Obligations	0	1,172
Proposed Fiscal Year 2004 NOA		
Obligations	0	632
Future Obligations	0	0
Est. Total Cost	3	18,840

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Civil Society
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	110-0210
Status:	Continuing
Proposed FY 2003 Obligation:	\$571,000 FSA
Prior Year Unobligated:	\$396,000 FSA
Proposed FY 2004 Obligation:	\$473,000 FSA
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2006

Summary: USAID's program to increase the quality and quantity of citizen participation in the political and economic decision-making includes grants, training, and technical assistance in the following areas: Civil society and NGO strengthening; independent media support; and program development support.

Inputs, Outputs, Activities:

FY 2003 Program:

Civil society and NGO strengthening (\$225,000 FSA). The Regional Networking Program (RNP) strengthens the capacity NGOs to inform public opinion and to influence public policy to accelerate the region's transition to open political and economic systems. RNP will devote special effort in FY 2003 to promoting cross-border initiatives between Central and Eastern Europe and Eurasian organizations that inform public opinion and promote the on-going reform process. Activities will include a major conference, exchanges, and grants. The principal grantee is Freedom House.

The NGO Legal Reform Initiative (NGOLRI) works to develop legal frameworks that support the constructive role of non-profit organizations in their communities. In FY 2003, NGOLRI will encourage the sharing of lessons between CEE and Eurasia through joint research projects, cross-border consultations, translating and digitizing materials, and sponsoring participation in meetings of inter-regional interest. FY2003 is anticipated to be the last year of funding for this project. The principal grantee is the International Center for Not-for-Profit Law (ICNL).

Support for independent media (\$100,000 FSA). The Regional Media Program strengthens independent print and broadcast media in the region by creating linkages between journalists and other media professionals throughout the region and encouraging coverage of issues of regional importance. FY 2003 priorities include encouraging more cross border and regional investigative reporting; monitoring media legal issues, including the drafting and implementation of media laws; defining best practices in media development; and assessing and ranking media systems in the region through the Media Sustainability Index (MSI). The principal grantee is IREX.

Program development support (\$246,000 FSA). The above program areas will be supported by program-funded technical staff, travel, conferences, and informational meetings.

FY 2004 Program:

Civil society and NGO strengthening (\$88,000 FSA). In FY 2004, RNP will continue its efforts to strengthen key think tanks and civic organizations with institutional grants and anticipates increased regional networking and grant activities between Eurasia and CEE with support from USAID as well as private sources.

Support for independent media (\$100,000 FSA). The Regional Media Program will continue to support regional and cross-border media development activities, creating linkages between journalists in different countries.

Program development support (\$285,000 FSA). Program-funded staff, travel, conferences and meetings will continue to support the above program areas.

Performance and Results: In addition to the award of 14 grants and sponsorship of partnership exchanges, RNP completed a strategic plan for the program's expansion to Russia and Eurasia and to diversify funding sources for this successful networking activity. NGOLRI focused on issues surrounding NGO taxation and began work to expand a comparative survey of tax laws affecting NGOs in the region to cover Eurasian countries as well, which will thereafter be available to support NGO tax reform in specific countries.

The Regional Media Program funded the second edition of the MSI; increased the number of investigative journalism stories that led to real reform; continued work on defining best practices in media development; and promoted greater cooperation between European partners and USAID in drafting media laws and monitoring their implementation. Several noteworthy investigative articles were published with support from the Regional Media Program, including an article on smuggling in Georgia and an article on crimes and murders concealed by the army in Armenia.

US Financing in Thousands of Dollars

Eurasia Regional

110-0210 Civil Society	ESF	FSA
Through September 30, 2001		
Obligations	799	7,293
Expenditures	799	6,581
Unliquidated	0	712
Fiscal Year 2002		
Obligations	0	823
Expenditures	0	741
Through September 30, 2002		
Obligations	799	8,116
Expenditures	799	7,322
Unliquidated	0	794
Prior Year Unobligated Funds		
Obligations	0	396
Planned Fiscal Year 2003 NOA		
Obligations	0	571
Total Planned Fiscal Year 2003		
Obligations	0	967
Proposed Fiscal Year 2004 NOA		
Obligations	0	473
Future Obligations	0	0
Est. Total Cost	799	9,556

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	110-0220
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,410,000 FSA
Prior Year Unobligated:	\$800,000 FSA
Proposed FY 2004 Obligation:	\$1,326,000 FSA
Year of Initial Obligation:	FY 1993
Estimated Completion Date:	FY 2006

Summary: USAID's rule of law program promotes legal systems that better support democratic processes and market reforms through training, grants, and technical assistance in the following areas: regional approaches to legal education, including distance learning; building local legal reform organizations; and program development support for missions in rule of law and anti-corruption.

Inputs, Outputs, Activities:

FY 2003 Program:

Rule of law (\$1,410,000 FSA). USAID will continue to fund a series of training courses, each specifically tailored to the needs of E&E judges and lawyers. USAID is completing its final review of the organizational assessment conducted in FY 2002 describing how its program supporting a regional legal institute in Prague fits with the existing regional network of legal training and support institutions. This assessment includes a description of the roles and relationships of the program and its advisory board with collaborating institutions. In addition to the course titled "Judging in a Democratic Society," USAID will organize the development of training for human rights lawyers as a stand-alone course for Eurasia judges and legal specialists. The Eurasia regional institution building program has expanded to support in-country institution building advisors in eight countries. This is a critical advance for the program, and it is consistent with accelerating efforts to transfer increased responsibility for reform efforts to national staff.

The Distance Learning Program will assess the feasibility of developing, implementing, and sustaining supported distance learning legal studies partnerships in Europe and Eurasia. A preliminary business plan for long-term sustainability of the project will be developed as appropriate.

An additional country assessment is being considered as part of the E&E Regional Legal Impact Assessment, following which all eight country assessment findings will be synthesized into a final report on impact experience in the E&E region. Support to missions will continue with assessments, strategy advice, and program design to support mission rule of law and anti-corruption objectives. No new initiatives are planned to start in FY 2003. Principal contractors/grantees are: American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI) (prime); Management Systems International (prime); Florida State University (prime); and local legal reform organizations.

FY 2004 Program:

Rule of law (\$1,326,000 FSA). In FY 2004, funding will be used to continue the institutionalization of legal education for Eurasians, both in Prague and via distance learning methods. It will also be used to continue to support the development of local legal reform NGO's so that they become sustainable, viable entities, and to continue assessments, strategy advice, and program support to missions.

Performance and Results: In FY 2002, USAID completed its support to the Organisation for Economic Cooperation and Development (OECD) Anti-Corruption Network. Following the review of various proposals, USAID also transferred its Anti-Corruption Gateway for Europe & Eurasia website (<http://www.nobribes.org>) to Transparency International/Russia (TI/Russia) and the American Bar

Association/Central European and Eurasian Law Initiative (ABA/CEELI). TI/Russia and ABA/CEELI have agreed to operate the website jointly without USAID funding.

A business and sustainability plan has been completed for the legal institute in Prague, which establishes a fundraising committee. The committee has met with several corporations with interests in the region. Among other corporations, Exxon-Mobil and Microsoft have made initial gifts and pledges. Five local legal reform organizations in Central Asia have been through a first-round assessment workshop, culminating in 1-2 year organizational development plans. One organization reduced its reliance on development donor funding and is well on its way to financial sustainability.

The E&E regional rule of law impact assessment program began in October 2001. Two additional country assessments were completed in FY 2002 (Georgia and Ukraine), bringing to six the total number of country assessments completed so far.

USAID continued to provide support to Eurasia missions, e.g., a combined rule of law and anti-corruption assessment was conducted for USAID/Armenia to support the development of its strategy for the period FY 2004-FY 2008.

US Financing in Thousands of Dollars

Eurasia Regional

	ESF	FSA
110-0220 Rule of Law		
Through September 30, 2001		
Obligations	52	11,495
Expenditures	52	10,816
Unliquidated	0	679
Fiscal Year 2002		
Obligations	0	697
Expenditures	0	795
Through September 30, 2002		
Obligations	52	12,192
Expenditures	52	11,611
Unliquidated	0	581
Prior Year Unobligated Funds		
Obligations	0	800
Planned Fiscal Year 2003 NOA		
Obligations	0	1,410
Total Planned Fiscal Year 2003		
Obligations	0	2,210
Proposed Fiscal Year 2004 NOA		
Obligations	0	1,326
Future Obligations	0	0
Est. Total Cost	52	15,728

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Local Government and Urban Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	110-0230
Status:	Continuing
Proposed FY 2003 Obligation:	\$508,000 FSA
Prior Year Unobligated:	\$803,000 FSA
Proposed FY 2004 Obligation:	\$327,000 FSA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2006

Summary: The USAID Eurasia Regional Local Government and Urban Development program consists of activities to strengthen local government.

Inputs, Outputs, Activities:

FY 2003 Program:

Local government and urban development (\$508,000 FSA). USAID will use FY 2003 Freedom Support Act resources to facilitate the decentralization process in Eurasian countries and to assist local governments in becoming more effective, responsive, and accountable to their citizens. Support for better local governance will assist the overall transition to more open, democratic, market-driven societies in the region. The Eurasia regional local government program will draw on region-wide experience to provide technical assistance to overseas missions for the development and implementation of country-specific programs. The program will leverage USG resources by actively participating in the Local Government Information Network (LOGIN), a multi-donor effort to facilitate decentralization and strengthen local government management capacity. The program will conduct regional networking activities (including training, conferences, evaluations, and policy studies) that encourage the transfer of knowledge and practices in areas critical to local government and promote inter-regional cooperation among countries of Eurasia. Topics may include local economic development, municipal finance, strategic planning, crisis management and conflict prevention, fiscal and administrative decentralization, and municipal association development. Contractors for the LOGIN program include ICMA (International City/County Management Association); UI (Urban Institute); MSI (Management Systems International); Chemonics; and DAI (Development Alternatives International).

FY 2004 Program:

Local government and urban development (\$327,000 FSA). Regional activities under this program will be similar to those in FY 2003, focusing on the further development of the LOGIN Network. The World Bank, the United Nations Development Program; the Open Society Institute; and key regional counterpart organizations contribute significant resources to the LOGIN program.

Performance and Results: At the Eurasian regional level, USAID has successfully implemented the LOGIN Internet portal in two Eurasian countries, Russia and Ukraine, and will expand this group by the end of 2003. It has successfully developed software to operate in several languages.

US Financing in Thousands of Dollars

Eurasia Regional

110-0230 Local Government and Urban Development	ESF	FSA
Through September 30, 2001		
Obligations	81	3,826
Expenditures	81	3,106
Unliquidated	0	720
Fiscal Year 2002		
Obligations	0	605
Expenditures	0	675
Through September 30, 2002		
Obligations	81	4,431
Expenditures	81	3,781
Unliquidated	0	650
Prior Year Unobligated Funds		
Obligations	0	803
Planned Fiscal Year 2003 NOA		
Obligations	0	508
Total Planned Fiscal Year 2003		
Obligations	0	1,311
Proposed Fiscal Year 2004 NOA		
Obligations	0	327
Future Obligations	0	0
Est. Total Cost	81	6,069

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Health Promotion and Care
Pillar:	Global Health
Strategic Objective:	110-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,640,000 FSA
Prior Year Unobligated:	\$5,531,000 FSA
Proposed FY 2004 Obligation:	\$4,505,000 FSA
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2004

Summary: The collapse of communism resulted in a difficult transition from planned to market economies in the 1990s. The health of the population and the capacity of the health systems to serve them have worsened in the 12 countries of the Eurasia Region. USAID's Regional Program seeks to increase health promotion and access to quality health care by providing technical assistance, training, and related activities to promote synergy among USAID's bilateral programs and to expand opportunities for USAID Missions, implementing partners, and Eurasian countries to learn from each other.

Inputs, Outputs, Activities:

FY 2003 Program:

Prevent the spread of HIV/AIDS (\$1,038,000 FSA). Cross-border activities to control the epidemic and to strengthen policy dialogue in 2003 include developing treatment standards for sexually transmitted infections; testing computer models for projecting the impact of HIV/AIDS prevention activities; developing cost data on the impact of AIDS on health systems; and expanding information networks for youth. The regional program includes the *Baltic Sea Initiative* in which Kaliningrad and St. Petersburg, Russia collaborate with the three Baltic countries to build the capacity of non-governmental organizations (NGOs) through technical assistance and small grants that expand interventions to prevent the spread of HIV/AIDS. A condom social marketing program is beginning in St. Petersburg. The Odessa, Ukraine demonstration activity to prevent transmission of HIV from mother to infant will be transferred to USAID/Ukraine to serve as a model for a national prevention program and this model will be replicated in the region, once a site has been selected. Principal contractors, grantees, and agencies include Ministries of Health in Eurasia, Family Health International, Open Society Institute (OSI), Population Services International, UNAIDS, the U.S. Department of Health and Human Services, the World Health Organization, and the World Bank.

Control the spread of tuberculosis (TB) and anti-microbial resistance (\$830,000 FSA). The regional program includes a cross-border activity between Moldova and Romania to strengthen TB diagnostic laboratories and to improve procurement of pharmaceuticals for treating TB in both countries. A pocket guide for primary health care physicians, drafted collaboratively by U.S. and Eurasian experts, will be field tested in 2003. The final evaluation report on TB control programs in the region will be disseminated to improve programs. Four partnership infection-control-training centers have initiated a study to determine the level of drug resistance among pregnant women with urinary tract infections; the results will be available in 2003. Principal contractors, grantees, and agencies include Ministries of Health in Eurasia, the American International Health Alliance, the Royal Netherlands Tuberculosis Association, Management Sciences for Health, Open Society Institute (OSI), the U.S. Department of Health and Human Services, and the World Health Organization.

Improve child survival (\$1,048,000 FSA). Prevention of iodine deficiency disorder will address the leading preventable cause of mental retardation for children in Eurasia, building on community-based primary care and health promotion initiatives. Sixteen neonatal resuscitation training centers in six countries

function as a health partnership network to improve pregnancy outcome in the region. Principal grantees and agencies include American International Health Alliance, Kiwanis, and UNICEF.

Improve reproductive health (\$885,000 FSA). The regional program supports linkages of 24 women's wellness centers and 22 primary health care centers in the Eurasia Health Partnership Program. These linkages help identify lessons learned among successful health partnerships to form task forces that develop treatment guidelines for improving quality of reproductive health care. Principal cooperating agency is American International Health Alliance.

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

Support health reform (\$1,839,000 FSA). Regional funding for the Eurasia Health Partnership Program supports regional workshops; information exchange through 123 learning resource centers; and cross-border initiatives to develop professional cadres of health workers and managers. It also supports a network of 14 emergency medical training centers. An associated activity is the Carelift program that delivers supplies, medical equipment, and related maintenance training to AIHA partnerships in nine Eurasia countries.

FY 2004 Program:

Prevent the spread of HIV/AIDS (\$1,038,000 FSA). Sustainability plans will be completed in the final year of funding for the Baltic Sea Initiative. Policy dialogue tools will be tested and will become available for use by USAID Missions. Professional associations in five countries will adopt guidelines for treatment of sexually transmitted infections.

Control the spread of tuberculosis (TB) and anti-microbial resistance (\$730,000 FSA). Revision of a model infection control policy of the Former Soviet Union will be completed and will change the practice of public health in Eurasia. Moldova's TB laboratory and drug management systems will begin functioning in a more cost-effective manner and a drug information center will be established in Moldova.

Improve child survival (\$798,000 FSA). Additional funding will contribute to the sustainability of the neonatal resuscitation-training program and will consolidate efforts to reduce iodine deficiency disorder.

Improve reproductive health (\$885,000 FSA). Additional funding will improve women's health in Eurasia.

Support health reform (\$1,054,000 FSA). The health partnership network will continue policy dialogue; cross-border collaboration to further develop professional cadres of health workers and managers; and sharing of lessons learned to deepen health reform in Eurasia.

Performance and Results: The prevention of transmission at the Odessa Oblast Hospital has demonstrated a 50% reduction in the rate of HIV transmission from infected mothers to their infants since 2001. In 2002 Kazakhstan, Russia, Ukraine, and Uzbekistan participated in a region-wide evaluation of USAID TB programs, the first such TB evaluation in the Agency. As a result of the cross-border TB activity between Moldova and Romania, USAID/Moldova will initiate a bilateral TB program in 2003. The four infection control centers trained 1,936 epidemiologists and practitioners to decrease provider caused infections and drug resistance. The Russian Ministry of Health requested assistance from the St. Petersburg infection-control training center, in collaboration with the Almaty center, to revise Prikaz #720, the 1970s Soviet Union infection control policy. In maternal and child health, the Ministries of Health in five countries have adopted, partially or fully, the Neonatal Resuscitation Program guidelines, which are based on those of the American Academy of Pediatrics. During the second half of FY 2002, women's wellness and primary health care centers reported nearly 1,400,000 patient visits. In 2002, Carelift delivered \$1.8 million in goods and services, bringing the FY 2000 - FY 2002 total to \$8.35 million. In kind contributions through the health partnership program since FY 1999 are estimated at \$51 million. Over 700 participants from 37 countries attended a conference to review Ten Years of Health Systems Transition in the E&E region. The exchange of lessons learned provided new insights and challenges to each country.

US Financing in Thousands of Dollars

Eurasia Regional

110-0320 Health Promotion and Care	CSH	ESF	FSA
Through September 30, 2001			
Obligations	415	13,833	46,049
Expenditures	0	13,829	39,040
Unliquidated	415	4	7,009
Fiscal Year 2002			
Obligations	135	0	5,738
Expenditures	292	2	4,499
Through September 30, 2002			
Obligations	550	13,833	51,787
Expenditures	292	13,831	43,539
Unliquidated	258	2	8,248
Prior Year Unobligated Funds			
Obligations	0	0	5,531
Planned Fiscal Year 2003 NOA			
Obligations	0	0	5,640
Total Planned Fiscal Year 2003			
Obligations	0	0	11,171
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	4,505
Future Obligations	0	0	0
Est. Total Cost	550	13,833	67,463

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Social Sector Reform
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	110-0340
Status:	Continuing
Proposed FY 2003 Obligation:	\$340,000 FSA
Prior Year Unobligated:	\$98,000 FSA
Proposed FY 2004 Obligation:	\$200,000 FSA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: USAID's regional social sector program in Eurasia includes analytical work, technical assistance, and dissemination of best practices to: promote programs to protect vulnerable groups; improve labor market function and education system reform at all levels; improve the strategic approaches taken by missions to mitigate adverse social conditions and trends, which include tracking key social indicators and benchmarking country performance, and facilitating the transfer and sustainability of social sector reform efforts in countries preparing to graduate from USAID assistance.

Inputs, Outputs, Activities:

FY 2003 Program:

Promote programs to protect vulnerable ethnic or demographic groups (\$100,000 FSA). USAID will pilot test a rapid, cost-effective methodology to identify and address issues negatively affecting youth. Previously assumed to be untarnished by the communist legacy and ready champions of market-based democracy, the youth population in the E&E Region has instead evinced high rates of unemployment, drug use, crime, social disaffection, and reduced rates of educational attainment and civic commitment. This rapid appraisal methodology will make it possible for missions to hone in on specific crises affecting young people in their country and develop targeted, effective interventions with the goal of improving youth's adaptation and participation in market-based democracies. Principal contractors include: International Science and Technology Institute (prime) and Aguirre International (sub).

Improve labor market function and education system reform at all levels (\$80,000 FSA) USAID in FY 2003 is providing ongoing technical assistance to field missions developing strategies to improve labor market function (Armenia, Georgia); evaluate human capacity and education reform (Armenia, Georgia); and implement a basic education reform program (CARs).

Strategic analysis, support and coordination. (\$160,000 FSA). Program-funded technical staff carry out critical strategic analysis on social sector topics and provide support to E&E senior management, field missions and other Washington USAID operating units. In addition they will coordinate information on social sector issues and programs with policy and pillar bureau colleagues, other U.S. government agencies, other donor agencies, implementing partners, and non-governmental organizations. A key focus of staff will be on those field missions that are introducing, improving, or evaluating social transition programs. Staff will also give special attention to critical social problems that left untreated could impede timely country graduation. Additionally, funds will support a second workshop in the region to disseminate best practices in social sector reform; improve content on the ST website; and track key indicators such as safety net performance, education, employment and income security, and poverty. Principal contractors include: International Science and Technology Institute (prime) and Aguirre International (sub).

FY 2004 Program:

Strategic analysis, support and coordination (\$200,000 FSA). Staff will continue to provide strategic guidance and technical assistance to field missions, as well as provide support to E&E senior

management and Washington USAID operating units. Coordination with policy and pillar bureau colleagues, other U.S. government agencies, other donor agencies, implementing partners, and non-governmental organizations will be a continued priority.

In FY 2004, USAID will also complete a region-wide assessment to benchmark the status of social transition indicators to guide further programming and facilitate the transfer and sustainability of social sector reform efforts in countries preparing to graduate from USAID assistance. The results of this assessment will be the subject of the third regional workshop and disseminated through the social transition website. Principal contractors include the International Science and Technology Institute (prime) and Aguirre International (sub).

Performance and Results: The results achieved under this objective will improve the sustainability of USAID's assistance in E&E countries by helping to halt and eventually reverse the declines in social welfare experienced by citizens in the transition countries. In addition to reducing human suffering and deprivation, strategic assistance in the social sectors increases public support for reform in among citizens in countries who had been accustomed to relatively high levels of social services.

In the last year, strategic analysis and recommendation led USAID/CARs to adopt a program to reform the basic education system. Over time, this effort will yield an important public alternative to the proliferation of private schools whose core values are influenced by the ideas of Islamic extremism. Technical review also led USAID/Armenia to re-examine its approach to labor market interventions and provided USAID/Russia with programming options to assist youth.

Representatives from five Eurasia missions (Belarus, Ukraine, Russia, Armenia, Georgia) attended the first ST workshop and contributed to discussions and presentations of best practices, strengthening the basis for comparison of social indices across the region.

US Financing in Thousands of Dollars

Eurasia Regional

110-0340 Social Sector Reform	FSA
Through September 30, 2001	
Obligations	2,111
Expenditures	107
Unliquidated	2,004
Fiscal Year 2002	
Obligations	523
Expenditures	2,190
Through September 30, 2002	
Obligations	2,634
Expenditures	2,297
Unliquidated	337
Prior Year Unobligated Funds	
Obligations	98
Planned Fiscal Year 2003 NOA	
Obligations	340
Total Planned Fiscal Year 2003	
Obligations	438
Proposed Fiscal Year 2004 NOA	
Obligations	200
Future Obligations	0
Est. Total Cost	3,272

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	110-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,372,000 FSA
Prior Year Unobligated:	\$4,129,000 FSA
Proposed FY 2004 Obligation:	\$4,127,000 FSA
Year of Initial Obligation:	FY 1993
Estimated Completion Date:	FY 2008

Summary: The USAID regional cross-cutting program support objective supports activities that contribute to the achievement of other bureau objectives and agency initiatives. The objective comprises the following key elements: training, values, program develop and support, and special activities.

Inputs, Outputs, Activities:

FY 2003 Program:

Training (\$948,000 FSA). Technical and administrative support is provided to all Eurasia missions for training and partnership design, planning and administration, performance monitoring and evaluation, and financial analysis and human capacity assessments. Training is also provided for program-funded staff and partners in performance measurement and reporting and other aspects of assistance oversight. Principal contractors are Aguirre International (prime) and the International Science and Technology Institute (sub).

Values (\$1,300,000 FSA). USAID plans to provide procurement awards to qualified organizations to implement innovative ideas that cultivate and strengthen universally recognized values that support USAID goals and objectives in the region. The goal of this initiative is to achieve positive, lasting attitudinal change, reflected in realizing more permanent advancements in social, economic and political practices.

Values are the necessary underpinning for lasting reforms in promoting democracy, human rights, religious freedom, free and open markets, anti-corruption efforts, and prevention of violence, and reduction of conflict. Failure to focus more attention on cultivating values means that efforts to sustain free societies in post-communist societies could be in vain. Examples of such values include human and minority rights, respect for rule of law, honesty and truthfulness, strong business ethics, saving money, truth in advertising, ending resentment and promoting reconciliation.

Program development and support (\$2,580,000 FSA). Funds will be used to assess particular transition problems such as trafficking, and to evaluate the effectiveness of selected programs being implemented in multiple countries in the region to share lessons learned, improve effectiveness, and deepen an understanding of the progress of transition. In addition, USAID will provide assistance through institutional and personal services contractors (PSCs) to manage activities and to help field missions and their partners design and manage their programs; to support the inter-agency costs of the Washington facility; and, through transfers to a USAID pillar bureau, to support the work of HBCUs.

Special Activities (\$1,544,000 FSA). Funds may be provided for a several activities in Eurasia that support regional activities important to successful transition such as support for small and micro businesses. In addition, funds are expected to be provided to the U.S. National Academy of Sciences to support the U.S.-Israel Cooperative Development Research Program (CDR). The purpose of the CDR Program is to fund collaborative research projects involving scientists from Israel (and the U.S.) working with their counterparts in developing countries on topics relevant to developing-country needs. CDR is a

peer-reviewed competitive grants program based on the premise that innovative development ideas can arise from outside the USAID framework, and is presently the only such program open to all technical topics and regions. CDR only funds applied research, not basic research. Projects are selected based upon technical merit, innovation, relevance to development, and the ability to strengthen the research capacity of developing-country institutions, which receive a substantial portion of each grant.

FY 2004 Program:

The functional areas under this objective to be funded in FY 2004 are: training (\$550,000 FSA), values (\$1,000,000 FSA), and program development and support (\$2,577,000 FSA). Use of funds in these areas will be similar to the uses noted above for FY 2003.

Performance and Results: Under the values component of this objective, specific activities selected organizations might implement could include innovative programs in anti-corruption, cessation of conflict, promotion of inter-religious dialogue, business ethics, corporate governance, anti-trafficking of persons, and information technology/media professionalism. Typical results could be establishment of an ongoing dialogue of reconciliation, joint projects started between previously feuding groups, reduction in number of hate crimes, lower incidence of business and government corruption, reduction in trafficking of persons, establishment of and enforcement of codes of conduct for professional associations, civil society organizations, and government institutions, establishment and enforcement of regulatory bodies, and greater public understanding of ethics in business and government.

The training and program development and support activities will strengthen and improve work under the other Eurasia strategic objectives.

US Financing in Thousands of Dollars

Eurasia Regional

	ESF	FSA
110-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	1,509	76,046
Expenditures	1,494	71,276
Unliquidated	15	4,770
Fiscal Year 2002		
Obligations	0	3,834
Expenditures	0	2,328
Through September 30, 2002		
Obligations	1,509	79,880
Expenditures	1,494	73,604
Unliquidated	15	6,276
Prior Year Unobligated Funds		
Obligations	0	4,129
Planned Fiscal Year 2003 NOA		
Obligations	0	6,372
Total Planned Fiscal Year 2003		
Obligations	0	10,501
Proposed Fiscal Year 2004 NOA		
Obligations	0	4,127
Future Obligations	0	0
Est. Total Cost	1,509	94,508

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Strengthened Humanitarian Responses to Crises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	123-0310
Status:	
Proposed FY 2003 Obligation:	\$2,000,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,000,000 FSA
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2005

Summary: This strategic objective supports critical shelter and health needs in Nagorno-Karabakh (NK).

Inputs, Outputs, Activities:

FY 2003 Program:

Shelter and Health (\$2,000,000 FSA). USAID will renovate approximately 1,000 out of the 3,450 homes identified in 1997 as needing repair; 1,080 homes were repaired during the previous program. USAID will also continue addressing infrastructure needs in potable water/sanitation and irrigation systems. In the health sector, repairs will be made to central and regional hospital departments (e.g., emergency care and infectious diseases), polyclinics, and rural health facilities. Basic equipment and essential pharmaceuticals will complement the achievements in infrastructure rehabilitation of the health facilities. Training on different health areas and health system management will be conducted in targeted facilities, while focusing on the most critical health areas and needs, including child survival, primary health care, and post-war trauma. In addition, training programs will be designed and delivered on the appropriate use of provided medical supplies and pharmaceuticals. Assessments will be carried out to identify needs in such areas as rudimentary school repairs. Principal contractors or grantees are Catholic Relief Services (prime), Family Care (sub), United Methodist Committee on Relief (prime), Halo Trust (prime), and Fund for Armenian Relief (prime).

FY 2004 Program:

Shelter and Health (\$2,000,000 FSA). USAID intends to continue repairing remaining damaged homes, selected hospital departments, polyclinics, and rural health posts. Based on needs, it may also provide basic medical equipment, supplies, and essential pharmaceuticals with associated training. Assistance may also be provided in areas of school repair, irrigation, and potable water/sanitation as identified in needs assessments.

Performance and Results: In FY 2002, assessments of all potable water sites were either completed or are currently underway. USAID succeeded in renovating one potable water system; renovation of the ten remaining potable water systems is currently underway. Construction/rehabilitation of one irrigation canal was completed; the remaining two are currently in progress. Out of three community centers designed for repair, one is complete, and the other two will begin in January 2003. USAID successfully renovated two schools; three more are currently underway. Mobile medical teams initiated visits and provided 554 consultations for approximately 1,600 people in 15 villages.

The living standards of women and their families are being raised through a program that provides credit to women-owned businesses. Since the onset of this program, 365 loans were extended totaling \$151,000. The loans are issued in varying sizes, ranging from \$300 to \$3,000, and interest is 2% per month. Training sessions were conducted for loan recipients in the areas of business planning, production volumes and capacities, market analysis, risk assessment, etc.

There is an estimated 1.5 million square meters of land in NK containing over 15,000 mines. This estimate includes priority areas where human traffic is likely, but excludes areas that are less accessible. In FY 2002, national staff were trained; two 25-man manual de-mining teams are operating to remove unexploded ordnances and mines; 177 minefields were surveyed; and approximately 6,200 mines were identified. Two teams were deployed on 22 sites, 10 of which have been completely cleared and returned to local communities. 208,871 sq/m of contaminated ground and 621 mines were cleared from high priority areas. An NK Mine Action Center was established, and more than 400 "Danger - Mines!" signs were posted around mined areas.

Continued progress in this objective will contribute to meeting the humanitarian needs of the residents of Nagorno-Karabakh Region.

US Financing in Thousands of Dollars

Eurasia Regional

123-0310 Strengthened Humanitarian Responses to Crises	FSA
Through September 30, 2001	
Obligations	18,500
Expenditures	16,370
Unliquidated	2,130
Fiscal Year 2002	
Obligations	4,000
Expenditures	316
Through September 30, 2002	
Obligations	22,500
Expenditures	16,686
Unliquidated	5,814
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	26,500

BUREAU FOR EUROPE AND EURASIA
(Abbreviations and Acronyms)

AAEF	-	Albanian-American Enterprise Fund
ABA	-	American Bar Association
ACDI	-	Agricultural Cooperative Development Institute
ACILS	-	American Council for International Labor Solidarity
ADB	-	Asian Development Bank
ADS	-	Automated Directives System
AED	-	Academy for Educational Development
AEEB	-	Assistance for Eastern Europe and the Baltic States
AIDS	-	Acquired Immune Deficiency Syndrome
AIFLD	-	American Institute for Free Labor Development
AIHA	-	American International Health Alliance
AOJ	-	Administration of Justice
ASHA	-	American Schools and Hospital Abroad
ATI	-	Appropriate Technology International
AWACS	-	AID Worldwide Accounting and Control System
BBC	-	British Broadcasting System
BCN	-	Biodiversity Conservation Network
BiH	-	Bosnia and Herzegovina
CAAEF	-	Central Asian - American Enterprise Fund
CAP	-	Counterpart Alliance for Partnership Program
CAPEL	-	Center for the Promotion of Electoral Assistance
CARE	-	Cooperative for Assistance and Relief Everywhere, Inc.
CDC	-	Centers for Disease Control and Prevention
		Citizens' Democracy Corps
CDIE	-	Center for Development Information and Evaluation
CEE	-	Central and Eastern Europe
CEELI	-	Central and East European Law Institute
CeSID	-	Serbian Center for Free Elections and Democracy
CFO	-	Chief Financial Officers Act
		Chief Financial Officer
CG	-	Consultative Group
CHF	-	Cooperative Housing Foundation
CIDA	-	Canadian International Development Agency
CIFOR	-	Center for International Forestry Research
CIPE	-	Center for International Private Enterprise
CLD	-	Consortium for Legislative Development
CLUSA	-	Cooperative League of the United States of America
COE	-	Council of Europe
CO ₂	-	Carbon Dioxide
CP	-	Congressional Presentation
CPR	-	Contraceptive Prevalence Rate
CRDA	-	Community Revitalization through Democratic Action
CRS	-	Catholic Relief Services
CSM	-	Contraceptive Social Marketing

CSO	-	Civil Society Organizations
DA	-	Development Assistance
DAC	-	Development Assistance Committee
DAF	-	Development Assistance Fund
DAI	-	Development Alternatives, Inc.
DART	-	Disaster Assistance Response Team
DCA	-	Development Credit Authority
DFID	-	British Department for International Development
DG	-	Democracy and Governance
DHS	-	Demographic Health Survey
DOE	-	Department of Energy
DOT	-	Department of Treasury
DRG	-	Diagnostic -Related Group
EAR	-	European Agency for Reconstruction
EBRD	-	European Bank for Reconstruction and Development
EC	-	European Community
	-	European Commission
ECU	-	European Currency Unit
EMED	-	Entrepreneur Management and Executive Development
ENI	-	Europe and New Independent States
EPA	-	Environmental Protection Agency
EPRA	-	Economic Policy Resource Center
EIB	-	European Investment Bank
ESAF	-	Extended Structural Adjustment Facility (IMF)
ESCOs	-	Energy Service Companies
ESF	-	Economic Support Fund
EU	-	European Union
EU/ECHO	-	European Community Humanitarian Office
EU/PHARE	-	European Union - Poland, Hungary, Albania, Romania, Estonia (EU's technical assistance organization for CEE countries)
EU-TACIS	-	European Union - Technical Assistance for the Commonwealth of Independent States
EWMI	-	East West Management Institute
FAO	-	Food and Agriculture Organization
FDA	-	Food and Drug Administration
FDI	-	Foreign Direct Investment
FFP	-	Food for Peace
FLAG	-	Firm Level Assistance Group
FH	-	Freedom House
FH/FNN	-	Freedom House/National Forum Foundation
FINCA	-	Foundation for International Community Assistance
FREEDOM	-	Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (FREEDOM Support Act)
FSA	-	Freedom Support Act
FSVC	-	Financial Services Volunteer Corps
FTF	-	Farmer to Farmer Program
G-7	-	Group of Seven (leading industrialized nations consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States)
G17	-	Serbian Group of 17 (reformist) Economists

GATT	-	General Agreement on Tariffs and Trade
GCC	-	Global Climate Change
GDP	-	Gross Domestic Product
GEF	-	Global Environmental Facility
GHG	-	Green House Gas
GIS	-	Geographic Information System
GNP	-	Gross National Product
GPRA	-	Government Performance Review Act (P.L. 103-62)
GSA	-	General Services Administration
GSP	-	General System of Preference
GSU	-	Georgia State University
GTZ	-	German Organization for Technical Assistance
HA	-	Hectare
HG	-	Housing Guaranty
HIID	-	Harvard Institute of International Development
HIV	-	Human Immuno-deficiency Virus
HMO	-	Health Maintenance Organization
IACCC	-	Inter-Agency Climate Change Committee
IARC	-	International Agricultural Research Center
IAS	-	International Accounting Standards
IBRD	-	International Bank for Reconstruction and Development (World Bank)
IBTC	-	International Business and Technical Consultants
ICASS	-	International Cooperative Administrative Support Services
ICITAP	-	International Criminal Investigation and Training Assistance Program
ICNL	-	International Center for Not-For-Profit Law
ICTY	-	International Criminal Tribunal for Yugoslavia
IDA	-	International Development Association
IDEE	-	Institution for Democracy in Eastern Europe
IDP	-	Internally Displaced People
IESC	-	International Executive Service Corps
IFAD	-	International Fund for Agricultural Development
IFDC	-	International Fertilizer Development Center
IFES	-	International Foundation for Electoral Systems
IFRC	-	International Federation of the Red Cross
IFC	-	International Finance Corporation
IFI	-	International Financial Institute
IFI	-	International Fund for Ireland
IFOR	-	Implementation Force (NATO)
IG	-	Inspector General
ILO	-	International Labor Organization
IOM	-	International Organization for Migration
IMF	-	International Monetary Fund
IREX	-	International Research and Exchanges Board
IRI	-	International Republican Institute
IRIS	-	Center for Institutional Reform in the Informal Sector
ISAR	-	Institute on Soviet - American Relations
JAI	-	Junior Achievement International
JHU/PCS	-	Johns Hopkins University/Population Communication Services
JHPIEGO	-	Johns Hopkins Program providing reproductive health information and education
KFW	-	German Reconstruction Credit Bank

KG	-	Kilogram
LG	-	Local Government
MCH	-	Maternal and Child Health
MDB	-	Multilateral Development Bank
MOF	-	Minister of Finance
MOH	-	Ministry of Health
MSED	-	Micro and Small Enterprise Development
MSH	-	Management Sciences for Health
MT	-	Metric Ton
MW	-	Megawatt
NACP	-	National AIDS Control Program
NAPA	-	National Academy for Public Administration
NATO	-	North Atlantic Treaty Organization
NBG	-	National Bank of Georgia
NCBA	-	National Cooperative Business Association
NDI	-	National Democratic Institute
NEAP	-	National Environmental Action Plan
NED	-	National Endowment for Democracy
NET	-	NIS Exchanges and Training Project
NGO	-	Non-governmental Organization
NIH	-	National Institute of Health
NIS	-	New Independent States of the former Soviet Union
NK	-	Nagorno-Karabakh
NPI	-	New Partnership Initiative
NPR	-	National Performance Review
NTA	-	New Transatlantic Agenda
ODA	-	Official Development Assistance
	-	Overseas Development Administration
OECD	-	Organization for Economic Cooperation and Development
OFDA	-	Office of Foreign Disaster Assistance
OHR	-	Office of the High Representative (in Bosnia-Herzegovina)
OIG	-	Office of the Inspector General
OMB	-	Office of Management and Budget
OSCE	-	Organization for Security and Cooperation in Europe
OTI	-	Office of Transition Initiative
OTPOR	-	Serbian Democracy Group "Resistance"
PASA	-	Participating Agency Service Agreement
PISG	-	Kosovo Provisional Institutions for Self-Government
PMTI	-	Presidential Management Training Initiative
PRF	-	International Planned Parenthood Federation
PSC	-	Personal Service Contract
PVO	-	Private Voluntary Organization
PW	-	Price-Waterhouse
RHUDO	-	Regional Housing and Urban Development Office
RIG	-	Regional Inspector General
ROL	-	Rule of Law

SAI	-	Special Assistance Initiative
	-	Supreme Audit Institution
SEC	-	Securities and Exchange Commission
SEED	-	Support for East European Democracy
SEEU	-	South East European University
SET	-	Supreme Electoral Tribunal
SIDA	-	Swedish International Development Agency
SME	-	Small and Medium Enterprise
SO	-	Strategic Objective
SOE	-	State-Owned Enterprise
STI	-	Sexually Transmitted Infection
SSMSC	-	Stock Market State Commission (Ukraine)
TB	-	Tuberculosis
TNC	-	The Nature Conservancy
TR&D	-	Tropical Research and Development
UMCOR	-	United Methodist Committee on Relief
UN	-	United Nations
UNDP	-	United Nation Development Program
UNECE	-	United Nations Economic Commission for Europe
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UNFPA	-	United Nations Population Fund
UNHCR	-	United Nations High Commission for Refugees
UNHRC	-	United Nations Human Rights Commission
UNICEF	-	United Nations Children Fund
UNMIK	-	United Nations Mission in Kosovo
UNOPS	-	United Nations Operations Support
USAEP	-	United States-Asia Environmental Partnership Initiative
USAID	-	U.S. Agency for International Development
USDA	-	United States Department of Agriculture
USEA	-	United States Energy Association
USFDA	-	U.S. Food and Drug Administration
USIS	-	United States Information Service
USSR	-	Union of Soviet Specialist Republics
VOA	-	Voice of America
VOCA	-	Volunteers in Overseas Cooperative Assistance
WB	-	World Bank
WFF	-	World Wildlife Federation
WFP	-	World Food Program
WHO	-	World Health Organization
WID	-	Women in Development
WOCCU	-	World Council of Credit Unions
WTO	-	World Trade Organization