

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:	Tax and Budget Policy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	116-0120
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	2000
Estimated Completion Date:	2003

Summary: This SO helps increase the efficiency of taxes, transparency in public finance, and the quality and efficiency of public expenditures. By making government more responsive to public demands while reducing the excess burden of taxation, this SO benefits entrepreneurs, investors, as well as the wider tax-paying public and citizenry.

Inputs, Outputs, Activities:

FY 2003 Program:

Fiscal and tax reform (\$0 FSA). USAID intends to close out SO 1.2 in FY 2003, and will integrate fiscal/tax reform activities into the increased implementation of laws and regulations program under SO 1.3.

FY 2004 Program:

Fiscal and tax reform (\$0 FSA). None

Performance and Results: USAID's fiscal reform program continued to make important contributions to overall economic stability and growth and investment climate improvement. By helping to increase government revenues and the efficiency of public expenditures and by making government more responsive to public demands, USAID's work in fiscal reform helped expand economic opportunities and reduce the potential for conflict. Our strong relationship with Parliament was a major factor in our ability to provide support in key areas such as tax policy and fiscal analysis. That relationship also opened up access for other USAID projects to gain valuable information that helped make more informed decisions. Collaboration with the National Democratic Institute and the United Nations Development Program was crucial in strengthening the capacity of media and NGOs to engage in meaningful participation in the budget process.

Improvements in the Tax Code and Tax Administration met our expectations. In January, a new simplified tax regime for small and medium enterprises took effect in Kyrgyzstan. Designed in large part by the USAID advisors, this new system replaces four complex taxes - income, sales, road, and emergency - with an optional simple calculation based on gross receipts for small businesses, reducing both record keeping requirements and the taxpayer-tax official contacts that often result in corruption.

President Akayev approved an overhaul of the fragmented, duplicative tax and customs administrations that facilitate corruption and widespread tax evasion. To address these issues, our advisors were called upon to work closely with the government to develop a revenue administration restructuring plan, which was finalized at a workshop organized and staffed by our fiscal reform team. The finalized plan is a significant step in ensuring greater transparency and accountability within that function, which has the support of the Prime Minister.

For the second year in a row, the republican budget submission reflects 100% compliance with program budgeting by all agencies, demonstrating both the increased capacity and understanding of the methodology developed among agency staff by our fiscal advisors, as well as the value placed on this information by the Ministry of Finance and Parliament. Like last year, these documents will be placed on the Internet, and parliamentary leaders have committed to hold budget hearings using this information. In addition, success with program budgeting has led directly to extensions such as resource agreements that increase efficiency of allocations.

Results of our index measuring improvements in Budget Development and Execution outperformed predicted success. In May, our advisors conducted the first-ever regional budget training, covering the entire country. These sessions were designed to prepare sub-national officials for meeting enhanced responsibilities associated with fiscal decentralization and have directly led to the creation of local budget resource centers and ongoing train-the-trainer programs that will reach out to all 500+ local governments in Kyrgyzstan. Building local budget capacity will greatly further the nation's progress toward a market-based democracy.

Joint efforts of USAID's fiscal and democracy programs continued to bring more transparency to the budget approval process, improving both the quality of budget analysis by parliamentarians and the quality of the budget itself. Thanks in large part to our fiscal reform advisors, the Kyrgyz Parliament assumed an increased role in fiscal policy making during 2002. The parliament enacted a comprehensive annual budget resolution, conducted the first hearing on intergovernmental finance outside of Bishkek, held the first open meetings in the history of the People's Assembly on fiscal issues, and proposed new budget and tax laws and a bold plan for the restructuring of revenue agencies. As a consequence, leadership in fiscal policy has shifted from the executive to the legislative branch in many areas, and discussion of constitutional reform now underway shows the effect of this increase in parliament's role.

This SO is scheduled for phase-out this year. USAID's fiscal reform work, formerly implemented under the fiscal reform program, will now be integrated into the improved business environment program, and will strengthen the government's fiscal analysis capacity and local government's fiscal management. USAID will be collaborating with the World Bank on vital issues such as tax administration and computer modernization. Through our tax program, we will make efforts to cooperate closely with the ADB, which is committing \$27 million for customs reorganization.

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 astronomical 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 Jekemiste, 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.