

#### ***IV. Concluding Remarks***

Decisions on the magnitude and duration of U.S. assistance to the transition region are made on the basis of several factors:

- (a) progress the country has made toward a sustainable transition to a market-based democracy;
- (b) strategic importance of the country to the United States;
- (c) importance of the recipient country to U.S. citizens; and
- (d) effectiveness of particular assistance activities.

This paper has presented an approach to analyzing the first factor. The second and third are not as readily quantifiable but are matters of judgment that are regularly considered, along with the first, in making country-level budget decisions. The fourth factor, based on both regular reporting against strategic objective targets and on occasional field-based evaluations, is used primarily to inform the allocation of country budget levels among strategic objectives but is also a basis for determining whether a country assistance program is having enough impact to warrant continuation.

USAID collects, analyzes, and reports on the country performance indicators once a year. Inter-agency reviews are held as a means to assess the data and to better take stock of progress in the region. These data are also provided to the State Department-based Coordinators for U.S. Assistance to CEE and Eurasia and discussed with them when country planning levels are determined.

The overall ratings of the transition countries in terms of economic policy reforms and democratic freedoms (as depicted in the *Summary Figure*) provide a rough guide to policy in this regard. Countries with the highest ratings are obvious candidates for earlier “graduation.” Countries with the lowest ratings would seem to fall into one of three contrasting categories: (1) those where assistance is least likely to be effective, in which case it may make sense to close those programs down altogether or to keep highly targeted funding at minimal levels until their commitment to reform increases; (2) those where reform now appears likely but requires greater resources; or (3) those which possess characteristics that match well with the Agency's priorities for sustainable development programs. Countries in the middle are likely candidates for continuing programs through existing funding mechanisms, as long as the assistance is effective and Congress continues to appropriate funds for this purpose.