

Europe Regional

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

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

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

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

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

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

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

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

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

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

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

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

Europe Regional PROGRAM SUMMARY

(in thousands of dollars)

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

STRATEGIC OBJECTIVE SUMMARY

180-0110 Privatization				
AEEB	502	0	0	0
180-0120 Fiscal Reform				
AEEB	219	733	248	621
180-0130 Private Enterprise Development				
AEEB	4,591	1,256	1,968	553
180-0140 Strengthening the Financial Sector				
AEEB	4,268	1,312	694	826
180-0150 Sustainable Energy Systems				
AEEB	6,721	6,044	3,363	4,140
180-0160 Better Environmental Management				
AEEB	8,010	5,244	2,861	1,133
180-0210 Civil Society				
AEEB	3,646	2,875	3,150	1,597
180-0220 Rule of Law				
AEEB	2,282	896	862	728
180-0230 Local Government and Urban Development				
AEEB	962	961	508	327
180-0310 Strengthened Humanitarian Responses to Crises				
AEEB	155	110	0	0
180-0320 Health Promotion and Care				
AEEB	1,754	2,984	2,516	2,855
CSH	770	0	0	0
180-0340 Social Sector Reform				
AEEB	1,867	720	232	150
180-0410 Special Initiatives				
AEEB	3,676	3,445	0	0
180-0420 Cross-Cutting Programs				
AEEB	5,024	4,510	4,808	5,070
TRANSFER				
AEEB	42,404	43,049	38,790	33,000

Acting Deputy Assistant Administrator,
Paula Feeney

**Europe
PROGRAM SUMMARY**

(in thousands of dollars)

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

**Europe
PROGRAM SUMMARY**

(in thousands of dollars)

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

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Data Sheet

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

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

Inputs, Outputs, Activities:

FY 2003 Program:

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

FY 2004 Program:

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

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

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

US Financing in Thousands of Dollars

Europe Regional

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

Data Sheet

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

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

Inputs, Outputs, Activities:

FY 2003 Program:

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

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

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

FY 2004 Program:

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

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

US Financing in Thousands of Dollars

Europe Regional

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

Data Sheet

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

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

Inputs, Outputs, Activities:

FY 2003 Program:

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

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

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

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

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

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

FY 2004 Program:

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

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

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

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

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

US Financing in Thousands of Dollars

Europe Regional

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

Data Sheet

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

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

Inputs, Outputs, Activities:

FY 2003 Program:

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

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

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

FY 2004 Program:

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

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

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

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

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

US Financing in Thousands of Dollars

Europe Regional

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

Data Sheet

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

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

Inputs, Outputs, Activities:

FY 2003 Program:

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

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

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

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

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

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

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

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

FY 2004 Program:

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

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

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

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

US Financing in Thousands of Dollars

Europe Regional

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

Data Sheet

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

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

Inputs, Outputs, Activities:

FY 2003 Program:

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

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

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

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

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

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

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

FY 2004 Program:

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

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

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

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

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

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

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

US Financing in Thousands of Dollars

Europe Regional

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

Data Sheet

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

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

Inputs, Outputs, Activities:

FY 2003 Program:

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

FY 2004 Program:

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

Performance and Results: In FY 2002, USAID completed its support to the OECD Anti-Corruption Network. Following the review of various proposals, USAID also transferred its Anti-Corruption Gateway for Europe & Eurasia website (<http://www.nobribes.org>) to Transparency International/Russia (TI/Russia) and ABA/CEELI. TI/Russia and ABA/CEELI have agreed to operate the website jointly without USAID funding. A regional institution building advisor (RIBA) and in-country institution building advisors (IBAs) provided comprehensive organizational development assistance to key legal reform partner NGOs in Central and Eastern Europe. The E&E Regional Legal Impact Assessment program began in October 2001. Two additional country assessments were completed in FY 2002, bringing to six the total number of country assessments completed so far.

US Financing in Thousands of Dollars

Europe Regional

	AEEB	ESF
180-0220 Rule of Law		
Through September 30, 2001		
Obligations	13,515	123
Expenditures	9,649	122
Unliquidated	3,866	1
Fiscal Year 2002		
Obligations	958	0
Expenditures	2,645	0
Through September 30, 2002		
Obligations	14,473	123
Expenditures	12,294	122
Unliquidated	2,179	1
Prior Year Unobligated Funds		
Obligations	435	0
Planned Fiscal Year 2003 NOA		
Obligations	862	0
Total Planned Fiscal Year 2003		
Obligations	1,297	0
Proposed Fiscal Year 2004 NOA		
Obligations	728	0
Future Obligations	0	0
Est. Total Cost	16,498	123

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Local Government and Urban Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	180-0230
Status:	Continuing
Proposed FY 2003 Obligation:	\$508,000 AEEB
Prior Year Unobligated:	\$678,000 AEEB
Proposed FY 2004 Obligation:	\$327,000 AEEB
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2006

Summary: The USAID Central and Eastern Europe (CEE) Regional Local Government Program consists of activities to strengthen local government.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthen local government (\$508,000 AEEB). USAID will use FY 2003 AEEB resources to provide technical assistance to facilitate the decentralization process in CEE countries and to assist local governments in becoming more effective, responsive and accountable to their citizens. Support for better local governance through training will assist the overall transition to more open, democratic, market-driven societies. The program will draw on region-wide experience to provide technical assistance to overseas missions for the development and implementation of country-specific programs. The program will leverage U.S. Government resources by actively participating in the Local Government Information Network (LOGIN), a multi-donor effort to support decentralization process and strengthen local government management capacity. USAID will conduct regional networking training, conferences, evaluations and policy studies in areas critical to local government and promote inter-regional cooperation among CEE countries. Topics may include local economic development, municipal finance, strategic planning, crisis management and conflict prevention, fiscal and administrative decentralization and municipal association development. The principle contractors/grantees are the International City/County Management Association (ICMA), the Urban Institute (UI), Chemonics, and Development Alternatives International (DAI).

FY 2004 Program:

Strengthen local government (\$327,000 AEEB). Regional activities under this program will be similar to those in FY 2003, focussing on the further development of the LOGIN Network. The World Bank, the United Nations Development Program; the Open Society Institute; and key regional counterpart organizations contribute significant resources to the LOGIN program. Principal contractors and grantees are ICMA, UI, Chemonics, and DAI.

Performance and Results: The LOGIN Internet portal is now operational in six CEE countries (Bulgaria, Latvia, Lithuania, Poland, Czech Republic, Hungary) and will expand by the end of 2003. The activity has successfully developed software to operate in several languages.

US Financing in Thousands of Dollars

Europe Regional

	AEEB	ESF
180-0230 Local Government and Urban Development		
Through September 30, 2001		
Obligations	15,230	110
Expenditures	14,007	90
Unliquidated	1,223	20
Fiscal Year 2002		
Obligations	1,022	0
Expenditures	819	20
Through September 30, 2002		
Obligations	16,252	110
Expenditures	14,826	110
Unliquidated	1,426	0
Prior Year Unobligated Funds		
Obligations	678	0
Planned Fiscal Year 2003 NOA		
Obligations	508	0
Total Planned Fiscal Year 2003		
Obligations	1,186	0
Proposed Fiscal Year 2004 NOA		
Obligations	327	0
Future Obligations	0	0
Est. Total Cost	17,765	110

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Health Promotion and Care
Pillar:	Global Health
Strategic Objective:	180-0320
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,516,000 AEEB
Prior Year Unobligated:	\$227,000 AEEB
Proposed FY 2004 Obligation:	\$2,855,000 AEEB
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2004

Summary: The collapse of communism in the late 1980s resulted in a difficult transition from planned to market economies in the 1990s. With the exception of countries in the northern tier, the health of the region's populations and the capacity of the health care systems to serve them remain marginal in the 17 countries in the Central and Eastern European (CEE) Region. USAID's CEE Regional Program seeks to increase health promotion and access to quality health care by providing technical assistance, training and related activities to promote synergy among USAID's bilateral programs and to expand opportunities for USAID Missions, implementing partners, and CEE countries to learn from each other.

Inputs, Outputs, Activities:

FY 2003 Program:

Prevent the spread of HIV/AIDS (\$920,000 AEEB). Cross-border activities to control the epidemic and strengthen policy dialogue in 2003 include developing treatment standards for sexually transmitted infections (STIs) through professional organizations and developing cost data on the impact of AIDS on health systems in CEE. The Regional HIV/AIDS Program includes the Baltic Sea Initiative with the three countries of Estonia, Latvia and Lithuania, in collaboration with Kaliningrad and St. Petersburg, Russia, to build the capacity of non-governmental organizations (NGOs) through technical assistance and small grants for interventions to prevent the spread of HIV/AIDS. A regional Southeast Europe Initiative will build the capacity of NGOs in Bosnia, Bulgaria, Croatia, Macedonia, Romania, and Serbia to learn from each other and to collaborate in cross-border prevention activities. This network of NGO's ("Risk-Net") will increase the quality of HIV/STI prevention among high-risk groups. Principal contractors, grantees, and agencies include: Ministries of Health in CEE, the American International Health Alliance, Family Health International, Open Society Institute (OSI), Population Services International, UNAIDS, UNFPA, the U.S. Department of Health and Human Services, the World Health Organization, and the World Bank.

Control the spread of tuberculosis (TB) and anti-microbial resistance (\$710,000 AEEB). The Regional Tuberculosis Program includes Estonia, Latvia, Lithuania, Kosovo, and Romania, the latter in a cross-border activity with Moldova. The Latvian National TB Laboratory is providing training courses on the accurate identification of multi-drug resistant (MDR) TB and will be assisting Lithuania to analyze the results of a survey of MDR TB and to begin an intervention program. Through a health partnership this center of excellence will develop its business skills to become a training center for the entire region. The Program has initiated a cross border TB control activity between Romania and Moldova, which will strengthen TB diagnostic laboratories and improve procurement of pharmaceuticals for treating TB in both countries. Principal contractors, grantees, and agencies include: Ministries of Health in CEE, the American International Health Alliance, Doctors of the World, Management Sciences for Health, Open Society Institute (OSI), the University of Arkansas Medical School, the U.S. Department of Health and Human Services, and the World Health Organization.

Improve child survival (\$400,000 AEEB). Prevention of iodine deficiency disorder will address the leading preventable cause of mental retardation for children in Europe, building on community-based primary care and health promotion initiatives. Principal grantees and agencies include Kiwanis and UNICEF.

Improve maternal and reproductive health (\$486,000 AEEB). The regional program supports linkages of four women's wellness centers, two primary health care centers and two healthy communities to the Eurasia Health Partnership Program. These linkages help identify lessons learned among successful health partnerships and support task forces to improve quality of maternal and reproductive health care. The Hungarian Association of Healthy Cities will expand reproductive health services through its network. Learning Resource Centers (LRCs) supply health professionals with current information on the most effective practices within their specialization, while helping them build new medical programs based on published research. The program also supports regional workshops, information exchange and cross-border initiatives to develop professional cadres of health workers and managers. Principal contractors, grantees, and agencies include American International Health Alliance.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

FY 2004 Program:

Prevent the spread of HIV/AIDS/ID (\$1,700,000 AEEB). Support will be provided for regional and bilateral activities aimed at preventing the spread of HIV/AIDS and for other health related activities.

Control the spread of tuberculosis (TB) and anti-microbial resistance (\$200,000 AEEB). A TB reference laboratory will be established in Romania.

Improve child survival (\$300,000 AEEB). Additional funding will consolidate efforts to reduce iodine deficiency disorder.

Improve maternal and reproductive health (\$655,000 AEEB). Through a health partnership in Albania, cervical cancer screening will be expanded. National health accounts will provide a tool for costing maternal and reproductive health services.

Performance and Results: Latvian peer education manuals were drafted and an outreach education program for intravenous drug users was put in place in Riga, developing 3,000 contacts. Estonian peer education and prevention efforts targeting youth involved in risky behaviors and sex work provided training for 510 youth in 34 workshops. An assessment of the risk of STIs and the potential for condom social marketing was completed in Southeastern Europe, revealing STI levels of 10% - 30% among youth. Approximately \$500,000 was leveraged from UNFPA to fund social marketing and media efforts to raise awareness and increase safer sexual health practices among youth with a focus on Bosnia, Bulgaria, and Serbia. USAID, partners from the European Union, and the private voluntary organization Doctors of the World have supported the tuberculosis program in Kosovo for the past two years. Despite the challenges presented by the lack of government and the parallel health care systems for Albanians and Serbs, Kosovo has more than 95% DOTS implementation and an 84% treatment success rate in new smear-positive patients. The Healthy Community partnership in Romania held an international partnership dissemination conference to present a strategy for expanding the domestic violence prevention program it had successfully developed. The first ever cross-border partnership was developed between Romania's Institute of Health Services Management, and Albania's Institute for Public Health to institutionalize health management training for general practitioners. The Romanian Institute, a graduated partnership, is playing a major role in reforming the hospital payment system to reduce the huge payments to hospitals for performing abortions and to pay instead for family planning services provided by primary care physicians. The LRC Information Coordinator at the Maternity Hospital in Tirana, Albania learned about the use of a type of local anesthesia during deliveries. The Coordinator encouraged physicians to use this method instead of general anesthesia on four patients. The physicians were pleased with the method and plan hope to introduce it as standard practice in the hospital. In addition to the lower cost and ease of application, the new anesthesia method provides more comfort for women compared with currently used procedures and is safer for newborns.

US Financing in Thousands of Dollars

Europe Regional

180-0320 Health Promotion and Care	AEEB	CSH	ESF	FSA
Through September 30, 2001				
Obligations	30,054	570	1,400	820
Expenditures	26,235	0	1,400	0
Unliquidated	3,819	570	0	820
Fiscal Year 2002				
Obligations	2,860	200	0	0
Expenditures	3,271	499	0	0
Through September 30, 2002				
Obligations	32,914	770	1,400	820
Expenditures	29,506	499	1,400	0
Unliquidated	3,408	271	0	820
Prior Year Unobligated Funds				
Obligations	227	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	2,516	0	0	0
Total Planned Fiscal Year 2003				
Obligations	2,743	0	0	0
Proposed Fiscal Year 2004 NOA				
Obligations	2,855	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	38,512	770	1,400	820

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Social Sector Reform
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	180-0340
Status:	Continuing
Proposed FY 2003 Obligation:	\$232,000 AEEB
Prior Year Unobligated:	\$38,000 AEEB
Proposed FY 2004 Obligation:	\$150,000 AEEB
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: USAID's regional social sector program in Central and Eastern Europe includes analytical work, technical assistance, and dissemination of best practices to: promote programs to protect vulnerable groups; improve labor market function and education system reform at all levels; improve the strategic approaches taken by missions to mitigate adverse social conditions and trends, which include tracking key social indicators and benchmarking country performance, and facilitating the transfer and sustainability of social sector reform efforts in countries preparing to graduate from USAID assistance.

Inputs, Outputs, Activities:

FY 2003 Program:

Promote programs to protect vulnerable ethnic or demographic groups (\$75,000 AEEB). USAID will pilot test a rapid, cost-effective methodology to identify and address issues negatively affecting youth. Previously assumed to be untarnished by the communist legacy and ready champions of market-based democracy, the youth population in the E&E Region has instead evinced high rates of unemployment, drug use, crime, social disaffection, and reduced rates of educational attainment and civic commitment. This rapid appraisal methodology will make it possible for missions to hone in on specific crises affecting young people in their country and develop targeted, effective interventions with the goal of improving youth's adaptation and participation in market-based democracies. Principal contractors include: International Science and Technology Institute (prime), Aguirre International (sub).

Strategic analysis, support and coordination. (\$157,000 AEEB). Program-funded technical staff carry out critical strategic analysis on social sector topics and provide support to EE senior management, field missions and other Washington USAID operating units. In addition they will coordinate information on social sector issues and programs with policy and pillar bureau colleagues, other U.S. government agencies, other donor agencies, implementing partners and non-governmental organizations. A key focus of staff will be on those field missions that are introducing, improving, or evaluating social transition programs. Social transition staff will also give special attention to critical social problems that left untreated could impede timely country graduation. Additionally, funds will support a second workshop in the region to disseminate best practices in social sector reform; improve content on the ST website; and track key indicators such as safety net performance, education, employment and income security, and poverty. Principal contractors include: International Science and Technology Institute (prime), Aguirre International (sub).

FY 2004 Program:

Strategic analysis, support and coordination (\$150,000 AEEB). Staff will continue to provide strategic guidance and technical assistance to field missions, as well as provide support to EE senior management and Washington USAID operating units. Coordination with policy and pillar bureau colleagues, other U.S. government agencies, other donor agencies, implementing partners and non-governmental organizations will be a continued priority.

In FY 2004, USAID will also complete a region-wide assessment to benchmark the status of social transition indicators to guide further programming and facilitate the transfer and sustainability of social sector reform efforts in countries preparing to graduate from USAID assistance. The results of this assessment will be the subject of the third regional workshop and disseminated through the ST website. Principal contractors are the International Science and Technology Institute (prime) and Aguirre International (sub).

Performance and Results: The results achieved under this objective improve the sustainability of USAID's assistance in E&E countries by helping to halt and eventually reverse the declines in living standards experienced by citizens in the transition countries. In addition to reducing human suffering and deprivation, strategic assistance in the social sectors increases public support for reform in among citizens in countries who had been accustomed to relatively high levels of social services.

Two regional programs began multi-year activities with FY 2002 funding support. The International Youth Foundation (IYF) has begun, under a major regional grant to the Balkan Children and Youth Foundation (BCYF), to award sub-grants and build a network among promising local youth organizations in the Balkans. The Center for Democracy and Reconciliation in Southeast Europe (CDRSEE) has begun a project to produce teaching materials and scholarly papers that promote a more factually based, and less biased understanding of the shared history of this conflict afflicted region. In FY 2003 CDRSEE will finish producing the revised texts and in FY 2004 it will convene junior scholars from the region to complete its dissemination and training using these history teaching materials.

The USAID-funded U.S. Department of Labor project will complete the institutionalization and transfer of its employment generation models across five countries in Central and Eastern Europe (Bulgaria, Hungary, Macedonia, Poland, and Romania) before September 30, 2003. It will leave in place a regional task force to oversee its model implementation, a series of linked websites featuring manuals and best practices, and a resource bank of local economic development and industrial adjustment specialists.

Representatives from five Central and East European missions (Croatia, Serbia, Bulgaria, Macedonia, and Romania) attended the first ST workshop and contributed to discussions and presentations of best practices, strengthening the basis for comparison of social indices across the region.

US Financing in Thousands of Dollars

Europe Regional

180-0340 Social Sector Reform	AEEB
Through September 30, 2001	
Obligations	2,462
Expenditures	386
Unliquidated	2,076
Fiscal Year 2002	
Obligations	3,807
Expenditures	2,570
Through September 30, 2002	
Obligations	6,269
Expenditures	2,956
Unliquidated	3,313
Prior Year Unobligated Funds	
Obligations	38
Planned Fiscal Year 2003 NOA	
Obligations	232
Total Planned Fiscal Year 2003	
Obligations	270
Proposed Fiscal Year 2004 NOA	
Obligations	150
Future Obligations	0
Est. Total Cost	6,689

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,808,000 AEEB
Prior Year Unobligated:	\$3,646,000 AEEB
Proposed FY 2004 Obligation:	\$5,070,000 AEEB
Year of Initial Obligation:	FY 1991
Estimated Completion Date:	FY 2008

Summary: The USAID regional cross-cutting program support objective supports activities that contribute to the achievement of other bureau objectives and agency initiatives. The objective comprises the following key elements: training, values, program develop and support, and special activities.

Inputs, Outputs, Activities:

FY 2003 Program:

Training (\$630,000 AEEB). Technical and administrative support is provided to all Europe missions for training and partnership design, planning and administration, performance monitoring and evaluation, and financial analysis and human capacity assessments. Training is also provided for program-funded staff and partners in performance measurement and reporting and other aspects of assistance oversight. Principal contractors are Aguirre International (prime) and the International Science and Technology Institute (sub).

Values (\$1,250,000 AEEB). USAID plans to provide procurement awards to qualified organizations to implement innovative ideas that cultivate and strengthen universally recognized values that support USAID goals and objectives in the region. The goal of this initiative is to achieve positive, lasting attitudinal change, reflected in realizing more permanent advancements in social, economic and political practices.

Values are the necessary underpinning for lasting reforms in promoting democracy, human rights, religious freedom, free and open markets, anti-corruption efforts, and prevention of violence, and reduction of conflict. Failure to focus more attention on cultivating values means that efforts to sustain free societies in post-communist societies could be in vain. Examples of such values include human and minority rights, respect for rule of law, honesty and truthfulness, strong business ethics, saving money, truth in advertising, ending resentment and promoting reconciliation.

Program development and support (\$2,778,000 AEEB). Funds will be used to assess particular transition problems such as trafficking, and to evaluate the effectiveness of selected programs being implemented in multiple countries in the region to share lessons learned, improve effectiveness, and deepen an understanding of the progress of transition. In addition, USAID will provide assistance through institutional and personal services contractors (PSCs) to manage activities and to help field missions and their partners design and manage their programs; to support the inter-agency costs of the regional services center in Budapest and the Washington facility; and, through transfers to a USAID pillar bureau, to support the work of HBCUs. As permitted by law, up to \$500,000 of program funding may be transferred to the Operating Expense account.

Special Activities (\$150,000 AEEB). Funds are expected to be provided to the Hungarian American Partnership Program (HAPI), an exchange program to build regional connections and share successful approaches to economic and democratic transitions. This activity utilizes Hungarian expertise to transfer knowledge on Hungary's successful economic and democratic transition to other countries in the region.

There are four primary areas of concentration: private financial sector, nonprofit NGO sector, media, and reform of public finances. The principal grantee is the Foundation for the Development of Human Rights.

FY 2004 Program:

Use of funds in this objective in FY 2004 will be similar to uses in FY 2003. The estimated breakdown by functional area is: training (\$800,000 AEEB), values (\$1,000,000 AEEB), program development and support (\$3,232,000 AEEB), and special activities (\$38,000 AEEB).

Performance and Results: Under the values component of this objective, specific activities selected organizations might implement could include innovative programs in anti-corruption, cessation of conflict, promotion of inter-religious dialogue, business ethics, corporate governance, anti-trafficking of persons, and information technology/media professionalism. Typical results could be establishment of an ongoing dialogue of reconciliation, joint projects started between previously feuding groups, reduction in number of hate crimes, lower incidence of business and government corruption, reduction in trafficking of persons, establishment of and enforcement of codes of conduct for professional associations, civil society organizations, and government institutions, establishment and enforcement of regulatory bodies, and greater public understanding of ethics in business and government.

Under the HAPI program, in FY 02, 266 participants from 12 countries benefited from exchanges on common challenges. As an indication of the quality of this program approach, HAPI has leveraged over \$250,000 in program funding from the European Union and another UNHCR grant for refugees. Similar results are anticipated in FY 2003.

US Financing in Thousands of Dollars

Europe Regional

	AEEB	DA
180-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	63,697	3,042
Expenditures	57,955	3,041
Unliquidated	5,742	1
Fiscal Year 2002		
Obligations	3,746	0
Expenditures	4,408	0
Through September 30, 2002		
Obligations	67,443	3,042
Expenditures	62,363	3,041
Unliquidated	5,080	1
Prior Year Unobligated Funds		
Obligations	3,646	0
Planned Fiscal Year 2003 NOA		
Obligations	4,808	0
Total Planned Fiscal Year 2003		
Obligations	8,454	0
Proposed Fiscal Year 2004 NOA		
Obligations	5,070	0
Future Obligations	0	0
Est. Total Cost	80,967	3,042