

Ukraine

The Development Challenge: Ukraine remains critical to United States foreign policy objectives due to its strategic position between Europe and Eurasia and its importance for regional stability. Following a particularly difficult transition period from 1991 to 1999, Ukraine has advanced in its transition, particularly in the economic arena. Its progress in establishing a legal and regulatory environment conducive to private sector growth and the creation of a viable market economy is clearly evident. Less certain is whether Ukraine is making as much progress as it could in establishing sound democratic institutions and practices. While there are promising signs of reform in local government, parliament, and the judiciary, corruption and unequal enforcement of the rule of law cast serious shadows over Ukraine's democratic transition. The media, civil society organizations, political parties and other civic associations are still in a nascent stage of development and many social service providers retain inefficient Soviet-era structures that are unable to meet the needs of the general population.

Political developments in Ukraine in 2002 were uneven. The Organization for Security and Cooperation in Europe (OSCE) viewed parliamentary elections in March 2002 as an improvement over the previous elections, but cited administrative abuses and unequal access to the media as a problem. Since the parliamentary elections, there have been widespread reports of media censorship and increased pressure on parliamentary deputies to join a pro-presidential voting bloc. In addition, following the authentication of a recording in which President Kuchma is heard approving the clandestine sale of the "Kolchuga" early warning systems to Iraq, the U.S. Government instituted a temporary pause in new obligations of FREEDOM Support Act (FSA) assistance benefiting the central government of Ukraine.

The last three years have seen a remarkable turnaround in macro-economic stability and economic growth. Following nine years of contraction in real gross domestic product (GDP), real economic growth was 5.8% in 2000, 9.1% in 2001, and is estimated at 4.4% for 2002. Inflation for 2001 was only 6.5%, and at only 2.4% for 2002, compared to 25.3% for 2000, 27.3% in 1999, and 2,400% at its height in 1995.

However, at the end of 2002 the fiscal situation showed signs of deteriorating. The central government's deficit, originally forecast at 0.7% of GDP, will more likely be around 2.7%. Because of a shortfall in taxation and privatization revenues, the Government of Ukraine (GOU) had to sharply curtail spending and ask Parliament to approve an increase in the fiscal year 2002 budgetary debt ceiling by an additional HRV 2.5 billion, which the banking system is unable to absorb.

The GOU's options for securing financing from international markets appears limited. In November, it did manage to raise a net \$220 million in European markets, though it had hoped to raise more. The government has \$1.6 billion in debt servicing due during the first half of 2003, and must raise an additional \$600 million if it is to meet its objectives for increasing the level of foreign exchange reserves. Presently, foreign exchange reserves stand at \$4.3 billion and are considered minimally adequate for an open economy where trade accounts for 53% of GDP. Until recently, major international credit rating agencies had been upgrading the GOU's international credit rating. However, at end-2002, that trend had been reversed.

The GOU is also having problems with international financial institutions (IFIs). In August 2002, the International Monetary Fund (IMF) announced that it would allow its Extended Financing Facility (EFF) with Ukraine to expire, without disbursing the final \$550 million tranche. The World Bank is currently withholding disbursement of \$250 million under its Programmatic Adjustment Loan (PAL), while continuing its investment lending program, and the European Bank for Reconstruction and Development (EBRD) is withholding disbursement of a \$100 million energy sector loan. The IFIs have indicated that suspensions will continue unless there are reforms in taxation (especially reduction in tax exemptions), the energy sector (including cost recovery and privatization), social sector, and monetary and banking policy. The broader concern is that lack of movement on policy reform will halt Ukraine's economic recovery.

In November, President Kuchma appointed a regional governor loyal to the President as Prime Minister. While his nomination was approved by a slight majority in the Parliament, it remains to be seen if significant progress on reforms will be made.

In short, at the end of 2002, political and economic uncertainties plagued Ukraine.

The USAID Program: The overarching goal of the USAID's Strategy for Ukraine is to "improve the economic and social well being of all Ukrainians within a framework of democratic governance." Analysis shows that for this goal to be achieved, improvements are needed in the following five areas: investment climate; growth of small and medium enterprises (SMEs) and agriculture; engagement of Ukrainians in building their democracy and economy; the effectiveness and accountability of government institutions; and delivery of social services. There are also two special objectives which address environmental protection and several programs that support the Poland-America-Ukraine-Cooperation Initiative, Mission participant training, and a partnership to revitalize the Kharkiv Oblast economy.

Activities under the new strategy build on previous program successes in furthering the reform process. In banking supervision, USAID succeeded in creating a respected supervisory institution. However, the rapidly growing banking sector now requires supervision through more sophisticated techniques such as risk-based internal controls. Similarly, USAID succeeded under the previous strategy in obtaining parliamentary and presidential approval of a Land Code. Assistance in implementing the land titling provisions of the law is now required to make private ownership of land a reality for Ukrainians. A new activity proposed by the Mission is support for agribusiness marketing, in part to acknowledge the strides Ukraine has made in reforming its agricultural policies, and the resultant high level of growth in that sector. The program will continue to strengthen basic institutions of civil society to help them survive in a difficult environment.

The decline in funding in FY 2004 is intended as a first step toward the phase-out of FSA assistance to Ukraine in coming years. As part of a broader U.S. Government effort, USAID will develop a multi-year plan that leaves behind a legacy of sustainable institutions that can continue to promote civil society development and economic growth.

Other Program Elements: The Ukraine program receives support from a regional grant for mother-to-child transmission of HIV/AIDS. Other health program-related support is provided through a World Health Organization grant for tuberculosis control, and the policy project for reproductive health. The Mission participates through a buy-in to the centrally-managed Eurasia Foundation for its economics education program and for small research grants. Other centrally-managed activities include the E&E Bureau Utility Partnership and the National Association of Utilities Commissioners.

Other Donors: The largest donor is the EBRD with a diversified portfolio in enterprise development, privatization, financial sector assistance, infrastructure, and energy. The World Bank ranks second, with its portfolio concentrated in public sector management, community development, institutional development, and rural finance. USAID is Ukraine's largest bilateral donor, followed by the European Union-Technical Assistance for the Commonwealth of Independent States (EU-TACIS) Program, which is concentrated in institutional, legal, and administrative reforms; economic reform and private sector development; and the social consequences of transition. Germany and Canada provide assistance in SME development, agriculture, and the energy and social sectors. Critical cooperation links are with the EU and Germany for the energy sector, the World Bank and the EU-TACIS for policy reform and the social sectors, the EBRD for SME development, and Canada, Germany and the EU-TACIS for agriculture.

Ukraine
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	1,019	0	0	0
FREEDOM Support Act	172,997	154,937	155,000	94,000
Total Program Funds	174,016	154,937	155,000	94,000

STRATEGIC OBJECTIVE SUMMARY

121-0120 Support to Economic and Fiscal Reform				
FSA	3,094	3,670	0	0
121-0130 Growth and Development of Private Enterprises				
FSA	35,225	29,069	0	0
121-0132 Small and Medium Enterprise and Agriculture				
FSA	0	0	21,761	20,790
121-0140 Reform of Financial Sector and Commercial Law				
FSA	4,715	3,000	0	0
121-0141 Improved Investment Climate				
FSA	0	0	10,290	4,991
121-0150 Energy				
FSA	3,984	3,475	0	0
121-0160 Environment				
FSA	1,760	1,645	0	0
121-0210 Civil Society				
FSA	7,892	7,368	0	0
121-0213 Strengthening Citizen Participation				
FSA	0	0	13,919	13,803
121-0220 Rule of Law				
FSA	2,181	1,169	0	0
121-0224 Good Governance				
FSA	0	0	9,004	8,117
121-0230 Municipal/Local Government Development				
FSA	4,459	4,954	0	0
121-0320 Health				
CSH	1,019	0	0	0
FSA	6,095	5,496	0	0
121-0325 Social Protection and Health				
FSA	0	0	12,594	10,075
121-0340 Social Protection				
FSA	2,635	2,500	0	0
121-0410 Special Initiatives				
FSA	12,000	12,000	0	0
121-0416 Environment				
FSA	0	0	1,113	474
121-0420 Cross-Cutting Programs				
FSA	13,202	11,860	0	0
121-0427 Program Support Initiatives				
FSA	0	0	6,779	5,000
TRANSFER				
FSA	75,755	68,731	79,540	30,750

Mission Director,
Christopher Crowley

Data Sheet

USAID Mission:	Ukraine
Program Title:	Small and Medium Enterprise and Agriculture
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0132
Status:	New
Proposed FY 2003 Obligation:	\$21,761,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$20,790,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: Small and medium enterprises (SME) and agriculture play a critical role in the economic and social well being of Ukrainians. There are approximately 32,000 medium-sized enterprises (25-250 employees) in Ukraine, which are in urgent need of capital to operate and expand. Thirty percent of these businesses are women-owned. SMEs now employ over half of the workforce of Ukraine and absorb large numbers of workers dislocated by the restructuring of privatized state enterprises. Agriculture continues as one of the principal economic drivers of the Ukrainian economy and in late 2001 accounted for nearly 14% of Ukrainian GDP and 13% of total exports. Activity areas include: legal and regulatory reform working in tandem with associations and advocacy coalitions to create a favorable environment for SMEs and agriculture to grow; programs to improve business skills of Ukrainian entrepreneurs; increasing access to finance for SMEs and agriculture as well as increased access to land that will enable further growth and development; organizing input and output markets for increased effectiveness and productivity; and mobilizing access to credit for the use of small and medium businesses, homeowners, farmers, and municipalities.

Inputs, Outputs, Activities:

FY 2003 Program:

Legal and regulatory reform (\$7,846,000 FSA). USAID will facilitate interaction among representatives from SMEs, agriculture and government, leading to the identification, passage and enforcement of policies, laws and regulations that foster open market competition. This includes developing a closer working relationship with local governments on economic reform and local business development, as well as a stronger collective voice for SME and agricultural enterprises through associations, cooperatives, and other advocacy organizations. The Business Project (BIZPRO) will support its network of business associations and advocacy coalitions (serving over 20,000 members) to become financially viable and better able to represent their business constituents. BIZPRO's new regulatory reform program will support grassroots regulatory reform in 32 cities of eight pilot regions through working groups composed of local government officials, NGOs, and SMEs. Negotiations are underway with the GOU for nation-wide expansion of a pilot one-stop-shop system (introduced with BIZPRO assistance in three Ukrainian cities in 2002) which will simplify business registration, licensing, and permits. USAID's focus in agricultural reform will be on the development of a regulatory framework for agricultural credit through introduction of warehouse receipt regulations, financial leasing legislation, and development of commercial crop insurance. USAID will broaden administrative reform through enabling legislation for extension services and through legislation to complete privatization of large research farms and the remainder of Khlib Ukrainy. Implementers are Development Alternatives, Inc. (DAI) and UNDP.

Business skills (\$5,300,000 FSA). USAID will strengthen business management education programs; foster university and business community partnerships in business education; develop local capacity for business service providers, including an agricultural extension service that utilizes the capacity of local institutions to provide entrepreneurs/producers with access to information, training, and technology; and develop and implement an administrative reform program to make educational institutions more

responsive to industry needs. BIZPRO will continue to work through its association and business service provider network and information hotlines to provide business training, consulting, and information to thousands of entrepreneurs. A new five-year business management education program will strengthen undergraduate business management education at a select group of 15-25 universities, develop graduate programs at the most promising from the group, and foster business and university partnerships for business training. USAID will continue the roll-out of the land grant university extension to Khmelnytsky and Cherkasy oblast to broaden the range of information, training, and technology transfer services available to Ukrainian private farmers. Contractors and grantees include University of Minnesota, Development Alternatives Inc. (DAI), National Telephone Cooperative Association (NTCA), and Louisiana State University (prime).

Access to land and credit (\$8,615,000 FSA). USAID-funded technical assistance will help banks develop micro-lending programs and improve the legislative environment to allow them to lend to a larger number of enterprises. USAID will explore alternative sources of credit, such as NGO micro-lending, credit unions, and credit cooperatives, which would require legislative changes to improve lending practices by non-bank financial institutions. To increase access to land, USAID is providing significant assistance with land privatization, including support for the issuance of land titles, and is helping to develop a legislative framework for a fully-functioning land market.

To organize markets and improve farm productivity, USAID will launch a full-scale agricultural market development program to assist commercial family farms to improve their access to markets. USAID will improve farmer access to input and output markets by strengthening associations (women's associations will be specifically targeted) through farmer-to-farmer programs and promote policies that minimize government interventions in agricultural markets.

USAID also will introduce a multi-year Access to Credit (ATC) Project to mobilize credit for the use of small and medium businesses, prospective homeowners, farmers, and municipalities. Implementers include Chemonics, Citizens Network for Foreign Affairs (CNFA), and Microfinance Bank (prime).

FY 2004 Program:

The FY 2004 Program will allocate \$20,790,000 to SME and agriculture development, but will focus more on issues related to SME credit. Activity areas will include legal and regulatory reform; business skill development; and access to land and credit.

Performance and Results: During the past year USAID introduced the concept of a one-stop-shop business registration process, which has been adopted in three communities, with the expectation that it will be adopted nationally in 2003. Enabling legislation for crop insurance, grain warehouse receipts, and a national farm extension service was developed and farm extension activities reached all private farmers in Vinnytsia Oblast, and another 15% in Khmelnytsky and Cherkasy regions. With USAID support, business curricula at 47 universities were improved and the Junior Achievement Program enabled school children at more than 500 schools to take part in business education. As a result of USAID programs, over 5,400 loans to small and medium enterprises were made and 1.2 million land titles were issued to small farmers.

At the conclusion of this strategic objective, small and medium entrepreneurs and farmers will operate within an institutional and regulatory environment which enables them to compete and grow. They will have greater access to training, information, credit, other productive inputs, and markets. A viable land market will enable entrepreneurs to borrow against the value of their homes to provide capital for their businesses. A new generation of Ukrainian citizens will be able to own their own homes, farmers will be able to finance their agricultural production, and municipalities will be able to upgrade their infrastructure and services. The newly launched Development Credit Authority program will enable credit-starved small and mid-sized farms access to more than six million dollars of credit. The Land Titling Initiative is expected to result in direct improvement of the lives of the rural poor through provision of 1.8 million private land titles to former members of state collective farms.

US Financing in Thousands of Dollars

Ukraine

121-0132 Small and Medium Enterprise and Agriculture	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	21,761
Total Planned Fiscal Year 2003	
Obligations	21,761
Proposed Fiscal Year 2004 NOA	
Obligations	20,790
Future Obligations	0
Est. Total Cost	42,551

Data Sheet

USAID Mission:	Ukraine
Program Title:	Improved Investment Climate
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0141
Status:	New
Proposed FY 2003 Obligation:	\$10,290,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,991,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID's program to improve Ukraine's investment climate includes: establishment of a legal foundation that secures property rights; budget and tax policies that provide a more transparent and efficient system of expenditures and taxes; development of a reliable and unsubsidized market for energy; and a financial sector that mobilizes resources for investment.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID will continue to provide funding to activities that have achieved substantial results in reforming commercial legislation, budget and tax decentralization, and reform of the energy and financial sectors. An integrated approach to reforming these areas is required to improve Ukraine's investment climate. Specifically, achievement of this strategic objective is dependent on: 1) establishment of a legal foundation that clearly delineates the rules of the game, secures property rights, and provides predictable, formal, and enforceable means of redress; 2) budget and tax policies that provide a more transparent and efficient system of expenditures and taxes; 3) development of a reliable and unsubsidized market for energy that minimizes distortions in pricing of energy and government interference in retail and wholesale markets; and 4) a financial sector that mobilizes resources for investment and gives financial intermediaries and capital markets a key role in guiding investment to the highest and best uses in the economy. USAID is committed to improving the investment climate as a crucial component of a sound market economy. The major issues and problems constraining investment in Ukraine are the lack of an independent court system, weak shareholders' rights, an inadequate legal framework, weak budget and tax systems, lack of regulatory and enforcement capacity within the financial sector's regulatory bodies, distorted economic policies such as those in the electric power sector, and the inefficient allocation of resources in the financial sector.

Commercial law (\$2,450,000 FSA). USAID will help to develop key pieces of legislation and remove conflicts between Soviet-era or patchwork commercial laws and the new Civil Code. The Civil Code will have a dramatic impact on transactions throughout society, and it will provide the basis for personal freedom, ownership of land and property, intellectual property rights, debtor-creditor relations, and the principles of corporate governance and entrepreneurial activity. The USAID-funded Commercial Law Center will provide training to commercial law professionals in the areas of arbitration, mediation, bankruptcy, enforcement of judgments, and legislative drafting, as well as public outreach and advocacy on commercial law reform. The Center will assist in strengthening the enforcement of contracts and court judgments. This includes amendments to the current enforcement legislation, reform of the system for court-ordered sales of assets, and development of alternative dispute resolution mechanisms. In addition, the Commercial Law Center will draft and promote passage of laws and regulations which will increase access to credit for small and medium enterprises, prospective home owners, farmers, and municipalities. This includes legislation on secure transactions, mortgage lending, leasing, credit bureaus, and municipal and corporate bond issuances.

Budget reform (\$2,600,000 FSA) In FY 2003, budget reform will be carried out at the local level. It will focus on strengthening the development and implementation of local budgets, completing budget decentralization to all counties and towns, and implementing program budgeting in key regions and cities. If sufficient resources are available, USAID will work with the Parliament's Budget Committee on aspects of national and local budget policy issues, and provide increased assistance on tax policy issues to Parliament's Sub-Committee on Tax Policy. The contractor is Development Alternatives, Inc. (DAI).

Energy Sector (\$1,950,000 FSA). To improve the energy sector's performance, USAID will focus on development of a competitive wholesale electricity market (WEM). If policy conditions permit, limited assistance may be provided to stimulate further privatization of Ukraine's generation and distribution systems to attract external capital to finance needed investment for modernization and replacement. Regulatory, legal, and partnership support will be provided through technical assistance to the National Energy Regulatory Commission and Energomarket to ensure the implementation of the WEM concept. Implementation of the recently-approved WEM concept will help to remove government control from the market, reduce losses and outages, stabilize tariffs and guarantee quality of supply, set prices through competition, provide for a proportional payment, and support freedom of choice between bilateral contracts and a spot market. Implementers include Hunton and Williams, Deloitte Touche Tohmatsu (DTT), and United States Energy Association (USEA), as prime.

Financial Sector (\$3,290,000 FSA). USAID programs will support: 1) transparent corporate governance practices; 2) training, examination, and certification of accountants that will enable listed Ukrainian companies to report using International Accounting Standards, starting in 2003; and 3) institutional reforms that help develop the market for long-term finance in Ukraine. USAID, through its Banking Supervision activity, will be helping to build confidence in the banking system by establishing stronger risk-based management practices. The activity will shift its capacity-building efforts to the commercial banks, so that they may comply with the risk-based management regulations. Implementers include Financial Markets International (FMI), International Business and Technical Markets Consultants, Inc. (IBTCI), and Bearing Point (prime).

FY 2004 Program:

The FY 2004 program will allocate \$4,991,000 (FSA) to strengthen local government bodies such as municipalities and towns to develop and manage their own budgets, develop a more pro-business commercial legislative framework, increase transparency in the financial sector, and develop a private electricity market.

Performance and Results: In FY 2002, USAID-funded assistance supported decentralization to all 26 regions and region-level cities. In FY 2003 and FY 2004, USAID-funded assistance will extend decentralization to all 475 counties and county-level cities. Over the next year, the legal and institutional mechanisms needed to improve the investment climate in Ukraine will be strengthened. These include improved judicial enforcement, more efficient local governments in providing services and budgeting adequately for social programs, stronger regulatory agencies in the banking and energy sectors, and the use of International Accounting Standards in corporate reports, starting in 2003. By the end of the program, the investment climate in Ukraine will be substantially improved. Results will be measured by the Investment Climate Index that is prepared annually by the European Bank for Reconstruction and Development. This is a systematic, quantified assessment of conditions, including liberalization of markets, the commercial legal environment, the quality of financial institutions, macroeconomic stabilization, privatization, reduction of subsidies, and effective regulation of industries.

US Financing in Thousands of Dollars

Ukraine

121-0141 Improved Investment Climate	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	10,290
Total Planned Fiscal Year 2003	
Obligations	10,290
Proposed Fiscal Year 2004 NOA	
Obligations	4,991
Future Obligations	0
Est. Total Cost	15,281

Data Sheet

USAID Mission:	Ukraine
Program Title:	Strengthening Citizen Participation
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	121-0213
Status:	New
Proposed FY 2003 Obligation:	\$13,919,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$13,803,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID's program to strengthen citizen participation in Ukraine will contribute to results in four areas: strengthening the role of civil society organizations (CSOs) in promoting democracy; improving the effectiveness and democratic orientation of political parties; improving the openness and competitiveness of the electoral process; and increasing the availability of unbiased public information.

Inputs, Outputs, Activities:

FY 2003 Program:

Enhance the role of civil society organizations (\$5,519,000 FSA). Under a new program, USAID will seek to: 1) strengthen CSO advocacy to better protect and defend citizens' interests and promote more transparent, accountable and responsive governance; 2) enhance the legal and regulatory framework so that it better protects civil liberties and fosters financial sustainability of CSOs; 3) improve the financial viability of CSOs; and 4) strengthen CSOs' professionalism and ethical standards. USAID plans to provide training to 150 people from 50 CSOs and support up to 50 sub-grants for a total of \$500,000 for FY 2003. The Eurasia Foundation will continue to support CSOs in private enterprise growth, local governance, and citizen participation. About 75 grants, totaling \$637,000, will be made to approximately 35 organizations. USAID will provide five grants to think tanks to support policy dialogue on vital issues, such as privatization, freedom of information, Euro-Integration, media freedoms, small business development, and tax reform. Five regional exchanges will be organized to link policy advocates with counterparts in neighboring countries. Assistance will be provided to 10 anti-corruption coalitions working at the community level. Implementers include Institute for Sustainable Communities, Eurasia Foundation, Freedom House, and Development Alternatives, Inc. (prime).

Strengthen political parties (\$3,000,000 FSA). Activities are focused on making parties more responsive and accountable to citizens, improving governance capacity of locally-elected officials, and increasing the participation of Ukrainians, particularly youth and women. The International Republican Institute's (IRI) program will train at least 450 local elected officials in such topics as budgeting, coalition building, and public hearing. Approximately 375 youths and another 375 women will receive leadership training. The National Democratic Institute's (NDI) program will sponsor weekly talks and consultations with parties' national leadership in Kyiv and monthly consultations and training seminars in major regions. Through training and consultations for party activists, NDI will help political partners maintain their internal unity and assist them in developing local and regional level structures. Grantees are IRI and NDI.

Improve the openness and competitiveness of the electoral process (\$1,000,000 FSA). USAID will foster reform of the legal and regulatory framework through grants to reform-minded CSOs. Monthly roundtables will engage civic activists and government officials on electoral reform issues. Relevant publications will be printed and distributed including, a compendium of European election laws and a reference book of judicial rulings in Ukraine on electoral issues. Support will help a leading elections monitoring CSO observe preparations for several by-elections as well as Election Day itself. Plans will be developed for improving training of election commissioners. The prime contractor is Development Associates, Inc.

Increase the availability of unbiased public information (\$4,400,000 FSA). Activities will: support advocacy initiatives to improve and uphold the legal and regulatory framework for media; strengthen legal defense for freedom of speech; improve the financial viability of the non-state, independent media outlets through business, marketing, and financial management training; and increase the availability of quality news through non-state, independent media outlets. USAID training and technical assistance will focus on 30 media outlets. Grant support to CSOs will promote advocacy for press freedom and services to media outlets. Legal aid for media representatives will also be provided. USAID will support the production of news and information products to ensure that quality information continues to be produced even within Ukraine's constrained enabling environment. Specifically, to increase citizen understanding of key issues, USAID will fund the production of over 150 hours of TV news, 130 hours of radio news, 14 different brochures of 5,000 copies each, and 2 monthly publications with a total circulation of 14,000. A hotline will service up to 140,000 calls a year on such issues as SME, taxes, land privatization, credit unions, and deregulation. Over 700 journalists should be reached through various roundtables and seminars to improve the substance of their journalism. The major grantee is the Centre for Ukrainian Reform Education (CURE, a Ukrainian NGO). A new recipient for media activities will be determined by competition.

FY 2004 Program:

Enhance the role of civil society organizations (\$6,200,000 FSA). Technical assistance will continue to focus on supporting coalitions among CSOs, strengthening membership and constituencies, financial diversification, information-sharing, and more sophisticated advocacy. It is also planned that the total funding directed to sub-grants will enable CSOs, including associations, think tanks, and advocacy groups, to launch citizen defense/government accountability action plans and support legal advocacy and legal defense for freedom of association.

Strengthen the effectiveness and democratic-orientation of political parties (\$2,500,000 FSA). USAID will continue implementing activities that were started in FY 2003 in this functional area. Similar training will be provided by IRI and NDI in order to deepen the outreach of USAID training and thus increase the likelihood of organizational change within those parties who are receptive to USAID assistance.

Improve the openness and competitiveness of the electoral process (\$1,000,000 FSA). Activities that began in FY 2003 in these areas would continue. In addition, USAID would likely fund training for judges and lawyers on the new presidential election law to increase the capability of Ukrainians to address violations in the electoral process. Long-term monitoring of the electoral process leading up to the 2004 presidential elections will be supported and USAID will seek to provide grants and technical assistance to media outlets and CSOs seeking to supply voters with objective and thorough information about the electoral process and candidates.

Increase the availability of unbiased public information (\$4,103,000 FSA). Plans for FY 2004 are to deepen USAID assistance in the aforementioned areas (legal aid and advocacy; business development; dissemination of news and information) working with a greater number of outlets, journalists, and citizens.

Performance and Results: The March 2002 parliamentary elections were viewed as an improvement over past electoral experiences. Over 2,000 party leaders and staff and 25,000 poll station workers were trained through USAID assistance, ensuring a more competitive and transparent process than in the past. During FY 2002, over 60 media events reached 900 media professionals. Ninety active programs were awarded over a dozen election-related grants to CSOs to mobilize voters and increase participation in the election process. By the end of FY 2003, a majority of citizens will demonstrate a better understanding of the issues involved in pension, tax, and agricultural reform, as a result of USAID support to NGOs, independent media, and competitive electoral processes. By the end of the program, a greater percentage of Ukrainians will be participating through voter turnout and membership in civil society organizations.

US Financing in Thousands of Dollars

Ukraine

121-0213 Strengthening Citizen Participation	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	13,919
Total Planned Fiscal Year 2003	
Obligations	13,919
Proposed Fiscal Year 2004 NOA	
Obligations	13,803
Future Obligations	0
Est. Total Cost	27,722

Data Sheet

USAID Mission:	Ukraine
Program Title:	Good Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	121-0224
Status:	New
Proposed FY 2003 Obligation:	\$9,004,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$8,117,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: Good governance assistance will be provided for: increased autonomous and responsive local self-governance; more effective, independent and representative legislature; and adherence to the rule of law.

Inputs, Outputs, Activities:

FY 2003 Program:

Autonomous and responsive local government (\$6,300,000 FSA). USAID will provide support to further develop the capabilities of the Association of Ukrainian Cities (AUC) in the areas of member services and communication, and lobbying for better national legislation for local self-governance. This will be accomplished by assisting the regional offices in 23 oblast capital cities to build their capacities to deliver training to member cities in the areas of budgeting, strategic planning for economic development, public procurement, citizen participation, and use of computer equipment for communication. USAID will prepare both the regional offices' staff to become trainers in these areas and municipal officials from over 380 member cities. USAID will also train AUC's core staff in effective advocacy. The Community Partnerships Program will facilitate technical assistance to 14 Ukrainian partner cities and five Regional Training Centers will deliver a wide variety of training programs to local governments, civil society organizations, and businesses. The graduation of some cities will reduce the number of active partnerships in late FY 2003 or beginning of FY 2004. This year and next, In addition, the publication of a quarterly journal and newspaper for municipal professionals will reach more than 4,000 public officials across Ukraine.

To improve basic municipal services, the Tariff Reform Project will prepare a comprehensive toolkit for strategic planning, improved management of water/heat services, and equitable fee pricing based upon customer involvement and implementing new price structures. The toolkit will incorporate the results and lessons learned from national tariff reform implementation in the two pilot cities. Fifteen Ukrainians will be trained to create an indigenous capacity to disseminate the toolkit through training and expert support for reform implementation.

By the end of FY 2003, USAID plans to launch a new Local Economic Development (LED) Project that, during FY 2003 and FY 2004, will competitively select 15 participating cities. The project will work with these cities to create an enabling environment for both new and existing business to prosper and provide employment. In addition to local government capacity building, the focus will be on forging partnerships between the public, private, and civil society sectors for strategic planning and implementation of community economic development initiatives. The project will also work with indigenous advocacy NGOs, such as the AUC and others, to promote an improved national legal and regulatory environment that provides local governments the authority and autonomy to better manage the affairs of the city in supporting economic development. By late FY 2004, the number of partner cities involved in the program should increase. Implementers include CH2M HILL, U.S.-Ukraine Foundation, Research Triangle Institute, PADCO, and a new implementer for LED.

More effective, independent, and representative legislature (\$1,379,000 FSA). In FY 2003, parliamentary strengthening will support two objectives: facilitating the advancement of reform legislation and strengthening the Verkhovna Rada (parliament) as a legislative institution. The Parliamentary Development Program (PDP) will continue providing comparative information on various aspects of the legislative process such as guidance on judicial, administrative, and local government reform, through research and analysis on individual legislative and parliamentary issues, and consultations with international experts. The newly passed Law on the Judiciary, which requires the adoption of procedural codes as well as other important legislation, will be assisted by PDP's analyses and comparative information. For the advancement of legal reforms, PDP plans to conduct at least five roundtables and conferences and co-organize two committee hearings with other USAID implementers and NGOs.

PDP facilitates the conduct of committee hearings and provides consultations for the Secretariat, committees, and factions of the Verkhovna Rada on how to make the legislative process more efficient through greater transparency. In FY 2003, PDP will hold three policy analysis workshops for parliamentary staff and interns; organize a seminar on parliamentary oversight for newly elected members; and disseminate at least three information bulletins on legislative issues. PDP will also continue to administer the Parliamentary Internship Program for more than 50 university students, selected from all regions of Ukraine. Interns will support the Rada by helping committees prepare draft legislation for the first and second readings; conducting research and compiling comparative information to aid the MPs' assistants and parliamentary staff in developing legislation; and providing logistical support. As the current program ends in FY 2003, USAID expects to fund a follow-on project by the start of FY 2004. The new project, "Democratic Parliamentary Strengthening Program", will focus on: facilitating more effective and democratic internal management systems in the Parliament, improving legislative-executive relations, and increasing citizens' access and feedback to the legislative process. The principal grantee is Indiana University. In late FY 2003, USAID will select a new implementing partner for activities relating to legislative strengthening.

Adherence to rule of law (\$1,325,000 FSA). USAID promotes advocacy for the rule of law through funding for 12 advocacy centers, including four new regional centers, and continuing support for 20 student legal clinics. Training will be provided to improve the quality of services being given by these indigenous organizations. Special emphasis will be placed on promoting pro bono activities within commercial law firms and making legal services more readily available beyond large metropolitan areas. USAID plans to issue, in conjunction with other donors, a legal clinic textbook and host two conferences addressing sustainability and the state of practical clinical education in FY 2003. To improve court capacity, implementation of the case flow management system (CFMS) in the Shevchenkivsky and Boryspil local courts in Kyiv Oblast and the Kyiv Oblast court will be completed in FY 2003 and, assuming continued cooperation of the State Judicial Administration, CFMS will be introduced into the clerks' offices of six oblast courts. In cases where there is a lack of financing for advocacy centers to litigate major action lawsuits such as class actions, etc. the program will continue to maintain its legal defense fund. To promote judicial independence, judicial associations will be strengthened with training in strategic planning, sustainability and board governance. In addition, USAID will contribute to the establishment of legal resource libraries in each of the 24 chapters of the state-wide judicial association. The principal grantee is the American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI).

FY 2004 Program:

Local self-governance (\$6,017,000 FSA): Two new local government programs are being considered for 2004. Through the assistance of the Development Credit Authority, which would provide micro-credit, the first program would improve municipalities' and communal utility agencies' access to commercial credit for much needed infrastructure improvement. Limited assistance funds would leverage investments in municipal infrastructure. The second program would increase technical assistance to an emerging community of local government support organizations (LGSOs) to develop their capacity to provide professional consulting and advocacy services to local governments. The activity would assist LGSOs to improve their administrative and financial management, and to attain financial viability.

More effective, independent, and representative legislature (\$1,150,000 FSA). With a new implementer chosen toward the end of FY 2003, all activities described above would be continued in FY 2004.

Adherence to rule of law (\$950,000 FSA). ABA/CEELI would continue work begun during FY 2003.

Performance and Results: In late FY 2003, USAID plans to assist another 30-50 Ukrainian cities to improve: the delivery of services to citizens; local government administrative and financial management; transparency of local government operations; citizen participation in decision-making; and the financial independence of local governments. USAID expects that AUC's communications with members will have been demonstrably improved and that the association will have effectively implemented advocacy initiatives to promote the adoption of improved legislation that affects local self-governance. By the middle of FY 2003, the first group of some 15 cities will be selected for a new Local Economic Development Project and by end of FY 2004, concrete strategic plans will have been developed through an inclusive process that promotes community economic development. Five regional training centers that operate under the Community Partnerships Program are aiming to train another 6,000 municipal officials, representatives of local businesses, and NGO members from all over the country in various aspects of community development.

USAID expects that, by the end of FY 2003, several parliamentary committees will improve the reform character of draft legislation. Training seminars, policy analysis, hearings, and distribution of analytical papers, will also contribute to more transparent and effective legislative processes.

At least three of ABA/CEELI's regional legal partners will graduate from USAID funding due to their improved capacity. The legal defense fund will have financed court costs for at least 10 cases involving impact litigation. Court efficiency, measured by decreasing case pendency in courts that use the full case flow management system (CFMS), will rise as will the utility of CFMS with each additional court that becomes integrated into the system, including the six courts scheduled to receive the clerical version of CFMS this year. Initial stirrings of judicial self-governance should gain momentum with assistance to 24 regional chapters of the newly established National Independent Judges Association and the formalization of membership.

US Financing in Thousands of Dollars

Ukraine

121-0224 Good Governance	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	9,004
Total Planned Fiscal Year 2003	
Obligations	9,004
Proposed Fiscal Year 2004 NOA	
Obligations	8,117
Future Obligations	0
Est. Total Cost	17,121

Data Sheet

USAID Mission:	Ukraine
Program Title:	Social Protection and Health
Pillar:	Global Health
Strategic Objective:	121-0325
Status:	New
Proposed FY 2003 Obligation:	\$12,594,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,075,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: Almost 30% of Ukraine's population lives below the poverty line. Lack of jobs remains a critical issue and an estimated 40% of the population continues to rely on social insurance, social assistance benefits, or social services. Economic hardships contribute to declining birth rates and lower life expectancy. Approximately 30% of all Ukrainians (some 14 million) are pensioners who are supported by only 23 million workers. Social and economic realities contribute to rising rates of infectious diseases, especially HIV/AIDS and tuberculosis, as well as alcoholism and substance abuse. Domestic violence and human trafficking are additional serious concerns, as are the vulnerabilities of institutionalized children and youth who lack life and job skills. As a result of these immense social problems, USAID assistance supports: pension reform; prevention of trafficking in persons and the provision of assistance to victims; delivery of social services and humanitarian assistance by NGOs; access to quality primary health care services through promoting family medicine clinics and women's wellness centers; quality of maternal and infant health services; reproductive health policy reform; prevention and control of HIV/AIDS and TB; and prevention and surveillance of birth defects.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved social conditions and health (\$12,594,000 FSA). USAID will continue to work on the improvement of social conditions and health. The Government of Ukraine (GOU) will be supported in their efforts to establish the legal framework and institutional capacity for a financially sustainable, reformed public pension system. Support will also be given to introduce private pension insurance and to establish its regulation by a non-banking financial institutions (NBFI) regulator. USAID assistance will continue to enhance the capacity of local social service NGOs that deliver humanitarian assistance based on community needs and to provide information and services for the prevention and care of HIV/AIDS, with a focus on populations with high-risk behaviors. Support for crisis intervention clinics and economic opportunities for women will contribute to anti-trafficking efforts. Partnerships between U.S. and Ukrainian health providers will consolidate the capacity of recently-established family medicine clinics and women's wellness centers to provide high quality primary health care services. Technical assistance will be given to raise the standards of maternal care in maternity hospitals and rural health facilities as well as to introduce the Directly Observed Treatment Short-course (DOTS) for the control of tuberculosis. Contractors and grantees include American International Health Alliance (AIHA), Counterpart International, Centre for Ukrainian Reform Education (CURE, a Ukrainian NGO), the Futures Group International, John Snow International, Planning and Development Collaborative International Inc. (PADCO), the University of South Alabama, Winrock, EWorld Health Organization, HIV/AIDs Alliance, and World Council of Hellenes.

FY 2004 Program:

A pension system that is transparent, reliable, fiscally sound, and sustainable (\$1,600,000 FSA). USAID plans to continue providing legal and regulatory support to policy makers to implement a pension system

that is transparent, reliable, fiscally sound and sustainable. USAID will help the GOU reduce the administrative burden on employers through the introduction of unified social insurance contributions and by building the institutional capacity for a private pension industry.

Indigenous social services NGOs (\$410,000 FSA). Through its humanitarian assistance project, USAID will support indigenous social services NGOs to strengthen their ability to effectively meet the needs of their communities.

Trafficking in persons (\$1,325,000 FSA). Previous efforts to prevent trafficking of women will be strengthened under a new initiative to expand the availability of crisis intervention, training in job skills, and access to credit as well as to incorporate vulnerable children and youth into the target group.

War on AIDS (\$1,100,000 FSA). As an intensive focus country in USAID's War on AIDS, public/private partnerships will be supported in high prevalence regions and municipalities to prevent the spread of HIV and to extend care and support to those affected.

Control of tuberculosis (\$1,100,000 FSA). The introduction of the WHO-recommended DOTS strategy for the control of tuberculosis in the Donetsk region will be completed and evaluated for implementation nation-wide.

Maternal and neonatal health services (\$4,540,000 FSA). Assistance for improved maternal and neonatal health services in four regions will pilot interventions to reduce (maternal and neonatal) morbidity and mortality. The capacity to analyze data from the surveillance of birth defects in two regions will be consolidated and expanded to an additional two regions, and the fortification of flour with folic acid will be piloted to prevent neural tube birth defects.

Performance and Results: USAID support has helped the GOU to stabilize the public pension system, which provides benefits for 14 million pensioners. During the last two years, benefits increased by 60 percent as a result of USAID efforts. Significantly, critical pension reform legislation, drafted with USAID technical assistance, passed the first reading in Parliament in November 2001, and bylaws associated with the passage of the Law "On Non-Banking Financial Services" were drafted in 2002. Continued USAID support with an automated personalized data collection process has resulted in a national database of 19 million workers. The success of this database is demonstrated by the issuance of more than three million social security certificates in 2002.

Humanitarian assistance was provided through 760 local NGOs and medical and social service institutions to meet the immediate needs of some 1.6 million impoverished and vulnerable citizens. Of note, was the USAID-supported emergency response to the airplane disaster in Lviv and to the coal mine fire in Donetsk.

Over the past four years, a sustainable system for primary health care services and community outreach was implemented in pilot areas to introduce a new paradigm for primary care based on an integrated family medicine approach. As a result of partnerships between USAID and Ukrainian health facilities and communities, a sound infrastructure for furthering family medicine development was established through professional training, provision of medical supplies and equipment, and upgraded facilities. Twelve demonstration family medicine clinics were opened, and this acted as a catalyst for the establishment of family medicine clinics by local health administrations, totaling 266 in pilot areas in 2002. An important result of USAID training for family medicine practitioners was a 50% decrease in the number of patients referred for highly specialized and costly services in pilot sites, from 2000 to 2002.

Support for reproductive health service provision through Women's Wellness Centers was complemented by assistance for the development of national contraceptive service delivery guidelines. USAID also assisted a GOU and NGO task force on reproductive health policy development in support of the implementation of the National Reproductive Health Program for 2001-2005. NGO participation in policy dialogue was facilitated by USAID through support to a network of Ukrainian NGOs providing reproductive health services. As a result of policy reforms in the provision of services through women's wellness

centers and family planning clinics, the abortion rate declined nearly 50% over the last five years and the use of modern contraceptives increased.

Under the joint HIV/AIDS Prevention and Awareness Program with the European Union, USAID support continued to enable the HIV/AIDS Information Clearinghouse to provide information and educational materials to policy makers, health providers, and vulnerable groups. In addition, over 40 indigenous NGOs provided information and services to some 36,000 clients with high risk behaviors for HIV infection in over 20 regions of the country.

A USAID pilot program for the control of tuberculosis introduced the World Health Organization-recommended treatment protocol, strengthened laboratory capacity, and provided an adequate drug supply. Similarly, a USAID-funded birth defects surveillance system is now in operation in two pilot regions, and in recognition of the high quality of its data, this system has been accepted as a contributor to the International Birth Defects Clearinghouse in Italy. Similarly, over 110,000 children have been screened for early thyroid cancer and psych-sociological trauma in radioactive contaminated areas as a result of programs designed to detect the growth of thyroid abnormalities and identify psychosocial consequences of the Chernobyl accident.

US Financing in Thousands of Dollars

Ukraine

121-0325 Social Protection and Health	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	12,594
Total Planned Fiscal Year 2003	
Obligations	12,594
Proposed Fiscal Year 2004 NOA	
Obligations	10,075
Future Obligations	0
Est. Total Cost	22,669

Data Sheet

USAID Mission:	Ukraine
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0416
Status:	New
Proposed FY 2003 Obligation:	\$1,113,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$474,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: This special objective is targeted to promote sound environmental management for sustainable development. It includes technical assistance and training to government, industry, NGOs, and experts to: strengthen Ukraine's environmental policy, legal and regulatory framework for environmental management; increase environmental investments and promote environmentally sound technologies; improve environmental management at public and private facilities; and involve citizens and NGOs in environmental decision-making.

Inputs, Outputs, Activities:

FY 2003 Program:

Environment (\$1,113,000 FSA). USAID will continue to support the Local Environmental Action Program (LEAP) and the Ukrainian Land and Resources Management Center (ULRMC) with an emphasis on increasing public understanding of environmental problems and promoting public involvement in decision-making. Results from these USAID environmental activities, as well as those achieved under the Climate Change Initiative, are expected to be an important part of Ukraine's progress report when Ukraine hosts the Fifth Environment for Europe Ministerial Conference in Kyiv in May 2003. With funds obligated in FY 2002, USAID will provide local environmental management training and study tours in the areas of solid waste, drinking water and waste water treatment, municipal and household hazardous waste, and environmental management at enterprises. FY 2002 carry-over funds also will support the installation of satellite-transmitting automatic stream-gauging stations in the Tisa River basin by the U.S. Geological Survey, in cooperation with the ULRMC. PA Government Services, the Institute for Sustainable Communities, Altarum, and the U.S. Geological Survey (prime).

FY 2004 Program:

Environment (\$474,000 FSA). USAID plans to use FY 2004 resources to extend the Local Environmental Action Program to new communities and to continue support to the Ukrainian Land and Resources Management Center.

Performance and Results: In FY 2002, USAID-funded environmental activities in Ukraine continued to address important global environmental problems such as climate change and sustainable development, as well as environmental problems at the local level. USAID activities promoted increased investment in environmental technologies and improvements in environmental management, facilitated environmental policy development, and increased citizen participation in environmental decision-making. USAID programs have demonstrated that small amounts of funds managed at the local level can achieve concrete results. Furthermore, USAID has observed an increased interest among industrial facilities in energy conservation and environmental management brought about, in large measure, by increased prices and collection rates for fuel and energy. FY 2002 results indicate that combining environmental training and study tours in order to develop individual action plans is a cost-effective approach for improving the capabilities of regional and local authorities, NGOs, and facility managers while addressing specific local environmental problems.

US Financing in Thousands of Dollars

Ukraine

121-0416 Environment	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,113
Total Planned Fiscal Year 2003	
Obligations	1,113
Proposed Fiscal Year 2004 NOA	
Obligations	474
Future Obligations	0
Est. Total Cost	1,587

Data Sheet

USAID Mission:	Ukraine
Program Title:	Program Support Initiatives
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0427
Status:	New
Proposed FY 2003 Obligation:	\$6,779,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,000,000 FSA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: USAID/Ukraine will continue to implement selected activities that support multiple objectives. These cross-cutting initiatives include the Kharkiv Partnership, the Poland-America-Ukraine Cooperation Initiative (PAUCI), and participant training.

Inputs, Outputs, Activities:

FY 2003 Program:

Participant Training (\$1,000,000 FSA). The participant training program will continue to provide leaders and professionals with the practical knowledge and technical skills needed to create policies, programs, and institutions that support Ukraine's transition to democratic governance and a free market economy in FY 2003-FY 2004. Under this initiative, U.S.-based, third-country, and in-country short-term technical training opportunities are organized for public and private sector organizations. Participant training activities will continue to support all strategic objectives. However, a new emphasis will be placed on the provision through small grants of follow-up services to trainees to ensure that training is applied. The implementer is Academy for Educational Development (AED).

Kharkiv Partnership (\$100,000 FSA). In FY 2003, USAID will sponsor: a regional study tour for the five new municipal economic development offices (EDOs) that were recently assisted by the Kharkiv Partnership Strategic Planning Activity, and the EDOs established with assistance from the International Executive Service Corps and Gillette; a study tour within Ukraine that will allow Kharkiv EDOs to meet with Regional Economic Development Agencies in Lviv, Ivano-Frankivsk, Donetsk, Dnipropetrovsk, among other cities; and a national conference for regional and local economic development professionals in Kharkiv. The Implementer is Mendez England.

Poland-America-Ukraine-Cooperation Initiative (\$1,500,000 FSA). Over \$1 million of FY 2003 will be used to award additional grants to further the advances of the Poland-America-Ukraine-Cooperation Initiative (PAUCI) in creating sustainable cross-border links through grants to Polish-Ukrainian organizations in areas such as small and medium enterprise (SME) development, local governance, macroeconomic reform, and European integration. PAUCI may also become less dependent on public-funding by working with Polish and regional foundations to raise funds for further cooperation in cross-border priorities. It will also start a Polish-Ukrainian volunteer program, where specialists from Poland and/or Ukraine will be funded for short-term consulting in NGOs who don't necessarily want a grant, but need specific short-term assistance. The implementer is Freedom House.

Program development and support (\$ 4,179,000 FSA). Program development and support funds will be provided for the support of the program.

FY 2004 Program:

Participant training (\$1,000,000 FSA). The participant training program will continue to provide leaders and professionals with the practical knowledge and technical skills to create policies, programs, and institutions that support Ukraine's transition to democratic governance and a free-market economy.

Kharkiv Partnership (\$100,000 FSA). FY 2004 planning depends on progress in FY 2003. The Kharkiv Partnership office will continue operations through FY 2004. The work will focus on coordination of USAID activities in the oblast and continued mentoring and assistance to the oblast, Kharkiv City, and local municipalities in support of their various economic development initiatives.

Poland-America-Ukraine-Cooperation Initiative (\$1,000,000 FSA). FY 2004 activities will culminate in a final assessment of grant performance and a number of roundtables to review Polish-Ukrainian relations and policy reform to date.

Program development and support (\$ 2,900,000 FSA). Funds will be provided to support design and monitoring of the program across strategic objectives.

Performance and Results: Third-country, U.S.-based, and local training for Ukraine's professionals with the added value of follow-up financial support will increase the likelihood that training participants will significantly impact SO goals. In Kharkiv, expected results depend on continued performance of Kharkiv's association of regional development offices and partnership members to conclude the possible creation of a regional development agency in Kharkiv, which would stimulate business development and improve the investment climate and regulatory reform in the region. USAID-sponsored study tours and attracting local economic development experts to the oblast will contribute to this goal. PAUCI's continued financing of grass-roots initiatives will increase the percentage of successful reforms in Poland adapted to Ukraine's conditions in SME reform, municipal government, and most directly, compliance with international and European macro-policy standards.

US Financing in Thousands of Dollars

Ukraine

121-0427 Program Support Initiatives	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	6,779
Total Planned Fiscal Year 2003	
Obligations	6,779
Proposed Fiscal Year 2004 NOA	
Obligations	5,000
Future Obligations	0
Est. Total Cost	11,779