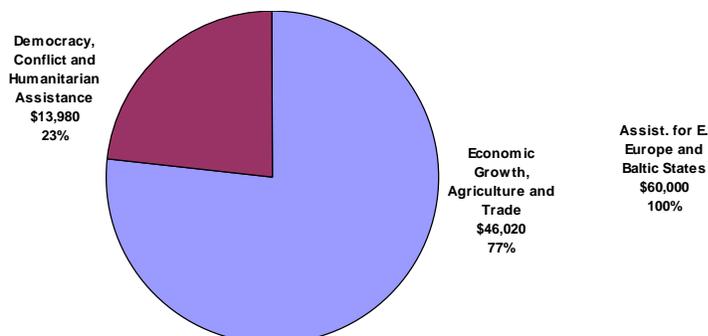
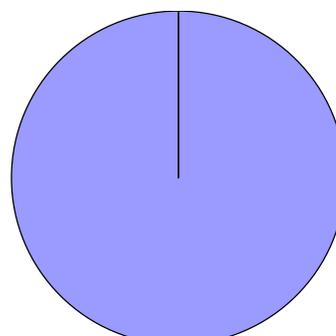


Serbia

FY 2006 Assistance by Sector



FY 2006 Assistance by Account

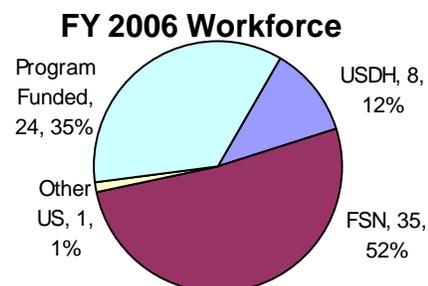


Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Economic Policy and Finance	169-0130	9,370	20,400	17,333
Democracy and Governance	169-0200	12,650	5,250	6,813
Community Development and Local Governance	169-0210	49,410	31,950	22,755
Cross-Cutting Programs	169-0420	2,999	3,000	2,500
Transfers		24,580	13,000	10,599
Total (in thousands of dollars)		99,009	73,600	60,000

Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	3,298	3,460	3,750
USDH Salaries & Benefits	897	1,202	1,228
Program Funds	1,690	1,678	1,678
Total (in thousands of dollars)	5,885	6,340	6,656



Mission Director: Keith Simmons

The Development Challenge: Serbia is one of the two republics in the State Union of Serbia and Montenegro. According to the 2002 census, Serbia has a population of 7.5 million (excluding Kosovo), more than 12 times larger than that of Montenegro. The ethnic composition is considered to be predominantly Serbian (82.86%) while the rest of the population is made up of Hungarian (3.91%), Bosniaks (1.82%), and Roma (1.44%), Croats (0.94%), Albanians (0.82%), Slovaks (0.79%), Vlachs (0.53%), Romanians (0.46%), Bulgarians (0.27%). Refugees and internally displaced persons make up around 6.7% of the population.

Serbia's economy picked up pace in FY 2004. After low economic growth of 2% in 2003 due to drought and industrial sector weakness, gross domestic production is projected to grow by 6% or more in 2004; this would be the highest growth since 1997. Inflation increased slightly after a three-year decline, but is expected to remain at 11% to 12% for 2004. Total foreign exchange reserves remain solid and stable at a value equal to nearly five months of imports, bolstered by large unrecorded remittances from abroad. However, the Republic continues to lag behind other countries in the region. Throughout 2004, the process of enterprise restructuring in Serbia remained stagnant due to a lack of political leadership and a preoccupation with past privatizations. It is expected to increase in FY 2005. The underdeveloped business environment constrains the growth of the private sector, and investment remains low due to perception of high risk. Serbia's key macroeconomic challenge remains the sustainability of external accounts in an environment of reduced but still significant foreign currency debt and a growing trade deficit expected to reach \$7 billion in 2004.

Such macroeconomic progress stood in marked contrast with the political reforms that slowed considerably in the aftermath of the assassination of Prime Minister Zoran Djindjic in March 2003. Parliamentary elections in December 2003 led to a coalition government that has not advanced reform substantially. The government formed by Prime Minister Vojislav Kostunica of the Democratic Party of Serbia (DSS), depends on Milosevic's Socialist Party (SPS) to achieve a parliamentary majority. The Democratic Party (DS) of former Kostunica rival Djindjic, remains in opposition. Following three failed presidential contests, Boris Tadic of the DS was elected President of the Republic. He remains popular, and has taken a number of forward-leaning positions on Kosovo, ICTY, and EU integration, but due to limited constitutional powers has not been able to achieve government action. Local elections held in September 2004 left anti-reform forces with more influence or even control in 22 out of 162 municipalities, including Novi Sad, Serbia's second-largest city.

In the absence of additional progress, this year the real challenge was sustaining the implementation of previously accomplished reforms. Despite international pressure, the Serbian Government has failed to cooperate fully with the International Criminal Tribunal for the former Yugoslavia (ICTY). Following Serbia's lack of cooperation with the ICTY and non-compliance with the requirements defined under the Sections 570 and 572 of the FOAA, of the total assistance allocated in FY 2004, \$99.4 million, Serbia lost \$20.4 million (20%), of which \$13.6 million was managed by USAID. It is possible that USAID will be able to recoup \$3.65 million of these withheld funds for specific democracy and governance activities. There remains a real risk of additional planned funds being lost in FY 2005 for lack of certification in the next fiscal year.

In March 2004, violence in Kosovo fueled the revival of extreme nationalist feelings that dominated Serbian politics for most of the spring. The violence largely did not spill over into the ethnically-mixed region of Southern Serbia. Pressures from both sides over the relationship of Serbia and Montenegro in the state union have increased. The unresolved political issues and stagnating reform process have all put a strain on the situation, and early and extraordinary elections are now possible in the first half of 2005. Compliance with ICTY, addressing Kosovo's status and the future of Serbia and Montenegro State Union, and preserving and consolidating macroeconomic gains through fiscal discipline and prudent monetary policy, with an increased focus on micro-economic issues to increase jobs and spur economic development, will be among the challenges for Serbia's leaders in the coming year.

The USAID Program: USAID activities, summarized below, will be carried out through three Strategic Objectives (SOs).

Strategic Objective 170-0130 (Accelerated Development and Growth of Private Enterprises) will focus on removing the principal obstacles to growth, namely weaknesses in the legal/regulatory and judicial system, excessive fiscal and tax-related burdens, and a lack or absence of working and investment capital. At the same time programs will improve the business regulatory environment, enhance competitiveness to attract

investment and drive exports, and prepare Serbia for World Trade Organization membership.

Strategic Objective 170-0200 (More Effective, Responsive, and Accountable Democratic Institutions) will continue to support rule of law, civil society, political processes, independent media and anti-trafficking efforts. Assistance toward non-governmental organizations (NGOs) in 2005 will focus on strengthening the advocacy skills and financial/organizational management of a small set of NGOs. Direct support to independent media will be reduced, with assistance focused on advocating for a regulatory structure that supports a private and independent media.

Strategic Objective 170-0210 (Increased, Better Informed, Citizens' Participation in Political and Economic Decision-Making) will concentrate in 2005 on increasing economic prosperity, employment generation, and job security at the community, sub-municipal and municipal level through improving private sector growth, expanding and improving access to economic and social infrastructure and supporting local democratic government and decentralization.

Other Program Elements: The Department of Treasury will continue to work closely with USAID in addressing financial crimes and money laundering, macroeconomic institution building, tax implementation, developing financial markets, and budget and banking reforms. The Department of Agriculture's program will include farm management training, curriculum development, food safety and standards, and continuing work on a management information system for farmers. Department of Commerce will assist Serbia in attracting additional foreign direct investment and Department of State will support Public Diplomacy.

Other Donors: The US is Serbia's largest bilateral donor. USAID coordinates its work closely with the Government of Serbia, other bilateral and multilateral donors and international financial institutions some of which include Germany (macroeconomic reform, municipal development, infrastructure loans); Sweden (education and training, donor harmonization); Canada (social sector restructuring); the United Kingdom (macroeconomic reform, local government); the primary multilateral donor in Serbia, the European Agency for Reconstruction (in 2004, €212 million program focused on strengthening the partnership with the government, fostering economic development, and paving the way for investment from international financial institutions); the World Bank (macroeconomic reform); the International Monetary Fund (fiscal and monetary policy); the European Bank for Reconstruction and Development (infrastructure and trade); the European Investment Bank (infrastructure); and the Organization for Security and Cooperation in Europe (civil society reform, rule of law). The United Nations Development Program with funding from EAR, Germany, Canada and the Netherlands, is working mainly in civil society development and rule of law. On the strategic level, USAID participated in the Donor Coordination Group "Law in Transition" a group of major bilateral and multilateral donors that jointly presented a list of critical laws to the new ruling coalition. On the program level, USAID staff and implementers participate in working groups in the areas of Southern Serbia, commercial law, and the rule of law. In 2005, the World Bank will introduce an investment project in order to complement the work already undertaken by USAID in the area of pension reform.

Serbia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Asst. for E. Europe and the Baltic States	109,994	99,009	73,600	60,000
Total Program Funds	109,994	99,009	73,600	60,000

STRATEGIC OBJECTIVE SUMMARY				
169-0130 Economic Policy and Finance				
AEEB	25,230	9,370	20,400	17,333
169-0200 Democracy and Governance				
AEEB	15,375	12,650	5,250	6,813
169-0210 Community Development and Local Governance				
AEEB	53,399	49,410	31,950	22,755
169-0420 Cross-Cutting Programs				
AEEB	1,494	2,999	3,000	2,500
TRANSFER				
AEEB	14,496	24,580	13,000	10,599

Mission Director,
Keith Simmons

Data Sheet

USAID Mission:	Serbia
Program Title:	Economic Policy and Finance
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	169-0130
Status:	Continuing
Planned FY 2005 Obligation:	\$20,400,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$17,333,000 AEEB
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

Summary: USAID's economic program supports new public-private alliances; the regulatory infrastructure for introducing the new value-added tax (VAT); a banking system operating in accordance with the Basel Core Principles; risk-based regulation of insurance companies; introduction of a multi-pillar pension system; competitiveness initiatives that increase export levels, investment and employment; functioning business registration, secured credit, and leasing registries; development of new economic think-tanks; the Opportunity International program operating on a universal bank license throughout all of Serbia; greater availability of credit to qualified small and medium enterprises (SMEs) and municipalities through the use of Development Credit Authority (DCA) and related technical assistance; a more business friendly, pro-growth, legal and regulatory environment supported by a strengthened regional commercial court system; and parallel-track

progress by Serbia and Montenegro towards World Trade Organization (WTO) membership. FY 2006 is a transition year as USAID begins to implement a new country assistance strategy expected to be in place by mid-2005.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Economic Policy and Governance (\$5,610,000 AEEB). USAID will continue to help Serbia address its budget deficit by improving its revenue collection system through tax policy reform. Assistance provided to the Ministry of Finance and Serbian Tax Administration will improve the administration of taxes collected from businesses and individuals thereby improving the environment for growth of the formal private sector. Contractor: Bearing Point (prime).

Improve Private Sector Growth (\$9,690,000 AEEB). To increase investor confidence USAID will continue commercial court reform; promote enterprise development by supporting accelerated growth in six key sectors of fruit, furniture, apparel, information and communication technology, pharmaceutical research, and tourism; and work with business associations to advocate for pro-growth policies, laws, and regulations. The Municipal Economic Growth Activity (MEGA), a new program to assist local governments as facilitators and promoters of local private sector economic development, will include training and technical assistance to support public-private collaborative efforts such as industrial and technology research parks, business improvement districts, business incubators, and one-stop permitting centers. MEGA may include a municipal credit component involving the use of Development Credit Authority. Contractor: Booz Allen Hamilton (prime), and others to be determined (TBD).

Strengthen the Financial Sector's Contribution to Economic Growth (\$4,500,000 AEEB). USAID will provide assistance necessary to ensure a strengthened banking system, a sound, stable, and well-regulated insurance industry, and the introduction of a multi-pillar pension system reforming Serbia's financially troubled pay-as-you-go system. USAID will also launch a \$4 million Development Credit Authority program with components that increase access to finance in key sectors of the economy, expand lending to SMEs, and enable municipalities to secure needed financing for infrastructure development and economic development at the community level. Contractor: Bearing Point (prime), and TBD.

Increase Participation in Global Trade and Investment (\$600,000 AEEB). USAID's WTO accession for Serbia and Montenegro activity will accelerate accession assistance to both Serbia and Montenegro as the two republics move forward with a two-track negotiation process. Contractor: IBM Consulting (prime).

FY 2006 Program: Improve Economic Policy and Governance (\$3,860,000 AEEB). USAID intends to support policy and capacity-building activities that will address critical gaps in Serbia's macroeconomic policy and governance environment through improving fiscal sustainability, transparency, and accountability, and eliminating obstacles in legal and regulatory frameworks that inhibit foreign and domestic investment and job creation. Government counterparts may include the Ministry of Finance, the Ministry of International Economic Relations, Serbian Investment and Export Promotion Agency, and the Ministry of Justice. Contractor/grantee: Bearing Point (prime) and TBD.

Improve Private Sector Growth (\$8,749,000 AEEB). USAID intends to support initiatives that address critical gaps in Serbia's microeconomic and macroeconomic constraints to growth. Resources are intended to improve the competitiveness of key economic sectors with emphasis on increasing exports, attracting investment, and job creation, as well as to address barriers to foreign direct investments, growth of the formal sector, and the capacity of Serbia's commercial law framework and institutions to protect and enforce contract, property, and creditors' rights. In FY 2006, MEGA will become fully operational with economic development training and technical assistance underway in up to a dozen progressive municipalities. The first collaborative public-private partnership projects will have been identified, and if feasible, a municipal lending facility will be set up with local private banks using the DCA. Contractor: Bearing Point (prime) and TBD.

Strengthen the Financial Sector's Contribution to Economic Growth (\$3,621,000 AEEB). USAID intends to continue financial sector activities including a three-pronged financial sector activity covering banking, insurance, and pensions so as to ensure a banking system operating in accordance with the Basel Core

Principles, a functional system for sound risk-based regulation of insurance companies, and introduction of a multi-pillar pension system reforming the current pay-as-you-go system. Contractor: Bearing Point (prime) and TBD.

Increase Participation in Global Trade and Investment (\$1,103,000 AEEB). USAID will continue to support WTO accession for Serbia and Montenegro as the two republics advance their two-track WTO negotiation process. Additionally, USAID intends to support policy, institutional, sector, and firm level assistance to increase Serbia's participation in regional and global trade and investment and in Euro-Atlantic institutions with a view to advancing Serbia's progress toward European Union accession. Contractor: IBM Consulting (prime).

Performance and Results: USAID's program improves private sector development through: assistance to a new Business Registry Agency that will speed business registration and host new collateral and leasing registries; bank supervision, including the development of a robust information technology system needed for more efficient detection of money laundering activities; the establishment of an insurance supervisory department and commencement of examinations of 36 insurance companies; pension reform assistance including development of an actuarial model to project pension liabilities; tax administration assistance for successful implementation of the new VAT; strengthening private sector competitiveness in six key sectors; a microfinance activity, that as of year end had an active portfolio of 2,130 clients, over 40% women, and that had disbursed 4,345 loans since inception totaling nearly euro 7.5 million; modernized intellectual property rights legislation and steps to advance WTO accession; Commercial Court Administration Strengthening, a new activity addressing serious deficiencies in Serbia's commercial court system; and the privatization activity which ended with a set of recommendations on accelerating the restructuring of over 70 large socially and state-owned companies.

US Financing in Thousands of Dollars

Serbia

169-0130 Economic Policy and Finance	AEEB
Through September 30, 2003	
Obligations	46,160
Expenditures	18,787
Unliquidated	27,373
Fiscal Year 2004	
Obligations	12,100
Expenditures	23,680
Through September 30, 2004	
Obligations	58,260
Expenditures	42,467
Unliquidated	15,793
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	20,400
Total Planned Fiscal Year 2005	
Obligations	20,400
Proposed Fiscal Year 2006 NOA	
Obligations	17,333
Future Obligations	18,500
Est. Total Cost	114,493

Data Sheet

USAID Mission:	Serbia
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	169-0200
Status:	Continuing
Planned FY 2005 Obligation:	\$5,250,000 AEEB
Prior Year Unobligated:	\$3,650,000 AEEB
Proposed FY 2006 Obligation:	\$6,813,000 AEEB
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2007

Summary: This program promotes more effective, responsive, and accountable democratic institutions that benefit citizens in municipalities across Serbia. It supports grants, exchanges, and technical assistance for non-governmental organizations (NGOs), independent media, and trade unions; supports anti-trafficking programs of international and local organizations, gives technical assistance to democratically-oriented parties, Parliament, and selected government institutions; and provides training and technical assistance to support an ethical, independent, and better-trained judiciary and a more efficient, ethical, and transparent legal system.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Justice Sector/Legal Framework (\$2,550,000 AEEB). Current justice sector activities include: 1) providing technical assistance to Serbia's independent associations of judges, prosecutors, magistrates, and young lawyers; 2) assisting four law schools to reform curriculum and teaching methodology; 3) conducting the first comprehensive analysis of Serbian court backlogs and developing strategies for addressing the backlog; and 4) addressing issues related to war crimes. A new activity will focus on management of civil and magistrates courts, and the planned appellate courts. USAID supports the Humanitarian Law Center (HLC) in locating witnesses and facilitating their testimony in war crimes cases, operating the War Crimes Documentation Center, and promoting ethnic reconciliation. Principal partners: the American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI), and the National Center for State Courts (NCSC) (primes).

Strengthen Civil Society (\$500,000 AEEB, \$1,330,000 AEEB carryover). USAID will provide grants, training, and technical assistance to strengthen NGOs to support and monitor democratic reforms (including human rights, truth and reconciliation, Serbia's reintegration into the Balkans and Europe, and transparency in government). The program develops NGO advocacy skills, professional and financial management, and fund-raising capacity. NGOs support free and fair elections through voter education, non-partisan domestic monitoring, and get-out-the vote campaigns. Technical assistance helps NGOs advocate for a legal framework for NGOs, which is still lacking. Independent trade union programs transfer skills to union representatives to dialogue with government and business on economic reform issues. Grantees: Freedom House, and the American Center for International Labor Solidarity (primes).

Establish and Ensure Media Freedom and Freedom of Information (\$700,000 AEEB, \$770,000 AEEB carryover). This program supports independent and commercially viable media and advocacy for implementing a predictable regulatory environment for media; provides professional training in journalism and management; supports the leading independent TV station, B92, as well as the national network of smaller TV and radio stations associated with ANEM (the Association of Independent Electronic Media) and supports media coverage of the Hague Tribunal war crimes trials and selected quality local productions (especially on human rights, ethnic relations, democratic reform issues, and voter education). Grantee: the International Research and Exchanges Board (prime).

Strengthen Democratic Political Parties (\$1,200,000 AEEB, \$1,350,000 AEEB carryover). Through training and technical assistance, USAID helps democratically-oriented political parties improve internal communications and organization, recruit and utilize grassroots volunteers, craft and communicate policy

messages, increase women and youth representation, and work effectively with the press. Assistance also prepares democratic parties, both in and out of power, to govern effectively. This work is closely integrated with support of free and fair elections, focusing on developing campaign plans and messages, grassroots volunteers, and responding to voter priorities with focused platforms. Technical assistance to the political and civilian leadership of selected ministries and local governments helps reinforce transparency and effective communication with citizens. Grantees: the International Republican Institute, and the National Democratic Institute (primes).

Reduce Trafficking in Persons (\$300,000 AEEB, \$200,000 AEEB carryover). The current implementing agreement provides shelter and social work assistance to victims and advocates with relevant government agencies on trafficking policy issues. This agreement will expire in FY 2005 and a new one will be developed with a refocused program. Grantee: International Organization for Migration (prime).

FY 2006 Program: Since FY 2006 represents a transitional year, the current existing agreements for all of the above components are scheduled to end, and most if not all FY 2006 funding will be obligated to new grants, cooperative agreements, or contracts. A further expansion of the justice sector and human rights programming will begin in FY 2005 and continue through FY 2006. The structure of the civil society program will be changed; broad civil society strengthening activities (technical assistance and training) to many Serbian NGOs will be reduced and longer-term support given for reform advocacy work of a small group of NGOs. The labor program will be completed. If effective and democratic regulation of the broadcast media is finally established, the media program may be even further reduced or ended. Funding of program components is expected to continue, namely: 1) Improve Justice Sector/Legal framework (\$2,250,000 AEEB); 2) Civil Society Strengthening, including advocacy on human rights issues (\$1,763,000 AEEB); 3) Establish and Ensure Media Freedom and Freedom of Information (\$1,100,000 AEEB); 4) Strengthening Democratic Political Parties, including support of free elections (\$1,400,000 AEEB); and 5) Reducing Trafficking in Persons (\$300,000 AEEB).

Performance and Results: The overall political/democracy environment for FY 2004 was mixed. Numerous elections were held, the democratic parties remain fragmented, and the national political debate is still mired in the unresolved issues of war crimes and cooperation with the Hague tribunal, the future of Kosovo, and the union with Montenegro. Democratic reformers found few allies within the government. Nonetheless, there were notable achievements in every component of the portfolio. Most striking were the completion of assistance for setting up the high-profile special courts (for war crimes and organized crime) and the highly coordinated election support effort (targeted get-out-the-vote, voter education, and domestic monitoring) by media, civil society and political party programs. USAID issued approximately 24 civil society grants supporting legal aid for the victims of past human rights violations, introducing a tolerance-building civic education curriculum, and other democratic advocacy efforts. Serbia's leading independent television station, B92, received assistance to expand to its broadcasting range to most of Serbia's territory. ANEM received support for advocating for a predictable legal broadcasting structure and the privatization of municipal stations. The Centre for Free Elections and Democracy, the domestic election monitoring NGO boosted its capacity to maintain an elections database and to implement election monitoring. A major diagnosis of court case backlogs has begun, and is eliciting much professional interest.

US Financing in Thousands of Dollars

Serbia

169-0200 Democracy and Governance	AEEB
Through September 30, 2003	
Obligations	13,058
Expenditures	2,868
Unliquidated	10,190
Fiscal Year 2004	
Obligations	12,105
Expenditures	10,479
Through September 30, 2004	
Obligations	25,163
Expenditures	13,347
Unliquidated	11,816
Prior Year Unobligated Funds	
Obligations	3,650
Planned Fiscal Year 2005 NOA	
Obligations	5,250
Total Planned Fiscal Year 2005	
Obligations	8,900
Proposed Fiscal Year 2006 NOA	
Obligations	6,813
Future Obligations	7,000
Est. Total Cost	47,876

Data Sheet

USAID Mission:	Serbia
Program Title:	Community Development and Local Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	169-0210
Status:	Continuing
Planned FY 2005 Obligation:	\$31,950,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$22,755,000 AEEB
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

Summary: The USAID Civil Society and Local Governance Program in Serbia consists of the Community Revitalization through Democratic Action - Economic (CRDA-E) program to revitalize local democracy through strong citizen participation and the Serbian Local Government Reform Program (SLGRP) to strengthen the capacity of local governments to provide services in a transparent, participatory manner. In FY 2005 and FY 2006, the CRDA-E program will place an increased emphasis on initiating activities that will promote local economic growth and job creation. FY 2006 will be the final year of funding for the CRDA program. During this year, the program's activities will be entirely focused on the following four program components.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Private Sector Growth (\$18,200,000 AEEB). In FY 2005, the CRDA-E program will emphasize promotion of local economic growth and job creation, including access to credit for small and medium enterprises (SMEs), marketing and exporting for SMEs, competitiveness of the tourism industry, community development centers, regional development agencies, micro-grants to vulnerable people to establish micro-enterprises, and the establishment and expansion of the Junior Achievement program to secondary schools around Serbia. During FY 2005, the CRDA-E program will also increase focus on agricultural training and technical assistance as well as seek to link agricultural cooperatives and producer associations to commodity buyers, facilitate their access to credit, and develop niche markets. Where feasible, the CRDA-E program will undertake collaborative efforts with the USDA. The CRDA-E program will finance joint public-private partnerships aimed at stimulating local economic growth, with support to activities such as business improvement districts, community development associations, business incubators, and tourism marketing. Grantees and contractors: 1) America's Development Foundation (prime), the University of Delaware's FLAG International (sub), and the International Executive Service Corps (sub); 2) Mercy Corps International (prime), Deloitte, Touche, Tomatsu (sub); 3) International Relief and Development, Inc. (prime), the United Methodist Committee on Relief (UMCOR) (sub), Camp, Dresser, McKee International (sub); 4) ACDI/VOCA (prime), Overseas Strategic Consulting, Ltd (sub); and 5) CHF International (prime).

Expand and Improve Access to Economic and Social Infrastructure (\$10,053,000 AEEB). The CRDA-E program will continue to co-finance infrastructure projects, such as electrical systems, farm-to-market roads, and communications systems. A limited number of environmental projects will also be funded, such as Earth Day community clean-up campaigns and Green School educational programs. Other anticipated projects will improve and expand community potable water systems and solid waste management. Reproductive Health/Family Planning projects will focus on education, prevention, and promotion, with activities targeting youth at risk, medical professionals, media representatives, and women. Contractors/grantees: same as above.

Support Democratic Local Government and Decentralization (\$997,000 AEEB). Planned FY 2005 funding for SLGRP will fully fund this program, which will initiate financial management training in the municipalities of the Metropolitan Belgrade Area and commence work on establishing citizen assistance centers to streamline processing and issuance of permits, licenses, and similar public documents. On-going training and technical assistance activities in financial management, public procurement, information technology, citizen participation, and communal enterprise management will also be completed in the 70 municipalities outside of Belgrade. Policy reform will continue to support the Serbian local government association to assist it in

becoming an effective advocate on local government issues with the Serbian government. Contractors/grantees: Development Alternatives, Inc. (prime) and PADCO (sub), assisted by a number of partners including the Open Society Institute, IGE Consulting Limited, the Center for Community Organizing, the Vitosha Research and Center for the Study of Democracy, Rutgers University, and Strategic Marketing and Media Research Institute.

Strengthen Civil Society (\$2,700,000 AEEB). The CRDA-E program will have reached its final expansion in FY 2005. It is estimated that the program will initiate 500 projects, of which approximately 25% will be focused on activities to strengthen civil society, involving youth and socially vulnerable groups, including refugees, internally displaced persons, and the physically challenged.

FY 2006 Program: Improve Private Sector Growth (\$9,801,000 AEEB). The major thrust of the CRDA-E program will be to support job creation and the growth of the private sector. Activities will be similar to those of FY 2005. The implementers will remain the same.

Expand and Improve Access to Economic and Social Infrastructure (\$6,370,000 AEEB). CRDA-E economic infrastructure projects to support the development of local economies will continue to receive co-funding.

Increase agricultural Productivity (\$5,484,000 AEEB). Agricultural cooperatives and producer associations will continue to receive training and technical assistance. Efforts will be maintained to link these groups to commodity buyers and to facilitate access to credit. The implementers will remain the same.

Promote Public-Private Alliances as a Principal Business Model (\$1,100,000 AEEB). The CRDA-E will continue to support joint public-private partnerships aimed at stimulating local economic growth.

Performance and Results: To date, the CRDA program has been active in 505 communities throughout the country, covering a population of approximately four million people. Of the more than 3,500 community projects initiated, over 2,500 have been completed. During FY 2004, the program initiated 1,284 projects, of which 281 (22%) have been completed. More than half of the 1,284 projects undertaken were for income-generating activities or economic infrastructure. CRDA program partners awarded over 300 micro-enterprise grants and almost 80 small business grants. Approximately 650 loans, totaling over \$11.5 million, were also disbursed to cooperatives and small and micro-enterprises. Economic development activities in FY 2004 generated 14,780 full-time equivalent jobs, \$13 million in additional income, and \$5.3 million in increased agricultural sales. In the health sector, the CRDA program expended \$2.9 million in FY 2004. The reproductive health earmark was used to fund 65 projects throughout Serbia that benefited 629,000 people, 87% of whom were women. SLGRP is active in 84 municipalities throughout Serbia, covering more than 80% of the total population. Training sessions attended by more than 20,000 participants have improved the local management capacities, and transparent and accountable budgeting and financing systems have been or are presently being established in 70 municipalities. A total of 65 participating towns have held public budget hearings for the first time. Public-private partnerships to create Business Improvement Districts (BIDs) have been established in four municipalities. In the first of these BIDs, business volume has increased 17% for restaurants and cafes and 10% for retail shops. Employment within the BID zone has increased by 10% as commercial enterprises prosper. Citizen assistance centers and/or one stop permitting centers have been set up in 13 municipalities and will be undertaken in 6-10 additional municipalities. SLGRP has also helped the Serbian local government association to become financially sustainable. As of the end of FY 2004, SLGRP had leveraged \$3.7 million from other donor agencies, \$0.2 million from international non-governmental organizations, and \$1.7 million from participating municipalities, for a total to date of \$5.6 million.

US Financing in Thousands of Dollars

Serbia

169-0210 Community Development and Local Governance	AEEB	ESF
Through September 30, 2003		
Obligations	170,750	218
Expenditures	134,503	218
Unliquidated	36,247	0
Fiscal Year 2004		
Obligations	49,560	0
Expenditures	47,933	0
Through September 30, 2004		
Obligations	220,310	218
Expenditures	182,436	218
Unliquidated	37,874	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	31,950	0
Total Planned Fiscal Year 2005		
Obligations	31,950	0
Proposed Fiscal Year 2006 NOA		
Obligations	22,755	0
Future Obligations	22,755	0
Est. Total Cost	297,770	218

Data Sheet

USAID Mission:	Serbia
Program Title:	Cross-Cutting Programs
Pillar:	No pillar info
Strategic Objective:	169-0420
Status:	Continuing
Planned FY 2005 Obligation:	\$3,000,000 AEEB
Prior Year Unobligated:	\$2,222,000 AEEB
Proposed FY 2006 Obligation:	\$2,500,000 AEEB
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

Summary: This objective is designed to accommodate activities that make significant contributions to more than one objective. It finances program development costs, program assessments, learning efforts, and other program operational costs.

Inputs, Outputs, Activities:

FY 2005 Program: Program Development and Support (\$3,000,000 AEEB, \$2,219,000 AEEB carryover, \$3,000 AEEB prior year recoveries). USAID intends to use resources to fund non-career U.S. and foreign national contract staff and related benefits, allowances, housing, and travel and transportation costs and the operational costs of the four field offices that monitor and manage USAID's CRDA and SLGRP programs in Serbia. Additionally, the costs to design new activities and evaluations and assessments of ongoing activities will be borne by this SO. During FY 2005, the Mission will focus on development of the new Strategic Plan and intends to conduct the following assessments: Human and Institutional Capacity Development, Biodiversity, Gender and Human Trafficking, Conflict Vulnerability, Global Development Alliance opportunities with the Serbian Diaspora in the U.S., Remittances, Danube River development opportunities, Pension Insurance, Micro - Small- and Medium-sized Enterprises, Development Credit Authorities, Municipal Finance, Agriculture, Municipal Economic Growth Activity and Regional Trade, and other strategy development-related assessments, all of which will be funded from this strategic objective.

FY 2006 Program: Program Development and Support (\$2,500,000 AEEB). USAID intends to use resources to continue to fund U.S. and foreign national non-career contract employees as well as the operations of four field offices to monitor and manage USAID's programs in Serbia. In addition, a portion of the funds requested here will be used for activity design, evaluations, and training.

Performance and Results: Program-funded staff continued to support the assistance program in Serbia. Citizen participation and local government strengthening activities (SO 169-0210) have been significantly expanded and a new Strategic Objective (SO 169-0200) - More Effective, Responsive and Accountable Democratic Institutions - was established in FY 2003 to encompass increased assistance in the areas of political process and election assistance; civil society, non-governmental organizations, media, and labor assistance; and judicial reform and rule-of-law assistance programs previously managed under SO 169-0210. Under SO 169-0130, Accelerated Development and Growth of Private Enterprise, new initiatives in the area of financial market reform, commercial court reform, and insurance and pension system regulation will greatly expand the overall private enterprise program during FY 2005.

US Financing in Thousands of Dollars

Serbia

169-0420 Cross-Cutting Programs	AEEB
Through September 30, 2003	
Obligations	8,261
Expenditures	6,865
Unliquidated	1,396
Fiscal Year 2004	
Obligations	1,853
Expenditures	1,464
Through September 30, 2004	
Obligations	10,114
Expenditures	8,329
Unliquidated	1,785
Prior Year Unobligated Funds	
Obligations	2,222
Planned Fiscal Year 2005 NOA	
Obligations	3,000
Total Planned Fiscal Year 2005	
Obligations	5,222
Proposed Fiscal Year 2006 NOA	
Obligations	2,500
Future Obligations	2,500
Est. Total Cost	20,336