

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	56,176	105,000	110,000	95,000
Supplemental - AEEB	43,604	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	2,618	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

Romania

186-0420 Cross-Cutting Programs	AEEB
Through September 30, 2001	
Obligations	31,140
Expenditures	23,998
Unliquidated	7,142
Fiscal Year 2002	
Obligations	2,576
Expenditures	5,737
Through September 30, 2002	
Obligations	33,716
Expenditures	29,735
Unliquidated	3,981
Prior Year Unobligated Funds	
Obligations	8
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	8
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	33,724