

The Challenge

USAID is supporting the transition from a centralized non-democratic economy towards a prosperous democratic market economy with membership in Euro-Atlantic Institutions. Weak institutions, corruption, and numerous government changes, combined with the fact that the benefits of a market economy have not yet materialized for much of the population, present obstacles for reform. Attention is further diverted by the status of Kosovo and the State Union of Serbia and Montenegro, and lack of compliance with the International Criminal Tribunal for the Former Yugoslavia (ICTY). In this context, USAID has integrated democracy and economic programs across assistance themes to achieve a greater aggregate impact. USAID works both at the national and municipal levels to support economic reforms, to improve governance and the rule of law, and to fuel private sector growth. This work will be complemented by assistance to improve democratic structures and conditions in select vulnerable areas.

Objectives, Sectors and Workforce

Mission Director: Keith Simmons

MCA Status: Not a Candidate

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Received

Program Budget (Appropriations by Objective)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score	Direct SO Admin. Cost Ratio
169-0130 Economic Policy and Finance	9,370	19,750	0	0	N/A	1.17	Exceeded
169-0131 Economic Policy and Governance	0	0	12,920	15,500	N/A	N/A	N/A
169-0132 Local Economic Growth	0	0	30,945	25,882	N/A	N/A	N/A
169-0200 Democracy and Governance	12,650	6,050	0	0	N/A	0.98	Met
169-0210 Community Development and Local Governance	49,410	31,900	0	0	N/A	1.24	Exceeded
169-0211 Democracy and Economic Security	0	0	11,300	7,971	N/A	N/A	N/A
169-0420 Cross-Cutting Programs	2,959	3,000	2,600	2,327	-21.4%		0.28
Transfer to Other US Government Agency	24,580	12,900	11,535	10,320	-58.0%		
Country Total	98,969	73,600	69,300	62,000	-37.4%		

Program Budget (Appropriations by Account)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Asst. for E. Europe and the Baltic States	98,969	73,600	69,300	62,000	-37.4%
Total	98,969	73,600	69,300	62,000	-37.4%

Program Budget by Sector and Account

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Agriculture and Environment AEEB	2,300	2,471	2,385	2,000	-13.0%
Economic Growth AEEB	11,604	49,887	53,710	45,153	289.1%
Human Rights AEEB	1,300	300	0	0	N/A
Democracy and Governance AEEB	75,551	20,767	12,705	14,847	-80.3%
Conflict Management / Humanitarian Assistance AEEB	6,714	175	500	0	N/A
Family Planning / Reproductive Health AEEB	1,500	0	0	0	N/A
Total	98,969	73,600	69,300	62,000	-37.4%

Workforce

	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	5	10	11	11	120.0%
US Non Direct Hires	6	4	6	5	-16.7%
Foreign Nationals	53	51	62	62	17.0%
Total	64	65	79	78	21.9%

Operating Expense

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Salaries and benefits	1,115	1,115	1,379	1,326	18.9%
Travel	289	376	226	226	-21.8%
Transportation of things	154	84	29	29	-81.2%
Rent	309	457	348	348	12.6%
Security	30	58	60	60	100.0%
Equipment	314	178	59	59	-81.2%
ICASS - Operating Expense only	739	836	817	870	17.7%
Other Operating Expense	347	536	182	182	-47.6%
Total OE Budget	3,297	3,640	3,100	3,100	-6.0%
US direct hire salary and benefits	897	1,255	1,153	1,278	42.5%
Program Funded Administrative Expenses				1,576	
Country Total Administrative Budget				5,954	
Percent of Bureau OE Total				8.0%	

Mission Summary

	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	19,794	7,360	6,300	5,636
Program per All US (\$000)	8,997	5,257	4,076	3,875
Program per Position (\$000)	1,546	1,132	877	795
Operating Expense as % of Program Funding				5.0%
Program Funded Admin Expense as % of Total Admin				26.5%
Total Admin Expense as % of Program Funding				9.6%

Other Major Donors:

Bilateral: Germany, Sweden, Canada, United Kingdom

Multilateral: European Agency for Reconstruction (EAR), European Bank for Reconstruction and Development, the World Bank, the International Monetary Fund, the Organization for Security and Cooperation in Europe, United Nations Development Program.

**Serbia
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Asst. for E. Europe and the Baltic States	98,969	73,600	69,300	62,000
Total Program Funds	98,969	73,600	69,300	62,000

STRATEGIC OBJECTIVE SUMMARY

169-0130 Economic Policy and Finance				
AEEB	9,370	19,750	0	0
169-0131 Economic Policy and Governance				
AEEB	0	0	12,920	15,500
169-0132 Local Economic Growth				
AEEB	0	0	30,945	25,882
169-0200 Democracy and Governance				
AEEB	12,650	6,050	0	0
169-0210 Community Development and Local Governance				
AEEB	49,410	31,900	0	0
169-0211 Democracy and Economic Security				
AEEB	0	0	11,300	7,971
169-0420 Cross-Cutting Programs				
AEEB	2,959	3,000	2,600	2,327
TRANSFER				
AEEB	24,580	12,900	11,535	10,320

Mission Director,
Keith Simmons

US Financing in Thousands of Dollars

Serbia

169-0130 Economic Policy and Finance	AEEB
Through September 30, 2004	
Obligations	56,469
Expenditures	42,468
Unliquidated	14,001
Fiscal Year 2005	
Obligations	15,200
Expenditures	12,374
Through September 30, 2005	
Obligations	71,669
Expenditures	54,842
Unliquidated	16,827
Prior Year Unobligated Funds	
Obligations	3,188
Planned Fiscal Year 2006 NOA	
Obligations	0
Total Planned Fiscal Year 2006	
Obligations	3,188
Proposed Fiscal Year 2007 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	74,857

Data Sheet

USAID Mission:	Serbia
Program Title:	Economic Policy and Governance
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	169-0131
Status:	New in FY 2006
Planned FY 2006 Obligation:	\$12,920,000 AEEB
Prior Year Unobligated:	\$1,500,000 AEEB
Proposed FY 2007 Obligation:	\$15,500,000 AEEB
Year of Initial Obligation:	2006
Estimated Year of Final Obligation:	2012

Summary: This new objective focuses on national-level activities and closer integration of USAID's economic growth activities with efforts to strengthen democratic institutions (legislative, executive, and judicial) vital to a sustainable market economy. Most activities previously notified under the old economic growth objective will end in FY 2006 and be replaced with new programs. USAID's programs under this objective seek to increase the capacity of national-level Serbian institutions to formulate, implement, enforce and adjudicate measures efficiently and effectively, improve the overall business environment, strengthen the policy and legal frameworks, gain public and investor confidence, and increase foreign direct investment.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$4,115,000 AEEB, \$700,000 AEEB prior year recoveries). USAID's activities will improve economic policy and governance, promote private sector growth, strengthen the financial sector, and broaden Serbia's participation in global trade. A new 52-month program, Serbia Economic Growth Activity (SEGA), will cover a broad range of macroeconomic issues: financial sector strengthening through work with the National Bank of Serbia (NBS) on banking, insurance, and private pension fund supervision; with the Securities and Exchange Commission (SEC) on capital markets supervision; and fiscal reform through close cooperation with the Ministry of Finance (MOF) on tax policy and administration, fiscal decentralization, and pension reform. Secured lending to the agriculture sector will be enabled through a Warehouse Receipts program allowing grain in storage to be used as collateral. Trade will be expanded through aid for Serbia's accession to the World Trade Organization (WTO) expected in 2008, and later to the European Union (EU), through help for bringing relevant laws into compliance with WTO and EU standards and negotiating a Stabilization and Association Agreement (SAA) with the EU. A new activity will focus on implementing the recently enacted Bankruptcy Law through training, information systems, and policy advice to help realize the potential of modern bankruptcy processes for strengthening the market economy. This activity will also improve confidence in the justice system by strengthening enforcement of commercial court judgments. Principal contractors: IBM Consulting and others to be determined.

Strengthen the Justice Sector (\$4,805,000 AEEB, \$400,000 AEEB prior year recoveries). USAID assistance will focus on increasing efficiency of the courts, reducing the case backlog, helping Serbian law faculties orient their curriculum toward meeting the demands of a market economy, and providing capacity building and training to professional associations linked to the judiciary, including the Judges' Association, the Prosecutors' Association, the Magistrates' Association, and the Young Lawyers of Serbia. In FY 2006 USAID will initiate a new rule-of-law activity focusing on strengthening capacity of general courts, supporting economic growth as well as judicial ethics and transparency. The Commercial Courts Administration and Strengthening Activity (CCASA) will continue to improve the efficiency of the commercial courts and help the judiciary understand the new market-oriented laws so that entrepreneurs and investors get a fair hearing in disputes over contracts and other business matters. Principal contractors: Booz-Allen-Hamilton (BAH), the American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI), and others to be determined.

Strengthen the Legislative Function/Legal Framework (\$4,000,000 AEEB, \$400,000 AEEB prior year recoveries). In FY 2006, USAID plans to strengthen the legal framework for business development in Serbia through aid in formulating and implementing laws and regulations needed to build the market economy, in such areas as tax reform, financial sector supervision, secured lending, and international trade, through the new SEGA and Warehouse Receipts activities and the continuing WTO accession program. A new activity will strengthen the capacity of the Serbian National Assembly to analyze and deliberate on legislation and to assess the impact of legislation affecting economic growth and investor confidence. A particular focus will be on parliamentary oversight of government programs and public access to information on parliamentary activities. Principal contractors: to be determined.

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$6,500,000 AEEB). USAID intends to further engage in the implementation of economic policy and financial measures designed to improve the investment climate. SEGA will begin work on a combined revenue collection and accounting system in the Serbian Tax Administration to establish individual accounts for tax and pension payments and support activities under the World Bank Pension Administration Loan. Assistance for Bankruptcy Law implementation and enforcement of judgments will continue, with development of key institutions and training of all personnel involved. Public information efforts will show the utility of financial reorganization under the Bankruptcy Law. Support for WTO and EU accession will continue as well as a focus on trade capacity development.

Strengthen the Justice Sector (\$4,500,000 AEEB). USAID intends to continue support for strengthening the legal framework for economic growth and to build on results achieved. CCASA will end during FY 2007, with all information systems installed and extensive training provided to judges and other participants, resulting in significant improvements to the commercial court system. The rule-of-law activity initiated in FY 2006 will continue to strengthen general court systems and legal professionals.

Strengthen the Legislative Function/Legal Framework (\$4,500,000 AEEB). USAID plans to assist the MOF and Treasury to implement the new income tax law resulting from FY 2006 assistance. The parliament support activity will get underway and will result in improved deliberations on economic legislation.

Performance and Results: USAID's assistance has resulted in many successes. For example, USAID assistance to the new Business Registry Agency expedited business registrations and hosted new collateral and leasing registries. Support to the MOF/Treasury for implementing the new value added tax led to a 40% increase in consumption tax revenues. Assistance to the NBS and MOF has created new banking, insurance, and private pension fund supervision agencies; developed a system for detection of money laundering activities; and produced an actuarial model to project public pension liabilities and ways to reduce their impact on the budget deficit. USAID programs modernized intellectual property rights legislation to advance WTO accession. The CCASA activity produced a computer system linking all 16 commercial courts, a legal research database for access to all relevant laws and regulations, and a court data collection system that replaces about 150 manually produced reports. USAID assisted the Magistrates' Association of Serbia, the Young Lawyers of Serbia, the Judges' Association of Serbia and the Prosecutors' Association of Serbia to become agents of judicial reform. USAID also helped the Humanitarian Law Center expand its War Crimes Documentation Database to over 3,255 documents, including 112 witness statements, 952 victim file cards, 393 perpetrator file cards, and 783 incidents, all related to missing persons, plus reports from trials from 1991 to 1998. The expected results would be heightened investor confidence in the rules and behavior of the key institutions affecting economic growth and investments in Serbia. A more cohesive, accountable and responsive government should also lead to more domestic confidence and stronger support for continued advancement of democratic governance and economic reform. More specifically, the expected results will include strengthened financial sector supervision, devolution of revenue sources to local governments, and reform of the personal income tax; and improved efficiency and transparency of commercial court operations. Programs will also promote privatization and strengthen private sector development.

US Financing in Thousands of Dollars

Serbia

169-0131 Economic Policy and Governance	AEEB
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2005	
Obligations	0
Expenditures	0
Through September 30, 2005	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	1,500
Planned Fiscal Year 2006 NOA	
Obligations	12,920
Total Planned Fiscal Year 2006	
Obligations	14,420
Proposed Fiscal Year 2007 NOA	
Obligations	15,500
Future Obligations	0
Est. Total Cost	29,920

Data Sheet

USAID Mission:	Serbia
Program Title:	Local Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	169-0132
Status:	New in FY 2006
Planned FY 2006 Obligation:	\$30,945,000 AEEB
Prior Year Unobligated:	\$879,000 AEEB
Proposed FY 2007 Obligation:	\$25,882,000 AEEB
Year of Initial Obligation:	2006
Estimated Year of Final Obligation:	2012

Summary: This new objective will focus on activities at the local level and closer integration of USAID's economic growth activities vital to improving the business climate and the capacity of key sectors and businesses to compete in the market. Most of the activities in these areas under the previous strategy will end during FY 2006 and be replaced with new programs. USAID's programs managed under this objective aim at strengthening the management capacity of local governments and local economic growth and job creation.

Inputs, Outputs, Activities: **FY 2006 Program:**

Improve Private Sector Competitiveness (\$22,962,264 AEEB, \$628,782 AEEB prior year recoveries). USAID will continue the community based Community Revitalization through Democratic Action-Economic (CRDA-E) program to revive economic growth at the local level. This community-based program was revised in FY 2005 to focus on local economic development. CRDA-E engages key stakeholders at the local level in building economic growth through a sector- and municipal-level focus. In FY 2006 USAID will continue enterprise development by supporting accelerated growth in five sectors (fruit, apparel, information and communication technology, pharmaceutical research, and tourism) through the existing Serbia Enterprise Development Project (SEDP). Support for micro-enterprise and small- and medium-enterprise (SME) development will continue through existing programs on micro-enterprise lending. A new fund, the Small Enterprise Assistance Fund (SEAF), will provide equity and quasi-equity financing (long-term debt financing) to promote promising venture opportunities, in combination with technical and managerial assistance to South Balkan enterprises. USAID will expand its Development Credit Authority (DCA) program to increase key sectors' access to finance, enhance lending to SMEs, and enable municipalities to secure needed financing for infrastructure development and local economic development. USAID anticipates transferring \$1,000,000 to a Development Credit Authority (DCA) to support \$10 million in loans to SMEs; support for a bond guarantee to capitalize ProCredit bank for micro-enterprise lending; and funds for expanded municipal infrastructure loans. CRDA-E will continue to promote local economic growth and job creation, including access to credit, marketing and exporting for SMEs. In conjunction with SEDP, CRDA-E will increase competitiveness of the tourism industry, support community development centers and regional development agencies, and provide small grants to vulnerable populations to establish micro-enterprises. In addition, USAID will continue assistance to the Serbian Junior Achievement Program. Principal partners: Booz Allen Hamilton (prime), Opportunity International, America's Development Foundation (prime), the University of Delaware's FLAG International (sub), and the International Executive Service Corps (sub); Mercy Corps International (prime), Deloitte, Touche, Tomatsu (sub); International Relief and Development, Inc. (prime), the United Methodist Committee on Relief (UMCOR) (sub), Camp, Dresser, McKee International (sub); ACDI/VOCA (prime), Overseas Strategic Consulting, Ltd (sub); CHF International (prime), and others to be determined.

Support Democratic Local Government and Decentralization (\$7,982,736 AEEB, \$250,000 AEEB prior year recoveries). USAID initiated at the end of FY 2005 a three-year Municipal Economic Growth Activity (MEGA). MEGA will build on the current local government program that is coming to a close, a capacity-building program that addressed key constraints in municipal management by focusing on the municipal

role in local economic development. MEGA has four principal areas: national advocacy for decentralization; municipal economic development planning and implementation; private sector development; and capacity development in municipal functions key to economic development. During the first phase of implementation the new activity will focus on 10 municipalities that constitute centers of regional economic development to develop the skills of local governments and local business groups to foster economic growth and job creation, assist communities to put these concepts and skills into practice, and help them create business-friendly environments where the local private sector may flourish. Principal partners: the Urban Institute and DAI.

FY 2007 Program:

Improve Private Sector Competitiveness (\$15,000,000 AEEB). USAID will continue support for SME development through existing lending programs, SEAF and further expansion of DCAs, to capitalize on micro-enterprise transitional growth as a result of prior assistance. New programs aimed at improving private-sector competitiveness and local economic growth will be designed to build on results achieved through major local economic development programs expected to end during FY 2007. New activities will focus on areas such as: business/trade development; association and capacity building; training of youth, and increasing public/private sectors investments.

Support Democratic Local Government and Decentralization (\$10,882,000 AEEB). As an adjunct to MEGA, USAID will initiate the City Links program to pair Serbian municipalities with American cities, promoting American best practices in local economic development and promoting bilateral ties between the United States and Serbia. USAID will continue support to select municipalities that constitute centers of regional economic development through MEGA and the City Links Program, pairing Serbian municipalities with the U.S. cities. The municipal DCA is expected to be supplemented with additional loans offered through various local banks. Other activities are under review for improving the business environment that could include expanding the MEGA program to other municipalities, supported with additional technical assistance and the capacity-building of national and municipal institutions for improving trade.

Performance and Results: Due to SEDP capacity building and promotional activities, tourism now leads as one of the fastest-growing sectors of the Serbian economy. The number of international pharmaceutical research organizations investing in Serbia has increased from three in 2004 to 10 in the first half of 2005; Serbia attracted interest from Yahoo!; juice maker "NEKTAR" is now the fastest-growing juice company in Europe with exports to Singapore and the region, and for the first time ever, SEDP initiated lucrative fresh wild mushroom sales to the United States. The USAID-supported microfinance activity reached an active portfolio of 2,998 clients (over 40% women) and disbursed nearly 16.5 million Euros in loans since inception (creating 3,602 new jobs and sustaining an additional 19,812 jobs to date). In FY 2005, CRDA-E undertook 420 income-generation projects in 190 communities for a total value of nearly \$19 million. Of these, 136 were in the agricultural sector. In addition, program partners initiated 253 business development projects, 17 tourism development and 14 business educational projects. CRDA-E worked closely with the USAID-supported microfinance activities and other financial institutions to assist SMEs and cooperatives to qualify for loans. In FY 2005, CRDA-E's activities generated \$12 million in additional income. The program provided more than \$7.5 million in technical assistance, training, and grants to agricultural cooperatives, producer associations, veterinary groups, and food processors to improve production and quality, expand agri-businesses, and improve agricultural marketing systems. Small grants were also provided to refugees and internally displaced persons to commence greenhouse production of fruits and vegetables. Overall, USAID investments produced more than a \$2.7 million increase in agricultural sales during the past year. The new objective will focus on two key targeted avenues of support: improving the local environment that will enable businesses to grow and prosper; and strengthening the capacity of businesses to enter and participate in the market. The expected results would be an increase in the number of new businesses and jobs, as well as increased domestic and market share for Serbian companies in regional and international markets.

US Financing in Thousands of Dollars

Serbia

169-0132 Local Economic Growth	AEEB
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2005	
Obligations	0
Expenditures	0
Through September 30, 2005	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	879
Planned Fiscal Year 2006 NOA	
Obligations	30,945
Total Planned Fiscal Year 2006	
Obligations	31,824
Proposed Fiscal Year 2007 NOA	
Obligations	25,882
Future Obligations	0
Est. Total Cost	57,706

US Financing in Thousands of Dollars

Serbia

169-0200 Democracy and Governance	AEEB
Through September 30, 2004	
Obligations	25,163
Expenditures	13,349
Unliquidated	11,814
Fiscal Year 2005	
Obligations	7,490
Expenditures	11,819
Through September 30, 2005	
Obligations	32,653
Expenditures	25,168
Unliquidated	7,485
Prior Year Unobligated Funds	
Obligations	2,300
Planned Fiscal Year 2006 NOA	
Obligations	0
Total Planned Fiscal Year 2006	
Obligations	2,300
Proposed Fiscal Year 2007 NOA	
Obligations	0
Future Obligations	7,000
Est. Total Cost	41,953

US Financing in Thousands of Dollars

Serbia

169-0210 Community Development and Local Governance	AEEB	ESF
Through September 30, 2004		
Obligations	224,403	219
Expenditures	182,437	219
Unliquidated	41,966	0
Fiscal Year 2005		
Obligations	31,850	0
Expenditures	41,950	0
Through September 30, 2005		
Obligations	256,253	219
Expenditures	224,387	219
Unliquidated	31,866	0
Prior Year Unobligated Funds		
Obligations	50	0
Planned Fiscal Year 2006 NOA		
Obligations	0	0
Total Planned Fiscal Year 2006		
Obligations	50	0
Proposed Fiscal Year 2007 NOA		
Obligations	0	0
Future Obligations	22,755	0
Est. Total Cost	279,058	219

Data Sheet

USAID Mission:	Serbia
Program Title:	Democracy and Economic Security
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	169-0211
Status:	New in FY 2006
Planned FY 2006 Obligation:	\$11,300,000 AEEB
Prior Year Unobligated:	\$250,000 AEEB
Proposed FY 2007 Obligation:	\$7,971,000 AEEB
Year of Initial Obligation:	2006
Estimated Year of Final Obligation:	2012

Summary: This objective will address vulnerabilities in specific parts of the country, as well as systemic weaknesses that inhibit stability throughout the republic. The objective envisages improving economic security in vulnerable areas to reduce poverty and ensure fair, equitable, and sustainable development. It will also target crucial democratic structures and processes at all levels republic-wide to create continued support for democratic reforms and prepare for potential crises in areas at greatest risk of conflict.

Inputs, Outputs, Activities:

FY 2006 Program:

Protect and Increase the Assets and Livelihoods of the Poor (\$6,900,000 AEEB, \$250,000 AEEB prior year recoveries). This program will address local-level economic/social factors that contribute to the risk of instability or conflict. Activities will focus on several "vulnerable areas" or populations and develop local and national capacity to respond to different types of crises and emergencies. The program will initially rely on the existing Community Revitalization through Democratic Action - Economic (CRDA-E) program, particularly in Southern Serbia, to promote economic growth, security, and job creation. These activities will be complemented by other USAID efforts. The activity will also capitalize on existing local economic development committees, community development centers, and regional development agencies to promote micro-enterprise and will continue assistance to the Junior Achievement program. A new economic/social activity will be initiated in select vulnerable areas that will gear up as CRDA-E winds down. USAID will also design a new program to develop crisis planning and management skills at the local and national levels and to ensure rapid and effective response to potential crisis. Principal partners: Cooperative Housing Foundation International and others to be determined.

Strengthen Civil Society (\$3,000,000 AEEB). USAID will provide grants, training, and technical assistance to strengthen NGO capacity to support and monitor a range of democratic reforms (including human rights, truth and reconciliation, Serbia's reintegration into the Balkans, accession to the European Union (EU), and transparency in government). The program will focus on non-governmental organization (NGO) advocacy skills, professional and financial management, and fundraising capacity; the legal environment for NGOs and independent media; media privatization; and professional and business skills for independent media. Principal partners: to be determined.

Strengthen Democratic Political Parties (\$1,400,000 AEEB). USAID will support a more responsive, democratic political system by strengthening the capacity of political parties to access and incorporate citizen input, develop party platforms and policies, and communicate effectively with party members and citizens. Assistance will also prepare democratic parties, both in and out of power, to govern more effectively, foster issue-based coalitions, strengthen political party caucuses, and enhance internal democracy. This work is closely integrated with support for free and fair elections, focusing on developing campaign messages, recruiting grassroots volunteers, and targeting voters. USAID programming aims to include ethnic minorities, women and youth in the political process. Principal partners: International Republican Institute and National Democratic Institute.

FY 2007 Program:

Protect and Increase the Assets and Livelihoods of the Poor (\$3,071,000 AEEB). As the CRDA-E program closes out in late FY 2007, USAID will expand work initiated in FY 2006 to improve economic opportunities, enhance economic security in vulnerable areas, and continue developing local and national capacity to deal with various types of potential crises and emergencies.

Strengthen Civil Society (\$3,500,000 AEEB). In FY 2007, USAID will continue to build NGO capacity to conduct sustained campaigns to analyze and influence public policy and serve as government watchdogs, particularly on reforms required for EU accession, as well as support the professionalism and sustainability of independent, private media.

Strengthen Democratic Political Parties (\$1,400,000 AEEB). USAID will continue to build a more responsive, democratic political system by strengthening the capacity of political parties, with a greater emphasis on internal and external communication. USAID will also continue to foster issue-based coalitions, strengthen political party caucuses, and enhance internal democracy. Programming will continue to support the inclusion of ethnic minorities, women, and youth.

Performance and Results: During FY 2005, USAID supported work on the rule of law, political processes, civil society, and media, with programs winding down in support of labor and anti-trafficking. USAID assistance has sought to raise the standards of professional journalism and technical capacity at selected outlets, support local associations, improve business management practices, enable war-crimes coverage, encourage specialized reporting on transitional issues, and advocate for legal reform. USAID also has supported print, broadcast, and news agency coverage of war crimes trials from the Hague, and has been addressing the practical implications of media privatization, including technical support to municipal media managers in preparing privatization bid documents. To support civil society, nearly \$1 million in grants were provided that enabled diverse activities including free legal assistance in 360 cases addressing issues such as access to justice, army and civil service, centers for social service, police torture, and the excess of police authorities; training in NGO capacity building and advocacy; research on the movement of people and trade between Kosovo and Serbia; and development of a model for planning and implementing domestic violence protection measures. USAID assistance focused on helping improve political party communication, helping them broaden and deepen their capability to reach out to and represent voters' interests, develop and pursue platform-based political strategies, and define unique identities based on issue-oriented policy prescriptions. The new objective will aim at improving economic security in vulnerable areas, not only to reduce poverty but also to ensure that improvements are addressed fairly throughout the population and are sustainable. It will also target crucial democratic structures and processes at all levels republic-wide to create continued support for democratic reforms, as well as a stronger check to the potential rise of non-democratic forces and will also include a third intervention mechanism to respond quickly to a crisis situation anywhere in the Republic with more specific conflict assistance. The results of success would include a civil society with more confidence and engagement in the political process, through strengthened NGO advocacy, improved information, and better representation by political parties. In vulnerable areas, USAID expects improvement in living conditions and heightened community integration and participation in local social, political, and economic processes.

US Financing in Thousands of Dollars

Serbia

169-0211 Democracy and Economic Security	AEEB
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2005	
Obligations	0
Expenditures	0
Through September 30, 2005	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	250
Planned Fiscal Year 2006 NOA	
Obligations	11,300
Total Planned Fiscal Year 2006	
Obligations	11,550
Proposed Fiscal Year 2007 NOA	
Obligations	7,971
Future Obligations	0
Est. Total Cost	19,521

Data Sheet

USAID Mission:	Serbia
Program Title:	Cross-Cutting Programs
Pillar:	No pillar info
Strategic Objective:	169-0420
Status:	Program Support Objective
Planned FY 2006 Obligation:	\$2,600,000 AEEB
Prior Year Unobligated:	\$3,287,000 AEEB
Proposed FY 2007 Obligation:	\$2,327,000 AEEB
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2012

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 2006 Program:

Program Support (\$2,600,000 AEEB, \$3,286,813 AEEB carryover). Resources provide salary and logistical support for all of its program-funded personnel and the operational costs of the four field offices that currently monitor and manage many of USAID's programs in Serbia. The field offices may be re-located during this fiscal year as the Mission's new strategy begins implementation and the Mission can more accurately pinpoint where resources should be located in order to most effectively monitor its new programs. Additionally, the costs to design new activities planned under the new Strategic Plan, audits, and evaluations and assessments of ongoing activities will be borne by this objective. USAID intends to initiate a human and institutional capacity development activity in FY 2006 that will focus primarily on participant training and upgrading human capacity of Serbia's private and public sector. During FY 2006, the Mission intends to conduct the following assessments and evaluations: evaluation of Serbia Enterprise Development Project (SEDP) and assessment of current judicial apparatus for handling bankruptcy cases.

FY 2007 Program:

Program Support (\$2,327,000 AEEB). Resources provide salary and logistical support for all of its program-funded personnel and the operational costs of the four field offices that currently monitor and manage many of USAID's programs in Serbia. An increasing portion of the funds requested here (in comparison to FY 2006) will be used for activity design, evaluations, audit, and training. USAID intends to further expand the human and institutional capacity development activity initiated in FY 2006 that will focus primarily on participant training and upgrading human capacity of Serbia's private and public sectors.

Performance and Results: The results of support provided under this objective are reflected, as appropriate, in the USAID program's other objectives.

US Financing in Thousands of Dollars

Serbia

169-0420 Cross-Cutting Programs	AEEB
Through September 30, 2004	
Obligations	9,957
Expenditures	8,330
Unliquidated	1,627
Fiscal Year 2005	
Obligations	2,206
Expenditures	1,934
Through September 30, 2005	
Obligations	12,163
Expenditures	10,264
Unliquidated	1,899
Prior Year Unobligated Funds	
Obligations	3,287
Planned Fiscal Year 2006 NOA	
Obligations	2,600
Total Planned Fiscal Year 2006	
Obligations	5,887
Proposed Fiscal Year 2007 NOA	
Obligations	2,327
Future Obligations	2,500
Est. Total Cost	22,877