

Data Sheet

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| USAID Mission: | Regional Development Mission-Asia (RDM-Asia) |
| Program Title: | Regional Governance and Economic Reform |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 486-002 |
| Status: | New in FY 2005 |
| Planned FY 2006 Obligation: | \$6,233,000 DA; \$4,355,000 ESF |
| Prior Year Unobligated: | \$15,000 DA |
| Proposed FY 2007 Obligation: | \$5,768,000 DA; \$4,400,000 ESF |
| Year of Initial Obligation: | 2005 |
| Estimated Year of Final Obligation: | 2009 |

Summary: USAID implements transformation development programs that promote far reaching fundamental changes in economic structures and institutions; encourage public-private partnerships; and support stronger economic integration to meet employment challenges and foster regional economic and political stability. USAID will support the Association of Southeast Asian Nations (ASEAN) Vientiane Action Plan, which aims to enhance trade and economic growth, particularly for its poorer member countries, by fostering regional economic integration. Member states' concern for ensuring their own prosperity in the face of Chinese economic dominance provides an opportunity for the United States to strengthen its ties with Southeast and South Asian partners and leverage development assistance to further U.S. foreign policy goals. USAID's ASEAN Competition Law program will support the development of sound anti-trust laws in the region. USAID may also support and coordinate with the Asia-Pacific Economic Cooperation and other regional bodies. USAID will continue to support selected Trade Capacity Building (TCB) activities in Thailand. In Vietnam, USAID will continue the Support for Trade Acceleration (STAR) program which promotes the legal and economic governance reforms needed for the creation of a market economy, implementation of the U.S.-Vietnam Bilateral Trade Agreement (BTA), and steps necessary for Vietnam's accession to the World Trade Organization (WTO). This highly successful program is now a model to be included in a new, regional economic governance program with opportunistic aspects to be replicated within the region. Support will also be provided for development and increased participation in global trade and advocacy by Vietnam's private sector, smallholder farmers, and civil society. These activities comprise USAID's total assistance to Vietnam under this objective (FY 2006 DA: \$2,075,000; FY 2006 ESF: \$990,000; FY 2007 DA: \$2,440,000; FY 2007 ESF: \$1,000,000).

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$2,861,000 DA; \$1,000,000 ESF). The South East Asia Commercial Law and Institutional Reform Assessment provides the information on which to base the economic integration mandated by ASEAN's Vientiane Action Plan, develops champions for legal reform, and facilitates the alignment of laws required for a strong, dynamic economic community. USAID's Technical Assistance Program in Competition Law for ASEAN assists in building national and regional capacity for creating and enforcing antitrust (competition) law. In Thailand, USAID continues to provide TCB assistance to the Government to pursue negotiations for a US-Thai Free Trade Agreement. The Accelerating Economic Recovery in Asia program also continues to increase capacity of workforce and businesses in the private sector. In Vietnam, USAID promotes the legal reforms needed to successfully implement BTA, makes WTO reforms, and advances private sector growth. Funds also support accelerated capital market development and governance reform activities at the provincial level, building on the successful Provincial Competitiveness Index, policy studies, and best-practice governance models. Principal Implementers: Booz Allen Hamilton, IBM Business Consulting Service, Kenan Institute Asia, Development Alternatives Inc., The Asia Foundation (TAF), U.S. Securities and Exchange Commission, U.S. Department of Justice, and U.S. Federal Trade Commission.

Increase Trade and Investment (\$2,881,000 DA; \$3,355,000 ESF; \$15,000 DA Prior Year Unobligated). USAID is implementing a new, Regional Economic Governance Program to further implementation of free

trade agreements and promote market-driven economic systems. The US-ASEAN Technical Assistance and Training Facility is assisting the Secretariat and selected member countries to increase economic integration and trade capacity. Activities also enhance private sector growth and competitiveness. In Vietnam's Central Highlands, USAID is exploring the participation of smallholder farmers in global trade by supporting profitable and sustainable cocoa production. Principal Implementers: Development Alternatives, Inc. (DAI), Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance, International Trade Center/WTO, and Nathan Associates Inc.

Strengthen Civil Society (\$491,000 DA). Funds support judicial development in Vietnam and build the capacity of existing and newly established civil society organizations to increase their participation in social and economic oversight, and policy advocacy. Principal Implementers: DAI and TAF

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$3,200,000 DA; \$2,000,000 ESF). Building on the success of the STAR legal reform program in Vietnam and regional anti-trust activities, USAID may commence a regional program that focuses on the commercial legal reforms needed to protect intellectual property; implement and enforce anti-trust activities; promote greater transparency; and create an enabling environment for private sector growth. In Vietnam, USAID will build the capacity of judiciary agencies and the National Assembly, and provide training for judges and policymakers on sound implementation of trade commitments. USAID will provide technical assistance and training support for TCB and economic governance to select countries in the region. USAID will also continue to work with ASEAN to enhance U.S. relations in the region and strengthen ASEAN economic integration. Financial market development efforts will continue, and Provincial Competitiveness Index tool kits will be made available for implementation by national and local governments. Principal Implementers: To Be Determined (TBD).

Increase Trade and Investment (\$1,928,000 DA; \$2,400,000 ESF). USAID will implement new programs emphasizing bilateral and regional TCB. In Vietnam, USAID plans to continue improving the competitiveness of small and medium enterprises by creating an enabling environment for investment and expanding on successes of the cocoa production program. Principal Implementers: TBD.

Strengthen Civil Society (\$640,000 DA). Funds may be used to accelerate the development and empowerment of civil society in Vietnam. Principal Implementers: TBD.

Performance and Results: Regionally, USAID funded the US-ASEAN Technical Assistance and Training Facility enhancing capacity of the ASEAN Secretariat staff to support regional economic integration, and USAID trained 350 ASEAN member's country and private sector representatives and ASEAN Secretariat staff.

USAID programs in Vietnam resulted in a stronger legal framework, and improved economic policy and governance at the national and local levels; enhanced competitiveness of private sector businesses to compete more actively in global trade; and strengthened advocacy capacity of civil society to support legal and economic reform. Effective BTA implementation has brought a surge in investment and two-way trade flows between the United States and Vietnam. The total two-way trade volume has increased from \$6.44 billion in 2004 to roughly \$7.57 billion in 2005, exceeding the USAID target of \$7.1 billion.

Nearly 200 middle and senior managers were trained in small and medium-sized enterprise (SME) lending risk management and marketing in Vietnam. USAID Development Credit Authority loan guarantees resulted in 60 loans valued at \$4.8 million being made by the Asia Commercial Bank and Eastern Asia Commercial Bank.

In Thailand, USAID furthered U.S.-Thailand free trade agreement negotiations with a new program for SMEs to provide training and support, and promote networking, including activities such as a U.S. Incubator Study Tour focused on exporting and capacity-building. USAID promoted educational reform and civil society engagement in Southern Thailand to counter terrorist propaganda and increase dialogue between the Islamic community and the Government of Thailand.

US Financing in Thousands of Dollars

Regional Development Mission-Asia (RDM-Asia)

| 486-002 Regional Governance and Economic Reform | DA | ESF |
|---|--------|--------|
| Through September 30, 2004 | | |
| Obligations | 0 | 0 |
| Expenditures | 0 | 0 |
| Unliquidated | 0 | 0 |
| Fiscal Year 2005 | | |
| Obligations | 1,471 | 1,856 |
| Expenditures | 33 | 0 |
| Through September 30, 2005 | | |
| Obligations | 1,471 | 1,856 |
| Expenditures | 33 | 0 |
| Unliquidated | 1,438 | 1,856 |
| Prior Year Unobligated Funds | | |
| Obligations | 15 | 0 |
| Planned Fiscal Year 2006 NOA | | |
| Obligations | 6,233 | 4,355 |
| Total Planned Fiscal Year 2006 | | |
| Obligations | 6,248 | 4,355 |
| Proposed Fiscal Year 2007 NOA | | |
| Obligations | 5,768 | 4,400 |
| Future Obligations | 0 | 0 |
| Est. Total Cost | 13,487 | 10,611 |