Joint SUAL & USAID Program
"Integrated Development of Territories in Pilot Regions of the Russian Federation"

Program Evaluation Report

Submitted to USAID (Russian mission)

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Executive Summary

In 2004, Mr. Victor Vekselberg, Chairman of the Board of Directors of SUAL Holding Company (SUAL) and Mr. Terry Myers, Director of the Russian Mission of the US Agency for International Development (USAID) signed the Memorandum on Interaction and Cooperation that brought into being the joint SUAL & USAID program "Integrated Development of Territories in Pilot Regions of the Russian Federation." Territories with a SUAL Group presence—the city of Kamensk-Uralski (Sverdlovsk region); the city of Shelekhov (Irkutsk region) and the town of Nadvoitsy (Republic of Karelia)—were selected as pilot regions. The program was to run from 2004 through 2006 and the joint financial contribution of the founding partners by the end of the program was USD 2.6 million.

The present evaluation was conducted during the final stage of program implementation from April through October 2006. The purpose of the evaluation was to provide information necessary to make strategic decisions about the future of the program in these three pilot regions and about program replication in Russia and abroad. It is important to note that the task of evaluation was to look at the program as a whole as well as to provide analysis and description of the program model. Evaluation team did not have the task to analyze and evaluate each of program components separately.

The evaluation revealed that the program had six core components:

1. Planning integrated social and economic development
2. Establishing and developing a community foundation (CF) in each area
3. Fostering civic activism in pilot municipalities to address local problems and create a favorable environment for public participation in decision making for local development
4. Developing small- and medium-sized businesses
5. Addressing environmental and health issues
6. Clarifying obligations and improving budgetary and intergovernmental fiscal transactions

Two more components could not be included in the core program as their contribution to the program by the time of the evaluation was limited:

- economic education of young people, and,
- promotion of children's right to have a family and adequate conditions for protection, safety and development.

Each of the core components included numerous activities and produced a number of results important for the local communities and municipalities. These results range from development of the city strategy to reconstruction of the kindergarten building to protect children's health and establishing a "Cartoon Summer Club" for kids.

Two prominent positive changes were apparent in all three regions:

- Development of a common project culture and adoption of a common approach to project operations
- Promotion of citizen and NGO participation in resolution of social problems

The evaluation revealed that the program had a distinct experimental nature. Three principal results of the experiment were: the founding partners have developed a better understanding of the relevant principles for implementing this kind of program, they have a clear view of an optimum program model, and they have priority directions for developing regional programs in the future. All program participants, from the founding partners to the local beneficiaries, gained important new experience and SUAL has continued to work with some of the implementing partners beyond the framework of this particular program.

The evaluation also revealed that the program was started without a detailed description of its logic model and major directions that could be considered program objectives were clarified and corrected in the course of implementation. While this approach evolved naturally, it was adopted purposefully to keep the program as open and flexible as possible. During implementation the founding partners' experience led to a better-structured and more detailed logic model.

This program logic model can be summarized as follows: to improve the life of people in the three pilot regions by making local self-governance more effective a) through the search for, development and application of new social and management approaches; b) using the best local and external intellectual resources; and c) building the capacity of local self-governance staff. This program model can serve as the basis for replicating the program in other regions and we recommend taking the model into account when selecting contractors for future regional assignments. This will help integrate the program and focus all implementing agencies on contributing to the program's goal. The latter is crucial for achieving synergetic effects. The following example can illustrate this recommendation. One of the implementing organizations – the Foundation for Sustainable Development – administered a grant competition and supported 22 projects in the pilot cities. Although the projects produced results important for citizens (improved dental care, advanced medical equipment for a local clinic, renovation of a kindergarten building etc), most of the projects were not directly related to improving the effectiveness of the local self-governance. Thus, the FSD component – especially during the first grant round – contributed mostly to the program mission (improving the life of the people) but not to the program goal (making local self-governance more effective) and thereby actually did not fit the program model.

The program components—one for each autonomous implementing organization—were, for the most part, conducted independently of each other. Although the founding partners tried to integrate the program through interconnected activities to achieve synergetic effects, the

autonomy of the components resulted in an overall program that was fragmented. The six components did not constitute a whole system. Yet while fragmentation was a specific characteristic of the overall program, it should not be taken as a shortcoming. One cannot evaluate a program with autonomous components the same way one evaluates a program whose components are designed to operate as a system. In the present case effectiveness of the overall program can only be inferred from the effectiveness of its component parts.

The evaluation identified ten types of program services that were provided by one or more implementing organizations. Analysis of the effectiveness of different types of services led to the following practical recommendations:

- The implementing organizations' priority should be focusing on specific results for beneficiaries in the regions. Keeping this focus may not be easy since the founding partners are two important additional parties with sometimes contradictory interests.
- When "development" is sponsored by an external organization, the implementing organization should be obligated to develop a substantial contract with a client in the region.
- Senior managers of regional administrations should be involved in selecting consultants and in making decisions about what expertise is necessary given current and prospective goals.
- It is highly desirable that regional administrations provide a share of the funding for development programs so that they can feel ownership of the program and have a vote when acceptance of the implementing organizations' job is being decided.
- When program components are not interrelated or operated systematically, using numerous consultants simultaneously can lead to decreased effectiveness rather than synergy. That is why in fragmented programs working schedules must be coordinated to avoid client overload or consultants running into each other.

In general, the SUAL-USAID partnership proved to be productive for both parties. The experience USAID and its implementing partners have in development programs in Russia was new and interesting to SUAL. This pilot program helped SUAL to formulate a new strategic priority: search for and develop effective approaches of regional development. SUAL has even set a new Inter-municipal Center to pursue this goal and plans to advocate for the use of new approaches.

Prior to this program, USAID had no such large-scale experience working in partnership with a big business enterprise in Russia. In view of the strategic priority of such partnerships for USAID worldwide, the experience gained in the course of this program in Russia is important for USAID, not least because partnerships of this kind help USAID work toward the sustainability of its principal implementing partners.

Businesses in Russia and the Newly Independent States and well as the international business community expressed a high level of interest in the SUAL-USAID joint program. A number of similar initiatives are emerging in Russia and the neighboring countries these days, that confirm the attractiveness of the program concept.

List of Abbreviations

CAF – Charities Aid Foundation

CFP - Center for Fiscal Policy

FNE – New Eurasia Foundation

FSD – Foundation for Sustainable Development

IUE – Institute for Urban Economics

JA – Junior Achievement

NFACA – National Foundation Against Child Abuse

PR – Public Relations

SCISC – Siberian Civic Initiatives Support Center

SUAL – Siberia and Urals Aluminium Company

USAID – United States Agency for International Development

Brief Description of the Program and the Purpose of the Evaluation

"Integrated Development of Territories in Pilot Regions of the Russian Federation" is a unique joint program[1] of SUAL Group (SUAL) and the United States Agency for International Development (USAID). The program's goals are:

- Building the capacity of local municipalities
- Supporting small- and medium-sized business
- Sustainable development
- Raising the quality of prevention and medical services
- Establishing community foundations
- Fostering civic activism
- Involving citizens in the local decision-making process

The program calls for close cooperation with local self-governance agencies and nongovernmental organizations.

The program document was signed in 2004 by Mr. Victor Vekselberg, Chairman of the Board of Directors of SUAL Holding Company and Mr. Terry Myers, Director of the USAID Russian Mission. The program is facilitated by the New Eurasia Foundation.

Three regions where SUAL Group enterprises are located were selected for pilot projects: the city of Kamensk-Uralski (Sverdlovsk region); the city of Shelekhov (Irkutsk region) and the town of Nadvoitsy (the Republic of Karelia).

The program was conducted from 2004 through 2006 and the joint financial contributions of the founding partners amounted to USD 2.6 million. There are plans to attract additional funding and possibly to expand the program to other regions of Russia.

The first stage of the program (2004) included a survey of municipal social and economic development. Specialists from partner organizations analyzed the strengths and weaknesses of each municipality in such areas as the effectiveness of budgetary expenditures, the effectiveness of managing the municipalities' social infrastructures, the status of small- and medium-sized business development, the status of civil society and citizens' assessment of their local self-governance systems.

The second stage (2005) included preparation of mid-term city development plans and specialized programs addressing education, health, environment, housing and civil society

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[1] Hhttp://sualaid.neweurasia.ru/program/H

issues, and approval of regulations needed to ensure sustainability of newly established patterns by municipalities.

The third stage (2006) included full-scale implementation of all models and programs. This evaluation was conducted during this final implementation stage. Its purpose was to provide information necessary to make strategic decisions on the future of the program and to support its replication in Russia and abroad. SUAL and USAID expect that the experience gained during all three years will be useful in replicating the program in other regions and municipalities.

It is important to note that the evaluation's scope of work specified a description and analysis of the overall program model, but not an analysis and evaluation of individual program components.

Evaluation Methods

Justification of Approach

This section briefly explains our rationale for making methods decisions.

Our task was to conduct an in-depth study of the partnership program. We needed to understand how the program vision came into being, how it evolved in the course of the program, and which ideas did and did not work. We needed to discover the complex interactions within the program and between the program and its external environment.

The evaluation questions for which we sought answers were not intended to test any existing hypothesis, i.e., they were purely empirical in nature. Answering these research questions allowed us to gain new knowledge but not to test an existing model or hypothesis. We needed to remain open to any and all information so that rigorous inductive analysis would lead us to valid conclusions and useful recommendations.

Because we had no capacity to influence or control program parameters, the only way to gather the information needed to answer the evaluation questions was to review documents and interview people related to the program in Moscow and in the regions. Key sources were USAID and SUAL staff; the staff of implementing organizations working in the regions; and program participants, clients and beneficiaries in the regions. Printed documents and oral interviews were mostly descriptive in nature. Most of the information gathered was based on peoples' experiences and recollections.

Because this was an innovative program—by definition based on limited experience—we positioned ourselves from the very beginning as program researchers rather than program experts. We learned a great deal and in this report we present this new knowledge in a systematic way.

In summary, the evaluation was designed with the following characteristics:

- The task of the evaluation was an in-depth study of the partnership program
- The program boundaries were predetermined and included three pilot regions
- The study was to obtain new knowledge on a number of issues
- The evaluation was to be based on an inductive analysis of largely descriptive information from peoples' recollections and relevant documents
- The evaluation consultants were to assume the role of researchers learning through the acquisition of new knowledge in the course of the evaluation

Sampling

This section explains how information sources for the evaluation were selected.

Our study used a method typical of qualitative research projects called "purposeful sampling" (Patton, 2001) to identify what the research literature calls "information-rich" sources, (e.g., Denzin & Lincoln, 2005): we selected sources of information that could provide the maximum help in answering the evaluation questions.

To identify people who were best informed about the program we used a method called "snowball sampling." First we asked representatives of the founding partners (SUAL and USAID) to recommend key sources of program information. Obviously enough, these recommendations included implementing partners working in the regions. Second, we approached these same implementing partners and asked them to send us names of the people most knowledgeable about the program. Third, we consulted with local program coordinators and added the people they recommended to our list. We identified and conducted interviews with more than 100 people (see Annex 3). A similar approach was used to identify and collect the most informative program documents.

Data Gathering Methods

Four methods were used to gather information: a) in-depth semi-structured individual interviews, b) group interviews, c) observations and d) document reviews.

Analysis of Collected Data

The amount of data collected was quite impressive. To process this information we used a simplified version of an analytic approach called "building a grounded theory":

- we read through all the collected information
- we discussed the information
- we identified categories and the most important issues that emerged from the data
- finally we identified how and why these categories and issues were related to each other

The most difficult task was to avoid evaluation of separation program components so that we could focus on the program as a whole. That is why, while describing evaluation results, we use an approach based on the classification of services provided by the program. We describe specific cases where services were provided by one or more organizations just to illustrate each type of service.

Protection of Evaluation Participants and Ethical Issues

It is of paramount importance to ensure the privacy of evaluation participants. We made arrangements for all evaluation activities with the heads of participating organizations and explained the tasks of our evaluation to them and to all other people to be interviewed. We obtained permissions from organizations and individuals to collect and use information. When people asked to see the interview questions in advance we always provided them.

In most cases, we protect our informants' anonymity by not using specific names. When participants are quoted in the report, it means that we have either obtained their permission or taken the quote from an open source.

Evaluation Findings

Program Design

Origins of the program

In 2004, Mr. Victor Vekselberg, Chairman of the Board of Directors of SUAL Holding Company (SUAL) and Mr. Terry Myers, Director of the Russian Mission of the US Agency for International Development (USAID) signed a memorandum on interaction and cooperation that brought into being the joint SUAL & USAID program "Integrated Development of Territories in Pilot Regions of the Russian Federation." A review of the chain of events that preceded the signing of this memorandum is important for a full understanding the partnership program model.

> **SUAL Group** (2000) is a vertically integrated company, one of the ten largest world aluminium producers. Group includes 20 enterprises located in Russia and Zaporozhie region of Ukraine.
>
> SUAL Group enterprises annually produce 5.4 million tons of bauxite, 2.3 million tons of alumina, more than 1 million tons of primary aluminium, about 60 thousand tons of silicon and aluminium products (including construction hardware, foil, kitchen ware, cast car disks, etc.). As of December 31, 2005 company income was USD 2.7 billion dollars. SUAL enterprises employ 60 thousand people.
>
> In 2005 international rating companies Standard & Poor's and Moody's gave SUAL International credit ratings.
>
> Siberia-Urals Aluminium Company was established in 1996 as a result of a merge of Irkutsk and the Urals Aluminium Plants. Than SUAL Group included 9 enterprises working in aluminium sector. Later the Group continued to expand its business. The principal objective of the merge of enterprises into SUAL Group was to build an efficient company with balanced raw material and production capacities independent from external factors and market situation.
>
> To optimize management of group enterprises and coordinate their production, technological, investment, logistic, energy and social policy SUAL Holding Managing Company was established in September 2000. It coordinates operation of SUAL Group enterprises and determines long-term development strategy.

SUAL Group has always fostered partnership relations between Group enterprises and the residents of the cities, districts and regions where these enterprises are located[2]. SUAL social policy is to support social and economic stability, development and a favorable investment climate in these regions. SUAL Group does not intend to take on the state's responsibility for social and economic development, but it does make substantial contributions of effort and funds to address social problems in the regions where its enterprises operate.

In early 2001, following its social policy, SUAL Group signed an agreement on social partnership between Group enterprises and the municipalities where they operate. To implement this agreement and manage current operations, a coordination council on social partnership and a working group were established. Members of the council and working group included heads of municipalities and the CEOs of SUAL Group and the enterprises belonging to SUAL.

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[2] Information on SUAL's social policy was retrieved from Hhttp://www.sual.ru/responsibility/responsibility/H

One of the first results of the work under this agreement on social partnership—"for the purpose of social protection of employees of the SUAL Group enterprises and local citizens"—was the decision to launch a non-governmental retirement trust. The SUAL Group also launched various personnel development activities, e.g. a successful development program for young employees.

In 2003, after the publication of the Federal Law #131 "On general principles of organization of local self-governance in the Russian Federation" (effective January 1, 2006), it became clear that serious changes affecting SUAL partnerships were inevitable in the regions where SUAL enterprises are located. Reform of local self-governance would result in a dramatic increase in the number of municipalities, each of which would have to establish three legal entities, i.e., an administration, a council and a municipal control agency, and a redistribution of budgetary authority.

Furthermore, a new law establishing a mandatory three-year planning horizon for all budgeting planning on the federal level and recommending its use throughout others levels of government, was expected to impact many Russian governmental agencies.

These developments required SUAL's regional partners, the local governments, to quickly make complex changes, leading SUAL to look for ways to provide meaningful support. In this search SUAL investigated professional organizations[3] working on regional issues with a thought to hiring them as consultants. This increased familiarity with professional organizations led SUAL to establish contacts, first with USAID partner organizations and then with the senior management of USAID itself. All of this was done within the framework of the agreement on social partnership between SUAL and local governments in regions with a SUAL presence.

For many years USAID had been supporting regional development projects, some of which were implemented by local governments. Many of USAID's implementing partners had also worked successfully in the regions. By the time USAID started negotiations with SUAL, building partnerships with governments, businesses and civil society organizations had become one of USAID's priorities within the framework of the Global Development Alliance[4]. Another priority was helping its Russian partner organizations become self sustaining without USAID funding.

> **The United States Agency for International Development (USAID)** is an agency of the U.S. Government whose mission is to implement the U.S. Government's economic and humanitarian assistance programs over 100 countries. As part of the U.S. Embassy in Moscow, USAID/Russia works with the Russian people to create a society where citizens take an active part in a democratic society and ample opportunity to improve their well being and standard of living in a market economy.
>
> USAID/Russia's program focuses on:
>
> - Supporting economic reform and improving economic infrastructure

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[3] One of these organizations was the Institute for Urban Economics established with USAID support and having a long history of partnership with USAID.

[4] Global Development Alliance, Hhttp://www.usaid.gov/our_work/global_partnerships/gda/H

- Strengthening small business and the investment environment
- Strengthening democratic institutions
- Improving health services
- Promoting environmental protection
- Strengthening local governance

The negotiations between SUAL and USAID were conducted on various levels by both specialists and senior managers.

Formulation of the program concept and selection of implementing partners

A program concept began to emerge as SUAL and USAID representatives were getting to know each other and as SUAL was considering implementing partners suggested by USAID as potential contractors. Most of these organizations were USAID's implementing partners, but when needed USAID involved other organizations with expertise in particular fields. The principal mission of the joint program was immediately clear and reflected the strategic intent of both SUAL and USAID: to improve the lives of people in the regions with a SUAL presence. The founding partners expected that they would help local authorities to find effective solutions to existing problems by contracting with experts on various aspects of municipal development. The founding partners agreed that the program would involve broad range of various activities.

The geographic focus of the program was also decided in the very beginning: the city of Shelekhov in the Irkutsk region, the city of Kamensk-Uralski in the Sverdlovsk region and the city of Nadvoitsy in the Republic of Karelia. The three very different program sites were selected purposely to provide maximum possible diversity of geographic regions and the size of the cities.

Since the program was aimed at helping municipal authorities, the founding partners contracted with the Institute for Urban Economics (IUE) because of its expertise in municipal development.

> **Institute for Urban Economics (IUE)**[5] is a non-governmental not-for-profit organization established in Moscow in 1995. The Institute is a center for economic analysis. Its principle task is to analyze social and economic problems arising in the course of municipal development, formulate practical recommendations on how to reform regional and municipal economies and support implementation of specific projects.

Two variations of the program design were considered. The first approach involved two stages to be implemented one after the other:

1) planning development strategies for the three regions (implemented by IUE),
2) assisting the regions in implementing these strategies (provided by implementing partners with specific expertise related to the regions' needs).

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[5] Hhttp://www.urbaneconomics.ru/texts.php?folder_id=71&mat_id=31H

The second approach involved simultaneous tracks rather than successive stages. The implementing partners were to conduct parallel activities in the regions in the technical areas that would be of interest to regional authorities. The founding partners opted for this second approach.

SUAL was immediately interested in the development of small businesses and in intergovernmental fiscal relations. The New Eurasia Foundation and the Center for Fiscal Policy respectively are the USAID partners working in these areas.

> **The New Eurasia Foundation (FNE)**[6] is committed to enhancing the life of people through programs designed to foster effective social and economic development at the federal and regional level by attracting and applying the best international expertise and innovative technologies and by consolidating the efforts of the public and private sector.
>
> **The Center for Fiscal Policy** (CFP)[7] is a non-partisan organization. The CFP renders consulting services on federal, regional and local levels in the formulation of budget policies and intergovernmental fiscal relations, in issues of financing of public services, and in fiscal/financial issues of local governance reform.

USAID introduced more implementing partners and other potential contractors to SUAL. As SUAL became better acquainted with these organizations and their work experience, the founding partners decided to contract with four more organizations: the Siberian Civic Initiatives Support Center (SCISC) to promote civic activism and involve the public in local problem solving; the Charities Aid Foundation-Russia (CAF) to establish community foundations; the Foundation for Sustainable Development (FSD) to address environmental issues; and Junior Achievement (JA) to educate young people in business and economics and to prepare them for their future life in the market economy.

> **Siberian Civic Initiatives Support Center (SCISC)**[8] is the Russian largest network organization providing technical, programmatic and financial assistance to NGO sector in Siberia. SCISC network (headquarters and regional offices) cover 11 regions of Russia: Republics of Altai and Buryatia, Altai, Krasnoyarsk, Chita, Irkutsk, Tomsk, Omsk, Tumen, Novosibirsk and Kemerovo regions. Headquarters are located in Novosibirsk. SCISC mission is to encourage civic initiatives and citizenship so that various social problems are addressed by civic society institutes.
>
> **Russian office of the British Charities Aid Foundation (CAF-Russia)**[9] supports charitable activities. CAF mission is to make charity giving more efficient through bringing together resources, knowledge and experience of not-for-profit and financial sectors. One of the principal areas of CAF activities is the development of municipal charities or community foundation as they are typically called worldwide.
>
> **Foundation for Sustainable Development (FSD)**[10] is an independent non-governmental not-for-profit Russian foundation established by the staff of the Russian office of Sustainable Communities Institute to implement projects addressing environmental problems and supporting socially responsible development all over Russia.

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[6] http://www.neweurasia.ru/eng/about/

[7] http://english.CFPenter.ru/

[8] Hhttp://www.cip.nsk.su/index.htmlH

[9] Hhttp://www.cafrussia.ru/H

[10] Hhttp://fund-sd.ru/about/about-fsd.htmH

Junior Achievement (JA)[11] is the oldest and largest global not-for-profit organization that educates and inspires young people to value free enterprise, business and economics to improve the quality of their lives. Junior Achievement Russia is established and locally registered as an Interregional Public Organization financed by businesses, agencies for international development, foundations and individuals. The key mission of Junior Achievement Russia is to catalyze the development and growth of JA business and economic educational programs for youth through the partnership between the business and educational communities in accordance with the principles and standards of JA programs[12].

Recently the National Foundation Against Child Abuse (NFACA) was given a program contract at USAID's suggestion. To date this foundation is operating one project in the Shelekhov district of Irkutsk region.

National Foundation Against Child Abuse[13] promotes children's rights for family, adequate conditions for development, safety and protection. The project "Raising the effectiveness of social services for children in Shelekhov district, Irkutsk region" will introduce new approaches to agencies and organizations providing services to families in difficult situations or with a high risk of child neglect as well as for foster families. This project will also encourage institutionalization, regulatory support for new services and management mechanisms.

Organizations contracted to work in the program were to start with an analysis of the situation in each of the three municipalities selected as experimental "proving grounds" for the program model. Depending on the expertise of the partners, this analysis was done in one or more of the following technical areas: the effectiveness of budget spending, the effectiveness of municipal social infrastructure management, the status of small- and medium-sized business development, civil society and public attitudes toward the local self-governance system. The next stage included formulation of medium-term plans for municipal development and specialized programs in the areas of education, health, environment, housing and civil society. It was planned for the municipalities to adopt regulations necessary to ensure the sustainability of the new models at the local level[14].

Openness and flexibility were the most important principles of the SUAL-USAID program. Because the program was multifaceted and complex, experimental by nature and implemented in three very different regions, the partners agreed at the start to be flexible about the choice of contractors and approaches. In one of the regions, for example, this approach made it possible to contract at the very end of the program cycle with the National Foundation Against Child Abuse.

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[11] Hhttp://www.ja-russia.ru/english1j.aspH

[12] Because the JA contribution to the joint SUAL-USAID program was limited to a few workshops for children in Kamensk-Uralski, it cannot be considered one of the core implementing partners in this program.

[13] Hhttp://www.sirotstvo.ru/fond/H

[14] Hhttp://sualaid.neweurasia.ru/program/H

Program model definition

In this section of the report we offer brief definitions of the elements of the program model we use them in this report. We use the expression program 'model' or 'theory' to mean the explicit causal model of how a program is expected to contribute to its intended outcomes.

Each program has a ***mission*** (strategic goal, developmental goal), i.e., the reason for undertaking the program. It is related to the program initiators' desire or even passion to contribute to solving some problem and improving a situation about which they are concerned. It is usually aimed at a major problem that cannot be resolved by a single activity. A mission describes the program context and its general direction. The best result a program can achieve is to have contributed to fulfilling a given mission.

A program ***goal*** is the expected program result. Various goals can be related to the same mission. In specifying the goal the program identifies its way of contributing to the achievement of the mission. In contrast to the program mission, the program goal can be achieved if the program is well designed and successfully implemented. Of course, achievement can never be 100% guaranteed because of unpredictable external factors beyond the program's control.

Program ***objectives*** are specific expected results that depend primarily on the performance of program staff, i.e., they depend relatively less on external factors. A program's ***hypothesis*** is based on the assumption that in the event all program objectives are achieved, the overall program goal will have been achieved. All objectives should be measurable.

To complete the program model, one should consider ***program activities***, i.e., the means for achieving objectives, and ***inputs,*** the resources needed.

The logic model of SUAL-USAID partnership program

The program logic model described below is based on comments by people involved in program planning and on documents describing the essence of the program.

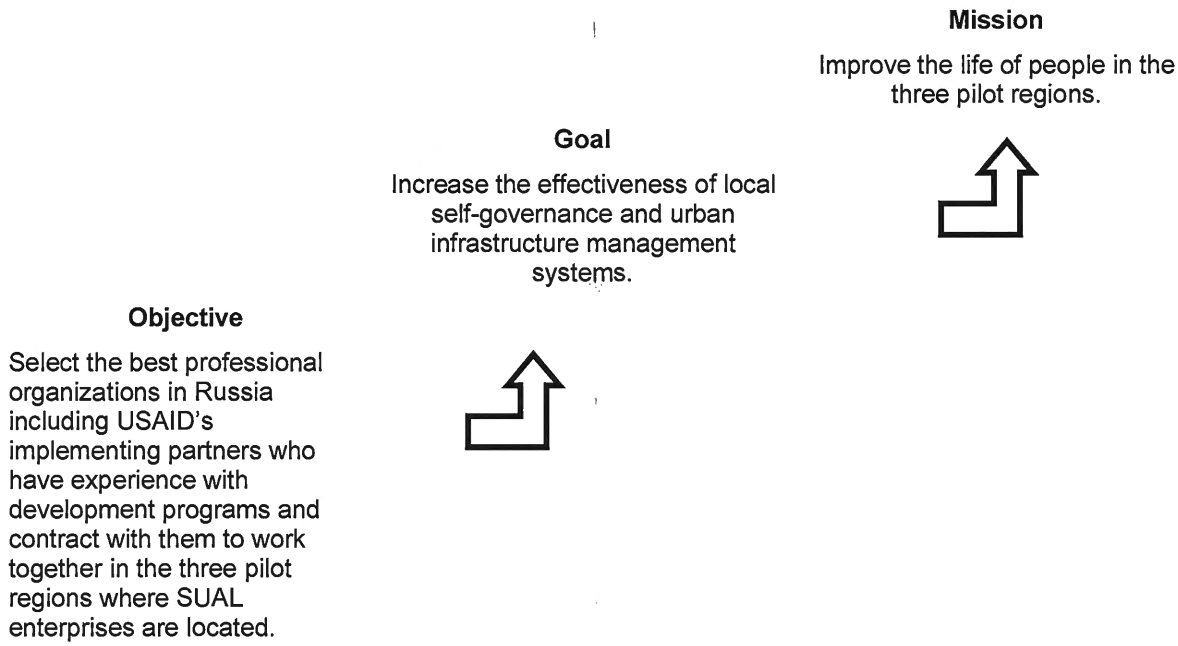
SUAL is interested in improving the living conditions of the employees of its enterprises. SUAL can control the situation inside its enterprises but has little power to control the situation outside its enterprises, which is the domain of municipal administrations. SUAL senior management nevertheless pays careful attention to the social and economic development of the territories with a SUAL presence because the living conditions of employees eventually affect the quality of their work and the overall effectiveness of the Group enterprises. USAID supports numerous projects aimed at improving the life of people in Russian regions.

In light of this interest, the **mission** of this program can be defined as *improving the quality of life of people in regions and cities with a SUAL presence*.

In his commentary upon signing the memorandum between SUAL and USAID, Mr. Victor Vekselberg, Chairman of the Board of Directors of SUAL Holding Company, noted that the purpose of the partnership program was "to help to create an effective model of local self-governance and urban infrastructure management system" [15]. We can assume that this was the **goal of the program** when the memorandum was signed. For the record, we found a variation of this language in a document kindly provided by New Eurasia Foundation: "The goal of the program is reduction of the total dependence of municipalities on large enterprises and increase of their self-development, local initiative and protection of their interests." This description of the goal did not appear in other publications and according to our information, is just one of the working variants of the goal. Mr. Vekselberg's description of the goal could be considered more official.

USAID has a number of implementing partners (specialized organizations) that work successfully on various aspects of regional development. SUAL and USAID believe that concentrating the efforts of several of these organizations in one region (municipality) can be an effective way to develop the municipality and improve citizens' lives. This strategy will therefore contribute to the fulfillment of the partnership program's mission. The initial logic of the program is presented in Figure 1.

Fig. 1. Initial logic of the program.



Here local self-governance is understood as the "public exercise of power that ensures—within the limits established by the Constitution of the Russian Federation, federal laws and, under

[15] Hhttp://www.sual.ru/news/?id=314H

circumstances specified in federal laws, by the laws of the subjects of the Russian Federation—that people make their own responsible decisions, directly and (or) through local self-government, on the local matters taking into account interests of the population and historical and other local traditions"[16].

The program was launched without a more detailed formulation of its goal, objectives and activities. Even principal areas of work were clarified and modified in the course of program implementation. Experience made possible a more structured and detailed program logic model that can be described on the basis of the data collected in the course of the evaluation. This detailed program logic model—which we describe in the Program Results section of this report—is a significant program result.

The overall nature of the initial program model can be attributed to a number of factors:

- Novelty of the program. SUAL did not know much about the contractors, i.e., USAID's implementing partners, and neither program partner had conducted similar programs.
- Differences in contractor specialization. It was difficult to create a common framework that encompassed all the contractors.
- Openness of the program. Because the founding partners were concerned that designing a program without field experience would be an obstacle to successful program development, they launched the program with just a general description and refined its components in the course of implementation.

Financial arrangements.

The total budget of the program amounted to USD 2.6 million. SUAL and USAID agreed to divide the cost of the program equally between them—"50-50." Decisions on the actual amount of funding provided by SUAL and USAID to each of the contractors were to be made separately.

Program Implementation[17]

Organizational structure of the program

Figure 2 shows the organizational structure of the program. After the top management of SUAL and USAID signed the memorandum, program coordination was handled by people designated authorized representatives of SUAL and USAID. These point persons maintained contact with each other and informed the senior managers of their organizations about the program's progress.

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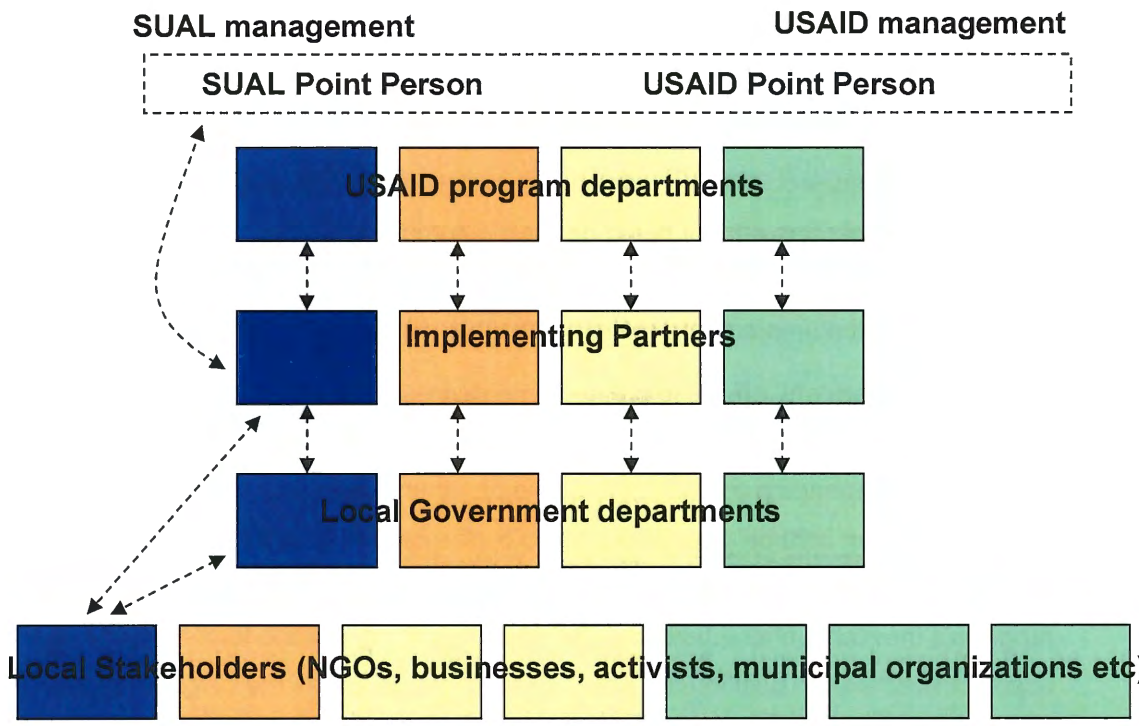
[16] Federal Law of the Russian Federation from October 6, 2003 # 131-FL "On general principles of organization of local self-governance in the Russian Federation"

[17] Information on pilot regions is provided in Annex 1.

Actual implementation was accomplished by USAID's implementing partners or other organizations, each of which worked directly with relevant USAID departments, SUAL program coordinators and the related departments of local administrations. These working relationships included coordinating content and scheduling activities as well as current and final reporting. Naturally services were the principal component of the interactions with local administrations. In almost all cases the implementing partners were dealing with organizations, groups and individuals who were not part of the administration. These could be non-governmental and municipal organizations such as educational, health and cultural institutions; small- and medium-sized businesses; various informal group initiatives; and community activists.

Figure 2. SUAL-USAID Partnership Program Organizational Structure



In some instances contractors hired specialized organizations or professionals to implement certain assignments on site. For example, the New Eurasia Foundation, which was in charge of the small- and medium-size business development component, hired upwards of eighteen organizations from several regions. SCISC used the resources of its network. In Shelekhov, Irkutsk region, for example, the work was performed by the head of the Irkutsk-based Foundation "Resurrection of the Siberian Land," a member of the SCISC network.

These local program activities were coordinated by a working group chaired either by a head of a department or by a deputy to the head of a local administration. Program content was approved by the head of each local administration. Working groups comprised heads of divisions participating in the program. The head of the working group kept the head of

administration informed on program progress and results. In some instances the head of administration also reviewed the program products.

We note that while SUAL Group enterprises were not included in the structure of this program, in the course of this evaluation the consultants approached both the specialists and senior managers of these enterprises.

Once hired to work for the program, contractors interacted mostly with the relevant USAID department and SUAL in addition to their clients and partners in the regions. This is an important feature of the program. For the most part, each contractor coordinated its content and work plans independently from the others. As a result the program comprised separate independent projects that were implemented in the three selected cities. It's important to mention here that USAID consciously established a 'light' and flexible program structure to avoid creation of an additional management unit. It has become clear however that it is more difficult to integrate a program this way.

The founding partners tried to integrate the program and to interconnect the activities of the implementing partners in order to achieve synergetic effects. They organized regular meetings of all the implementing and founding partners, thematic meetings in each city, and insisted on information sharing among the implementing organizations. In some cases the founding partners urged that implementing organizations coordinate their work and cooperative activities.

The founding partners' efforts to create some degree of program integration in the course of its implementation were often resisted by the implementing partners, all of which preferred to work on their own, depending as little as possible on other organizations in fulfilling their contractual obligations. Their attitude can be explained by the nature of the program. Because there was no system that united the various program components, fragmentation turned out to be one of the program's inevitable characteristics. The important thing that the founding partners accomplished was to position the New Eurasia Foundation as the program facilitator. FNE regularly collected program news that it published in a newsletter and on a web site created especially for this purpose[18]. But even this information gathering created numerous challenges.

The program was fragmented on all levels: the representatives of USAID departments, the contractors, the program participants and the beneficiaries in the regions lacked a picture of the program as a whole. Only the SUAL and USAID program coordinators and FNE as program facilitator had a complete overall picture.

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[18] Hhttp://sualaid.neweurasia.ru/H

Stages of program implementation

The principal stages of program implementation were similar in all three cities.

Stage 1. The introduction and presentation of prospective contractors' qualifications to representatives of local communities and their administrations. Each participating organization made a presentation about its experience and how it could be useful to the city or region. Following conversations and meetings helped identify local needs.

Stage 2. Negotiations and development of the work plan. Negotiations between each contractor and the heads of administrations and/or relevant divisions clarified the arenas of work and the specific tasks to be implemented. These tasks were than presented to SUAL and USAID for approval.

Stage 3. Implementation. A majority of contractors conducted a diagnostic study and situation analysis. This study allowed them to develop a better understanding of the situation in the city and to gather data necessary for implementing their tasks. At this stage implementing organizations were also learning more about their local clients and partners. According to the program mission, services provided locally by implementing partners were the key process. In the logic of the program, the efficacy of the program is proportional to the usefulness of these services for the regions and the extent to which they improve the lives of local people.

Project activities that were implemented in pilot regions

Table 1 summarizes the goals of the projects that were implemented in the regions and the principal activities that were conducted within the framework of these projects. Naturally the content of these activities was based on the specific situation in each region, whereas the goals and main activities (topic areas) were the same in all regions.

Table 1. Projects activities conducted in the regions by implementing partners.

#	Contractor	Project goals	Main topic areas and activities
1.	Institute for Urban Economics	Integrated social and economic development that creates favorable conditions for stabilizing the tax base and employment rate, providing higher living standards and quality of life, and resolving social problems.	Analysis of the social and economic situation in the region. Development of a strategy for regional development. Design of an integrated development program consisting of a set of subprograms to be implemented in various sectors.
2.	Russian Office of the Charities Aid Foundation	Setting up and developing community foundations (CF) in the territories.	Situation analysis, evaluation of conditions prior to CF set up. Organization of task forces. Consultancy on planning CF incorporation and development. Training for leaders and members of new task forces. Training visits. Assistance contacting other Russian CFs. Assistance preparing the documents necessary for CF registration. Consultancy on setting up CF operations, including organization of a Board of Trustees, establishing named funds, fund-raising, management of grant competitions, etc.

3.	Siberian Civic Initiatives Support Center (SCISC)	Promotion of public activism in pilot municipalities. Teaching citizens skills of participation in making decisions on local development.	Situation analysis and needs assessment. Series of seminars for representatives of authorities, municipal institutions, NGOs and businesses, and active citizens. Seminar themes: strategic planning, social projects, social services under new conditions, the work of expert committees. Organization of training visits and programs for staff of administrations and municipal institutions outside the regions. Themes: evaluation of programs and projects, community-oriented schools, fundraising and competitive allocation of funds. Organization of grant competitions for social and cultural projects, Weeks of Kindness and Social Star competitions.
4.	New Eurasia Foundation[19]	Raising the standard of living and improving peoples' quality of life of, creating favorable social and economic situation, creating new jobs in the small business sector and reducing unemployment in pilot municipalities.	Situation analysis and identification of the strategy for the development of small- and medium-sized businesses in the territory. Designing small business development programs. Support for developing business associations and helping them establish good contacts within public administrations. Optimization and/or development of regulations on the operation of small- and medium-sized businesses. Creation and development of local business support structures. Training and professional development of local consultants, trainers, credit inspectors and other specialists providing services to SMB.

[19] All activities were implemented by specialized organizations selected on a competitive basis and working under contracts with New Eurasia Foundation.

			Promotion of better business skills, best small- and medium-sized business models and efficient mechanisms for operating small businesses. Developing the business skills of local citizens and encouraging them to start small businesses.
5.	Foundation for Sustainable Development	Addressing issues of sustainable development.	Study of local and/or regional problems related to sustainable development. Organizing grant competitions and providing three grants in each region.
6.	Center for Fiscal Policy	Improvement of budgetary and intergovernmental fiscal relations.	Improving the budgeting process. Separating the financial assets and liabilities of districts and settlements. Improvement of education, health and housing finance. Restructuring intergovernmental fiscal relations. Separation of authority and inventory of expense obligations. Development of the revenue base for the municipalities.

Classification of services provided within the program framework

A description of the services provided by implementing partners in the regions is useful for a better understanding of the program model. The types of services provided by different contractors are summarized in Table 2 below.

1) Expert and process consultancy.

This classification is based on the work of Edgar Schein (E. H. Schein, 1969; 1999; 2000) who described three consultancy models:

Model 1: providing information and special expertise

Model 2: doctor-patient-like interactions

Model 3: process consultancy

We have classified the first two models as expert consultancies for the purposes this report.

The first model (information and expertise) assumes that a client has decided what her problem is, what assistance she needs and to whom she should turn for this assistance. To illustrate this model, Schein gives examples of specialists invited to develop computer software, to analyze possible legal consequences of a certain decision or to do a consumer survey.

The second model (doctor-patient) assumes that the consultant has the authority and qualifications to diagnose the type of "disease" and prescribe the appropriate "treatment." According to Schein, inviting a group of external consultants to review an organization in order to identify shortcomings and design a program to get rid of them is an example of this type of interaction.

CFP and IUE are good examples of expert consultancies used within framework of this program. Another example is the development of a geographic information system (GIS) in Kamensk-Uralski. Elements of expert consultancy were in fact incorporated in the activities of all contractors.

The third model ("process consultancy") has more to do with how a consultant builds her relations with a client rather than with what a client does. It is essential in this case that the consultant does not take on the responsibility to solve her client's problem. She helps her client to overcome his problem himself. For example, meetings in which representatives from various structures were asked to develop a vision of the future can be regarded as this type of service.

SCISC and IUE are the only two organizations that used elements of process consultancy within the framework of this program.

2) Assistance with professional networking.

All contractors provided this service, e.g., FSD helped hire the leading Russian dentist for an assignment in Nadvoitsy.

3) Provision of information.

All contractors provided technical literature, reference books and electronic information resources to their regional clients. Each participant in SCISC seminars, for example, was given several books.

4) Seminars.

Every contractor conducted seminars. Examples include FNE seminars on small business and CAF seminars on community foundations.

5) Organization of study tours and internships.

In a number of cases specialists from the regions were given an opportunity to travel outside their city and/or region to study or to do an internship. For example, a principal of one Segezha school did an internship on schools that have become centers of community life at SCISC, specialists with the Shelekhov and Nadvoitsy administrations attended the International Project Evaluation School in Kemerovo, and representatives of the Kamensk-Uralski administration visited Zelenograd to learn the use of geographic information systems in city and regional management.

6) Learning through joint practice.

This type of learning occurred when consultants and local specialists worked jointly on certain assignments. Examples include CFP developing an inventory of expense obligations in Kamensk-Uralski and a per capita system of school funding in Segezha as well as SCISC organizing and operating competitions of social projects.

7) Running campaigns involving local citizens and organizations.

This work was performed only by SCISC as it is specific to its arena of expertise. Examples are the Week of Kindness, Social Star competition, and charitable campaigns.

8) Financial support for projects and programs.

This service includes grant competitions conducted by FSD, SCISC and FNE as well as special purpose grants for institutional development of local business support structures.

9) Creation of new structures.

In principle these types of services can be classified as a consultancy characterized by "assistance with the creation of new structures." However there were three instances when new structures were to be established as a result of a contractor's work in the regions. These

structures are community foundations (CAF), business support centers (FNE) and grant committees (SCISC). For this reason we put these types of services into a separate category.

Table 2. The use of various types of services by contractors.

Types of services	IUE	CAF	SCISC	FNE	FSD	CFP
Expert consultancy	✓	✓	✓	✓	✓	✓
Process consultancy	✓		✓			
Assistance with professional networking	✓	✓	✓	✓	✓	✓
Provision of information	✓	✓	✓	✓	✓	✓
Seminars	✓	✓	✓	✓	✓	✓
Organization of training trips and internships		✓	✓	✓		
Learning through joint practice	✓	✓	✓			✓
Running campaigns involving local citizens and organizations			✓			
Financial support for projects and programs		✓	✓	✓	✓	
Creation of new structures		✓	✓	✓		

Perception of the program by stakeholders

The perception of the program by different people varied according to their knowledge of particular program components. Only the founding partners and FNE, because it was facilitating the program and operating the program's web site, had a complete picture of the program as a whole. The representatives of USAID program departments were most aware of their own components of the program and had relatively less information on what was going on in other components. Each contractor had only general information about the work of others and in most cases did not need more detailed information.

In the regions, different people and different target groups had considerably different perceptions of the program: FSD grantees viewed the program to be a grant program, participants in FNE business seminars viewed it as a small business development program, and a head of the health department of one of the cities viewed this as a program of CFP consultations.

Few people knew about USAID's participation in the program and many of those who knew were not quite sure what USAID was and why it was funding the program in their region. In Nadvoitsy, for example, a majority of respondents described the program as the joint activities of SUAL and SCISC aimed at making the city clean and comfortable, i.e., the most visible local project supported by one of SCISC small grants.

Conclusions

People perceive a fragmented program as separate components rather than as a coherent whole depending on which component they were involved in.

The program did not have a clear public relations strategy and did not undertake systematic efforts to promote a holistic perception by the various stakeholders.

Recommendation

Systematic and thoughtful public relations efforts could support a perception of the program as a coherent whole and contribute to its integration.

Difficulties encountered in the course of program implementation.

Local self-governance reform

At the beginning of program implementation program participants were all anticipating reforms related to local self-governance. When setting tasks for contractors, SUAL representatives asked all of them to be mindful of these anticipated reforms when planning their activities. In spite of this reminder, not all of the implementing partners avoided difficulties related to the new reforms. For example, IUE, having already begun work on a development strategy for the city of Shelekhov, had to refocus its work on a completely new structure involving six municipalities instead of one. In essence IUE's client changed dramatically in the course of strategy development. IUE was obliged to begin negotiations all over again with new structures, to establish contacts with new people and to revise some of their working documents.

This problem was only typical for Shelekhov however; no upsetting changes occurred in Kamensk-Uralski and the new structure in Nadvoitsy will not become effective until the beginning of 2007.

Local self-governance reform affected program components targeting local population, non-governmental and municipal organizations and small businesses the least, e.g. the projects run SCISC, FSD and FNE.

Turnover of local administration staff

In addition to local self-governance reforms, elections took place during program implementation and new people were elected to run the Shelekhov and Nadvoitsy administrations.

Staff turnover was a difficulty where program results were directly dependent upon specific specialists in the regions. For example, the new head of the education department in Shelekhov was not interested in the successful work building a new system of per capita school funding done by CFP for the previous department head. This approach had not yet been applied and

was dependent upon a specific person as its champion. Use of the consultancy's product became uncertain when this person left. At the same time similar work conducted by CFP in Segezha was not only well accepted on the district level but also attracted considerable interest at the republic level. The head of the education department of Segezha district informed us that this model would likely be replicated in other districts of the Republic of Karelia.

Effective January 2007, Nadvoitsy will get its own budget and the authority of its local administration will expand considerably[20]. The Nadvoitsy administrative staff, however, changed completely during the program period and the five new staff people, including the head of the administration, found themselves dealing with difficult issues related to Nadvoitsy's expected change of status. As a result the Nadvoitsy administrative staff was poorly informed about the program and only the specialist who coordinates the SCISC's activities knows this component in detail.

Presence of other major enterprises

The presence of other enterprises became a problem when program results were dependent on major actors beyond the control of SUAL and USAID, e.g. TMC[21] in Kamensk-Uralski or CPP[22] in Segezha. When the interests of these major enterprises did not naturally coincide with interests of the program, serious problems arose. For example, in Kamensk-Uralski a majority of our respondents were positive about the idea of establishing a community foundation. The foundation could not be established without TMC participation, however, but negotiations with TMC dragged on for many months before finally coming to an impasse. Despite considerable interest on the part of city administration, neither SUAL and USAID nor CAF were able to see the desired community foundation through to completion.

Change of program focus in Nadvoitsy

The change of the program focus from Nadvoitsy to Segezha district and than back to Nadvoitsy involved political considerations, some of which have been described above. Initially[23] Nadvoitsy was to be a pilot project representative of very small settlements completely dependent upon the Nadvoitsy Aluminium Plant (NAP). In this particular regard Nadvoitsy differs considerably from Shelekhov and Kamensk-Uralski where the population is larger and there are enterprises that do not belong to the SUAL Group. It was soon decided to change the program focus to

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[20] Nadvoitsy had been completely dependent upon the Segezha district administration, which was why the project focus was changed from Nadvoitsy to Segezha district in the first place.

[21] Tube Metallurgy Company

[22] Cellulose and Paper Plant

[23] All publications dated in early 2004 mention only Nadvoitsy. See e.g. Hhttp://www.sual.ru/news/?id=314H

Segezha district[24] and to the Segezha city administration. During summer 2006 another decision was made to limit program activities to Nadvoitsy alone[25]. As a result of this shifting focus, the experimental project in the small settlement did not work and the pilot project on the district level was left unfinished.

SUAL enterprises were not involved

While this difficulty was common to all three regions, Shelekhov provides a typical example. We met with the CEO of the Irkutsk Aluminium Plant (IrkAP) and his deputy in charge of social issues. The plant is a major local employer and has a long history of close relations with both city and regional administrations. The plant Director, Mr. Grinberg, had once proposed establishing a Council of Trustees for educational institutions and the local press has gone so far as to call Mr. Grinberg "the principal trustee of the city" [26]. During our meeting the IrkAP managers said that they "are not quite aware of the program concept, do not have information about program progress and do not see its specific outcomes for the city, although the investment of both time and money in the program should have created tangible outcomes." [27] Without further analysis of the reasons for this situation, we can only note that the skepticism of the CEO of the major local enterprise can only weaken the program, and conversely, that the support of the IrkAP management would definitely strengthen the program.

In Nadvoitsy, the plant's senior managers, the head of the PR department, the head of the union committee and the members of local and district councils do not have a full picture of the program. They are aware mostly of SCISC projects and FSD grants.

In Kamensk-Uralski, the senior managers of SUAL enterprises who are traditionally heavily involved in resolving city problems were poorly informed about the program.

Heads of local administrations remained distant from the program

In all three regions the heads of local administrations[28] signed special decrees supporting the program and establishing working groups to facilitate program implementation at the city level. Although the heads of local administrations knew about the program, they were not informed about its details or overly enthusiastic about it. They only made positive comments about some program components or particular contractors but were skeptical about the overall effectiveness of the program at the city or district level.

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[24] It is difficult to determine the exact date when this decision was made, but judging from publications it was made in the first half of 2004. Hhttp://www.neweurasia.ru/rus/attach/SUAL-USAID%20Project_January%202005_%20Bulletin.pdfH

[25] This decision was made in early summer of 2006 when publications again mention only Nadvoitsy. See Hhttp://sualaid.neweurasia.ru/media/20060402.htmlH

[26] Hhttp://www.sheladm.ru/news/653.htmlH

[27] From interview with Mr. Grinberg, quoted with his permission.

[28] In Nadvoitsy we talked with the former head of administration who participated in the program launch.

The heads of local administrations became involved in the program only after it was designed and the list of available services and contractors had been set. Under these circumstances it is difficult to see how administration heads could feel any ownership of the program. Such local ownership could be one of the key factors assuring active use of program results and contributing to the program's success.

Efficacy of the services provided

Expert consultancy

The first important characteristic that emerges in an analysis of the program's effectiveness is the complexity of the interactions among participants in the consultancy process. Usually interaction involves a consultant and a client. In this case, however, a consultant's interactions sometimes involved both clients (the recipients of services in the regions) and one or both of the founding partners (SUAL and USAID). As project funders, the principal partners wished to be actively involved in the negotiation of tasks and the consultant's interactions were often not limited to two parties, but to three (contractor, client and SUAL) or even four parties (contractor, client, SUAL and USAID). These interactions complicated the process of negotiating the scope of work as well as evaluating the results achieved by the consultant. In addition, payment for consultant services was not directly related to client satisfaction because it was not the client who paid the consultant.

The second important characteristic of the consultancy services provided within the framework of this project is the founding partners' view that they are instruments of development rather than just consultancies. SUAL and USAID hired consultants with the aim of making the situation in the regions better by promoting development. SUAL and USAID used consultants as instruments for implementing their development program, an approach typical of international development programs. International development in this case is understood as an "organized intervention that tries to achieve an improvement measured against some 'standard'" (Pieterse, 2001). This standard of improvement is brought from the outside by development agents who assume that they know how this improvement can be achieved and who fund the requisite interventions. Generally speaking, the subjects of development may not be motivated to implement changes. Involving subjects in the development process is part of the intervention.

Consultancies within the framework of this program were different from "traditional" consultancies in which the relationship is initiated by the client. Here consultants were selected and sent to the region by a third party—the founding partners. Initially, these potential clients in the regions may have had no motivation whatsoever to work with

outside consultants, particularly consultants contracted by third parties distant from the region. This fact complicated the job of the consultants who had to make extraordinary efforts to enter into consultancy contracts with clients.

Schein (E.H. Schein, 2000) notes that using the first model of expert consultancy ("information and expertise") can be effective only if the following conditions are met:

- The client has correctly identified the problem
- The client has correctly assessed the qualifications of the consultant
- The client has correctly formulated the problem and the character of information or service that he needs
- The client has considered and understood all possible consequences of receiving this information or consultancy service

The second model of expert consultancy ("doctor-patient") proposed by Schein (E.H. Schein, 2000) can be effective only under the following conditions:

- The diagnostic process is perceived as useful regardless of its results
- The client has correctly interpreted organizational symptoms and identified the problem area
- The people related to the problem area provide the information necessary for a correct diagnosis and do not hide data or exaggerate symptoms
- The client understands and correctly interprets the diagnosis provided by consultant and follows all of the "doctor's" prescriptions
- The client manages to stay "healthy" after the consultant has finished "treatment"

We use this conceptual structure to consider several examples of expert consultancy services provided within the framework of this program.

Case 1. Designing a long-term strategy for the social and economic development of the Segezha region. (Implemented by IUE.)

By the time of the program launch, the work of designing a strategy for the social and economic development was already underway in Segezha district. The strategy was to be presented to the government of the Republic of Karelia and was to become the basis for the republic's budget allocations. The offer from IUE to design the development strategy was timely: senior managers of the Segezha district focused IUE's work on assisting with program design and the program was subsequently formulated and approved. Senior managers of the district are positive about IUE's contribution.

Case 2. Designing a long-term program for the development of Kamensk-Uralski. (Implemented by IUE.)

The local administration was not enthusiastic about the proposal to design a city development strategy and the city mayor distanced himself from this work. IUE worked hard to analyze the social and economic situation in the city, to formulate draft proposals for a strategy for city developments, to discuss these proposals with technical departments and to prepare a final document. The document was heavily criticized by the mayor and local administration department heads. One of their principal claims was that the strategic plan was declarative (descriptive) in nature and did not meet the expectations of the local administration. The strategy was rejected and senior managers of the city are negative about IUE's

contribution. Moreover, the mayor thinks that the consultants should not be paid for "poor services" even by a third party. He suggested an alternative pattern of interaction with the consultants in which the local administration provides its share of the funding and has the principal authority to accept or reject the results produced.

Case 3. Assisting local self-governance bodies with redefining funding obligations, spending authority and property ownership in the health sector in Kamensk-Uralski. (Implemented by CFP.)

The head of the health department is generally positive about the services provided to improve health sector finances. He notes the high qualification of the CFP specialists. While the recommendations were accepted, it was not possible to implement all of them because, for example, the approval of regional health authorities was necessary, e.g., to obtain funding for vaccinations. Coordination with the regional structures of the Sverdlovsk region was outside the scope of CFP's work.

Case 4. Consultation related to transforming the Help Foundation into the Grigory Shelekhov Charitable Community Foundation (Shelekhov). (Implemented by CAF.)

CAF specialists and invited experts analyzed current documents of Help Foundation and developed recommendations for transforming the Help Foundation into a community foundation. Draft incorporation documents were presented, the new community foundation was registered and is now working, and the client is positive about CAF's services.

In cases one and four, the consultants were accepted with gratitude and their results were applied. A common feature of both cases is that the consultant's proposals fit nicely with the clients' current activities. The consultants were able to support processes that were already underway. This ensured the most favorable conditions for entering into consultancy contracts and productive interactions with clients.

In case three, the consultants faced a more difficult task because initially the client was not interested in the consultancy. The consultants' high qualifications enabled them to make a credible case to the client for the urgency of problems that had been previously overlooked. This resulted in a consultancy contract and the service was accepted with gratitude. One more difficulty arises when implementation of the consultants' recommendations does not depend solely on the client. It became impossible to implement some perfectly valid proposals because of political factors beyond the control of the city administration.

Case three illustrates the problems that arise in the absence of an effective consultancy contract. Because the source of funding was independent of the client and the program's focus was on addressing the task of "development" from the outside, there was no focus on the principal client, in this case, the mayor. Designing a development strategy without an explicit request from a city's mayor and without aligning the consultants' plans with his expectations is a very risky business.

Conclusions

Expert services were a prominent component of the program. In most cases they proved to be useful.

The effectiveness of expert consultancies was primarily determined by the qualifications of consultants and their ability to adapt their expertise to the local context.

Consultants had fewer difficulties building working relations with clients in the regions and providing result-oriented services when their proposals were aligned with their clients' current activities.

Third-party funding for consultant services that are not dependent on a client's approval and the use of consultants in the capacity of "instruments of development" both complicate the process of negotiating a scope of work and increase the risk that services are provided without an effective contract between the consultant and the client in the region.

Providing services without an effective consulting contract is so risky that it often results in the loss of the consultancy's effectiveness.

Recommendations

The first priority of all consultancies should be on producing specific results for their clients in the regions.

Senior managers of regional administrations should be involved in the process of selecting consultants and identifying the expertise required to ensure due consideration of current and future issues.

It is greatly advantageous for regional administrations to provide their share of funding for a development program in order to have a say in the acceptance or rejection of work done by consultants.

Entering into a consulting contract with a client in a region should be obligatory for a consultant hired for a "development" job and successfully negotiating this contract should be considered one of consultant's primary tasks. Nevertheless, it is necessary to allow for situations when it is impossible to make any contract at all or when a contract can only partially account for the original development. When a client in the region is not ready to work with a consultant, training may be considered an alternative to a consultancy. The final decision on tasks, scope of work and consultant fees should be made after the consultant has entered into a contract with a client.

Process consultancy

"Process consultancy" refers to the way a consultant builds her relationship with a client rather than to the client's activities. Here it is essential that the consultant does not undertake to solve client's problem herself; she helps her client to address the problem.

According to Schein (E.H. Schein, 1995) this model works best when:

- The client feels some distress, but does not understand its source and does not know how to deal with it
- The client does not know what kinds of assistance are available and what consultant he may turn to for help
- Because of the nature of the problem, the client needs assistance identifying what is going on and will likely benefit from participating in the diagnostic process
- The client's objectives and values are acceptable to the consultant
- Only the client knows what kind of intervention can actually be helpful.
- The client is able to learn to diagnose and solve his own problems.

The following postulates of "process consultancy" put forward by Schein (E.H. Schein, 1995) are especially pertinent given the purpose of this evaluation.

1. Only the client knows for certain what he can do, is willing to do and will do. Therefore the strategic task of process consultanting is to design a process that will lead to the creation of a consultant-client team. It is this team that has to make all necessary interventions.
2. It is a responsibility of the consultant to make her client understand the possible consequences of his future steps in the very early stages of their interaction.

Everything the consultant does, starting with her very first answers to her client's preliminary requests, is an intervention and the consultant should be fully aware of the possible consequences of so-called "diagnostic steps."

On the surface, process consulting sometimes looks like facilitating and sometimes like directing the client's own efforts to address his problems. The consultant asks questions and the client looks for answers. The consultant offers modes of work and the client determines their content. The consultant facilitates a meeting and the client participates in the discussion. Process consulting can be very effective, but only if the client accepts the "rules of the game."

Within the framework of the present program process consultancy was used by two organizations: IUE and SCISC. Several examples follow.

Case 1. Development of a vision for the city of Shelekhov. (Implemented by IUE.)

During the initial stage of formulating a strategy for the development of the city, the IUE consultants conducted a working meeting to develop a vision for the city's future. Participants in the meeting were the senior managers and staff members of the city administration and representatives of other stakeholders. They were asked to dream, brainstorm and describe the future of their city as they would like to see it. The participants had mixed reactions to this mode of work. When talking to us, most of them called the process a "game" and noted that it had been incorrect to use ideas suggested in the course of that game as the basis for an urban development strategy.

With no intention of evaluating the quality of the strategic plan designed by IUE, we want to call attention to the attitude of people to this example of process consultancy. Inviting people to participate in formulating a strategy for the city created the expectation of a "serious" approach and participants were not ready for an unusual format for this serious work. Note that resistance to a process consultancy may result when a consultant unexpectedly shifts from expert consulting to process consulting.

In all three regions the consultants were called experts. In this case, the clients perceived the consultants as experts in the field of urban strategy development. The unexpected change in the consultant's approach might have caused the negative reaction of the clients: "What kind of expert is he if he only writes down our ideas and than writes them up in his report?" This statement illustrates process consulting well except for one important detail, i.e., the process consultant writes a report on the work done by the client's team with his facilitation rather than on his own work alone.

Case 2. Development of public campaigns in Segezha district. (Implemented by SCISC.)

In their preparations for the "Week of Kindness," a public campaign to stimulate citizen volunteer activities that address social problems, the SCISC consultants helped several teams to plan activities for their own small campaigns. All of these plans were actually implemented and participants were positive about this kind of interaction with consultants.

This work was performed as a follow-up to the SCISC seminar on planning technology so that the process consultancy became a natural continuation of the learning process and the seminar instructors became consultants in an organic way.

Case 3. Designing criteria for evaluation of social projects in the city of Shelekhov. (Implemented by SCISC.)

In the course of preparing for a grant competition in Shelekhov, a committee was established to review grant applications. Its members received special training and subsequently SCISC facilitated a meeting in which committee members worked out criteria for evaluation of grant applications. The meeting went well and the criteria were actually applied by the committee.

In this case the approach of SCISC consultants was absolutely natural and local citizens themselves worked out the criteria for evaluating project applications based on local interests. Under these circumstances an expert approach by the external consultant ("I know the right way") would have been unacceptable.

Conclusions

The effectiveness of the process consultancies provided within the framework of this program was largely determined by two factors: the extent of the client's acceptance of this format of work and the extent of the client's acceptance of the role of consultant as facilitator (vs. the consultant as expert).

A client's difficulty accepting a process consultancy may have to do with the change of consultant's approach from expert to process consulting.

A process consulting approach worked better when clients understood up front that they could find the solution themselves.

A process consulting approach also worked well as a follow-up for training when trainees were asked to finish tasks on their own with the help of the instructor as consultant.

Recommendations

In the future specialists coming to the regions should be called "consultants" and "trainers" or "instructors." The general term "experts" should be avoided because it does not always correspond with the consultant's style of work.

If a process consulting approach is to be used along with expert consulting, special attention must be paid to developing appropriate client expectations. If possible, process consultation should be provided with a separate specialist as facilitator.

A thorough analysis of the situation should be completed and process consulting should be used only when there are adequate conditions. (See above.) If conditions are unfavorable, they should be changed and when this is not possible, process consulting should be avoided.

General reflections on consulting services

A discussion of the effectiveness of consulting services (both expert and process) needs to address the important issues that arise when several consultants work simultaneously in the same region. While we've noted this condition as a special feature of this program, the consulting approach presupposes the following features regardless of the focus or the number of consultants involved:

a) diagnostics that enable the consultant to develop an understanding of the situation

b) client involvement that ensures acceptance of shared responsibility.

When the program is fragmented and consultants work simultaneously in parallel, they are apt to approach the same people in the course of their diagnostic process. They are also likely to request the same information from the same people, creating additional work and irritation for local specialists.

Moreover, when several consultants try to involve clients in their work process, they are bound to cause problems when the same specialists, of a local administration, for example, are assigned to work with all of the consultants.

Conclusion

If a program's components are not systematically interrelated, involving many different consultants at the same time may result in a serious loss of effectiveness rather than a synergy of activity.

Recommendation

In a fragmented program, the schedules of consultants should be carefully coordinated to avoid the level of client overload that puts both clients and consultants in impossible situations.

Seminars

This service was broadly used by all of the contractors. Most of the seminar participants we interviewed were positive about the seminars and said that they had gained new knowledge that they were able to use later in their work.

For example, the SCISC seminars on project planning and the FSD consultative seminars on writing grant applications helped many organizations to obtain grants for project implementation. This outcome was the result of incorporating seminars into an integrated program that included a grant competition. This competition and the projects that followed strengthened the results of the training and increased its effectiveness. It is important to note that participants in project planning seminars were often not ready to plan a project or write a grant application themselves. The specialists in local administrations who coordinated the program in the regions spent a lot of time providing consultations and editing applications when requested by local organizations. Trainers who took on the consultant role also helped participants to develop their applications.

A seminar on the principles of operating a community foundation conducted by CAF in Shelekhov was also part of an integrated program to establish community foundations. Seminar participants used the knowledge they gained to start and streamline the operation of a community foundation. Similar seminars conducted by CAF in Segezha and Kamensk-Uralski also evoked interest and were received with gratitude. While actual community foundations have not yet been established in these latter cities, the concept of community foundations is now known and liked by many people, including the senior managers of local administrations and the leaders of local communities. The seminars have at least improved the prospects for establishing community foundations.

The business planning seminars conducted by FNE subcontractors helped participants to recognize new opportunities for making money on their own. These were especially important for representatives of organizations working on public budgets, such as health and education

institutions, where entrepreneurial activities are not well developed. We had a chance to attend a presentation on business projects developed as a follow-up for the seminar in Shelekhov and list examples of business ideas developed by the staff of municipal institutions below.

- A rural school in the Shelekhov district found an opportunity for students to produce metal ware for a large factory.
- An employee of the city administration proposed a plan for launching the first pizza restaurant in the city.
- The chief physician of the local hospital presented a project to start a commercial unit in the local maternity ward.

CFP seminars were conducted as preparation for a consultancy. After a seminar on restructuring public finance, it was much easier for CFP consultants to start their work with the heads of education and health institutions.

At these seminars the contractors chose methods of instruction that seemed most appropriate in their circumstances. For example, CFP conducted its seminars in a traditional format while SCISC used active training techniques. The data collected through interviews and observations[29] indicate that the positive emotional response of participants to SCISC seminars can be attributed to both their content and a training format that was new to the majority of participants.

Very few participants had a negative response to the seminars and the few who did were people whose level of knowledge was higher than the seminar program assumptions.

Conclusions

Seminars were an effective means of conveying new information to people in the regions.

Seminars were even more effective when they were part of a program that included practical activities to address actual problems.

Seminars produced good results when they were combined with a consultancy designed as a follow-up for seminars.

Even when seminar results are not immediately applied, one can still expect some positive, albeit delayed effect of communicating new information to participants.

Recommendations

Seminars should be integrated into regional development programs.

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[29] We attended a seminar entitled "Effective planning and project design" in Nadvoitsy.

Seminars should be followed by practical activities performed by participants.

Seminars should be used in preparation for consultancies and consultancies should be a follow-up activity for seminars.

Learning through joint practice

Clients were entirely positive about this type of service. The key to this success is the joint practice rather than the learning per se. Specialists in the regions greatly appreciated consultants who wholeheartedly joined in their work. Local specialists appreciated learning by working with consultants from CAF, SCISC, and CFP, for example. In contrast, clients were skeptical about consultants who worked mostly from their Moscow offices and kept sending information requests to the regions.

Conclusion

This service was both effective and well received by clients in the regions.

Organization of study tours and internships and assistance with professional networking.

The effectiveness of these two types of services can be attributed to the relative isolation of the regions where SUAL enterprises are located. Because local specialists have a limited number of opportunities to travel outside their region and to establish contacts with Russian and foreign colleagues, demand for these contacts is great. An opportunity to travel for study or for an internship is one of the principle incentives local specialists have for participating in the program.

Conclusions

These services are both effective and well received by clients in the regions.

These services can be used as a reward for local specialists and activists.

Running campaigns[30] involving local citizens and organizations

These campaigns were conducted only by SCISC. They included "Weeks of Kindness"[31], a "Social Star" competition, public initiative fairs and social action competitions. All of these

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[30] A campaign is a series of events conducted over a specific period of time for the purpose of attaining some important public, political or economic goal.

[31] The "Week of Kindness" is both a broad public relations campaign and an effort to address the most urgent local problems typical for a particular time of year and location. It is also a powerful instrument for building cross-sector social partnerships and social capital in a community (SCISC, 2004).

approaches have been successfully applied in many other regions in Russia and were entirely adequate to the situation in the regions where this program was implemented.

"Weeks of Kindness" helped involve thousands of people in implementing hundreds of activities and events in the three regions. Social Star competitions allowed communities to identify and publicly celebrate the dozens of local activists who give local communities their soul. As a result of public initiative fairs and social action competitions, thousands of people and dozens of organizations became involved in creating solutions to local problems. Many of those who did not win in a competition or receive grants implemented their projects nevertheless.

Because many local citizens in the regions were intensely involved in these campaigns and related PR activities, this component of the program is known much better than others.

Transfer of SCISC's approaches for stimulating local community initiatives is an important outcome of these public campaigns and SCISC's seminars, consultancies and information materials. The capacity for implementing public campaigns now exists primarily with the staff of local administrations and members of the committies that coordinated SCISC activities, though in Shelekhov, some capacity has been built in the community foundation. According to our respondents in the regions the only barrier to future implementation of similar campaigns is that no institutions remain to do this work after SCISC leaves. This problem can be solved if the public campaign function can be institutionalized. Possible options include the community foundation in Shelekhov and the recently-established local development agency in Nadvoitsy. Both could become centers for public campaigns in the future.

Conclusions

Public campaigns were effective means for involving citizens in the solution of local social problems.

The impact of a campaign's PR efforts often exceeded that of the program itself.

In the future, regions can conduct campaigns themselves. This is a good start, though some SCISC consultation may still be required.

The presence of local structures focused on regional development increases the likelihood that these approaches will be used in the future.

Recommendations

Public campaigns should be included in the program in the future.

The PR component of these campaigns can be used to promote knowledge of the whole program.

The task of institutionalizing the conduct of public campaigns should be included from the very beginning and the appropriate local staff should receive relevant

training within the framework of the program. Small settlements might consider the possibility of developing an informal network of "community organizers" uniting local activists.

Financial support for projects and programs

One of the services provided within the framework of the program was the financial support from program grants. SCISC and FSD awarded grants on a competitive basis. Targeted grants were provided by CAF for institutional development of community foundations and by FNE for the institutional development of support agencies for small- and medium-sized businesses and the development of GIS[32] capability.

The size of FSD grants was many times greater than the size of grants provided by other organizations. USD 20,000 is a lot of money for a regional social, educational, health or infrastructure maintenance institution. FSD funds were used, for example, to purchase:

- a equipment for lung ventilation for a hospital in Shelekhov
- new plastic windows to replace the old wooden windows in a kindergarten in Shelekhov
- a set of dental equipment for a dentist's office in Segezha
- equipment for the biological removal of nitrogen and phosphorus that was installed in the Kamensk-Uralski waste water treatment plant

The effect of these activities will be a long-term contribution to improving the lives of people in the pilot regions: there will be no more drafts in the day-care center and the children will get sick less frequently, the forced aspiration apparatus will save lives and new equipment will raise the quality of dental care. All of these outcomes will be important for local people for many years to come.

But a fundamental question arises: how does this component fit into the program model? If the purpose of the program is to make the life of people better by increasing the effectiveness of local self-governance, the FSD grants[33], though clearly beneficial to the citizens, do not fit the program logic. These grants helped address a number of urgent local problems, but not by increasing the effectiveness of local self-governance or by fostering the initiative of citizens and organizations in the regions.

SCISC grant competitions for social and cultural projects, on the other hand, were different in that grant amounts were much smaller (in the range of hundreds rather than thousands of

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[32] Geographic Information Systems.

[33] There were two grant rounds. In the first, nine grants were awarded (three in each region) and in the second, ten grants were awarded (four in Shelekhov, four in Kamensk-Uralski and two in Nadvoitsy).

dollars) and many more projects were funded. Since the projects involved local citizens, the grant competitions actually became public campaigns. Moreover, local funds were raised to cover part of project expenses. SCISC grant competitions clearly fit the program logic.

Case 1. Starting a summer children's club at a family library in Nadvoitsy. The project was implemented using a SCISC grant.

During the summer, children in Nadvoitsy are on their own: the schools are closed, the only local club is closed, and there are not enough sport facilities. Not everybody can afford to go to a summer camp. The Library for Family Reading received a grant that it used to buy a television, a DVD-player and a set of DVD-disks with animated cartoons for children plus children's books based on cartoon stories. During the summer, library staff conducted regular meetings, quiz shows and games for kids and played cartoons. We attended an informal ceremony opening this club that the children appeared to enjoy immensely.

It was a commonly expressed opinion that the grant competitions, seminars and consultations on project planning had fostered a distinct new "project culture" that values a project approach to community problem solving in the program regions. Everybody was certain of this effect.

Financial support for newly established structures through institutional grants is very important. The effectiveness of these institutional grants depends on how clear and realistic these new structures are about their prospects and the sources of support that will assure their financial sustainability in the future. According to our data the situation is mixed. For example, the community foundation in Shelekhov and the Small- and Medium-sized Business Development Agency in Kamensk-Uralski have clear prospects. The development agency in Nadvoitsy and the business development agency in Shelekhov, however, are less certain about their future. These may be the cases in which an external consultancy will be useful.

Conclusions

Financial support in the form of grants was an important and effective component of the program. Grants made it possible to implement dozens of social projects.

Along with seminars and consultancies, the grant competitions contributed to fostering a project culture in the regions.

The large grants provided by FSD made it possible to purchase expensive equipment that will most likely have long-lasting benefits for certain groups of citizens. These grant competitions, however, do not quite fit a program model that focuses on raising the effectiveness of local self-governance.

SCISC's small grant competitions clearly fit the program model. They helped to involve citizens and organizations in solving social problems and in creating an important model for the future.

Institutional grants will prove to be effective if they actually help to establish new structures and contribute to making them financially sustainable. It is still too early to evaluate their effectiveness.

Recommendations

Providing financial support to projects and program should be consistent with the program model.

Small grants are a more effective means of fostering public activism.

The program should include consultative support in institutional grants.

Creation of new structures

This program led to the creation of the new community foundation in Shelekhov and the new regional development agency in Nadvoitsy that we have already mentioned. Other examples of new structures include the newly established "specialist on small business development" position in the Shelekhov administration and the organization of the Coordination Council on Small Business that reports to the mayor of Shelekhov district. Organizing local grant committees in all three regions may also be regarded as the creation of new structures.

Creation of a local structure, whether formal and informal, is important evidence of the institutionalization of project results. These structures can naturally become champions of new approaches and centers of social activism.

However creation of new structures often runs into considerable difficulty. For example, it has not yet been possible to establish a community foundation in Shelekhov athough almost everybody supports the idea. Is it correct to infer that CAF—with responsibility for creation of community foundations—failed to accomplish its assigned task? In our opinion, the answer is no. First, CAF did not have the authority to make decisions about establishing the foundation and its capacity to influence the actual decision-makers was limited. If the people making decisions about the creation of the community foundation *had* been CAF clients, however, then a failure to set up a foundation could be attributed to CAF as contractor.

Conclusions

The creation of new structures can institutionalize program results and are thus important evidence of the success of the program or its components.

Creation of new structures (both formal and informal) facilitates the introduction and use of new approaches.

Consultants can take on the responsibility for creating new structures only when making the decision to establish these structures actually depends on their client. When there are other parties involved in decision-making consultancy contract should account for that.

Recommendations

Creation of new structures should be used to institutionalize program results and introduce new approaches.

One should keep in mind that new structures can be informal and thus sustainable.

It is important to consider who has the authority to establish new structures while developing a consulting contract. Consultants should not be obligated to create new structures when the decisions involved do not depend on the client alone.

Providing information

Providing information to clients in the regions within the framework of this program was a popular and highly appreciated service. The only problem mentioned was that in some instances the information was not timely. There were also comments that Internet technologies could be used more intensively.

Program Results

Program results for the pilot cities

Each of the core components included numerous activities and produced a number of results important for the local communities and municipalities. These results range from development of the city strategy to reconstruction of the kindergarten building to protect children's health and establishing a "Cartoon Summer Club" for kids. The results of the separate components are presented in Annex 6 as they were presented to us by the implementing agencies.[34]

We would like to call attention here to what we consider the two most synergetic effects of the program that are common to all regions. Several implementing agencies contributed to the achievement of these two effects.

1) Using a learning project approach to organize activities and foster a project culture. Representatives of local authorities, active citizens, businesses and NGOs have appreciated the benefits of a project-based approach.
2) Fostering the active involvement of small- and medium-sized businesses, citizens and NGOs in creating solutions to social problems.

[34] By the time this version of the report was completed only SCISC and IUE had provided information about their results to us.

Clarification of the program model

One of the important results of the program is the ability to describe a model of the program on the basis of the practical experience gained by the founding partners. As Figure 3 shows the model has not changed at the level of its mission. We believe that the description of the program goal can be made shorter, calling simply for the improvement of local self-governance. This corresponds completely with SUAL's concept of social partnership.

Fig. 3. Final model of the program

Program objectives can now be greatly clarified. Obviously they should be about developing and applying new social and management methods and approaches and about seeking "intelligent decisions" that increase the effectiveness of local self-governance rather than just working jointly with implementing partners in the regions. The regional representatives who spoke with us often stressed that it was essential to use both external and internal resources to accomplish these tasks.

As a result of the program SUAL has established a new structure called the "Inter-municipal Center" especially for the purpose of identifying and accumulating methods and approaches for regional development.

Program results for the founding partners

The principal program results for SUAL are:

- A new perspective on development and knowledge of new development approaches.

The experience of implementing programs with USAID and implementing partners was new and interesting for SUAL. This pilot program helped SUAL to set a new strategic priority: the search

for and development of effective methods and approaches for regional development. SUAL has even established a new structure for this purpose called the Inter-municipal Center. In the future, SUAL plans to specifically emphasize the application of new methods and approaches.

- Getting to know new implementing agencies.

The implementing partners in this program did not coincide with SUAL's traditional partners although SUAL had contacts with some of them before the program was launched. This program enabled SUAL to gain practical experience working with some of USAID's leading implementing partners. SUAL has already invited some of them[35] to replicate the best models in the new regions at SUAL's sole expense.

- Company image.

SUAL has effectively used this program to strengthen its image as a socially responsible business. Participation of SUAL representatives in national and international conferences, the content of numerous publications and press conferences resulted in a substantial external PR impact for SUAL. We have already mentioned in this report that the program's internal PR-related activities in the regions were much less intensive and systematic than PR-activities for the general public.

- New prospects.

The company gained new prospects for social partnerships. SUAL has created a reputation for social responsibility within the international business community that is unique for a Russian company. The enhancement of this reputation through its program participation certainly opens new business prospects for the company.

The principle program results for USAID are:

- New knowledge of the Russian corporate world.

USAID had not worked before with a major business partner in Russia. This experience alone was important for USAID executives and the Agency as a whole. This experience is also particularly valuable because such partnerships are a USAID strategic priority worldwide.

- Experience with "selling" implementing partners.

Contributing to the sustainability of its partner organizations is one of USAID's priorities. Through this program the agency has had the new experience of "selling" implementing partners to big business. It is already clear that for some implementing partners these "sales" marked a new stage in their development.

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[35] SCISC and NEF have been invited to work in new regions.

- New “niche” and new model of operation.

This kind of program creates a new niche and a new line of activity for USAID in Russia. A model for interaction with large businesses is important for future USAID programs.

- Image.

This program served the USAID very well. Though from the very beginning USAID decided not to run an active PR campaign, the image of the USAID Russian mission was definitely improved among businesses, NGOs, USAID missions in other countries and among similar development agencies.

- New prospects.

Several large Russian companies have already approached USAID with proposals for launching similar programs in regions where they have a presence. The USAID mission in Ukraine also wants to use this Russian experience.

Program results for implementing partners

- Experience working with a large corporate client.

For many implementing partners this was their first experience working with a major corporate client like SUAL. The implementing partners got a sense of the working style of a major business, saw the level of its requirements for contractors, and realized what result-oriented management meant for a major company. Experience gained while negotiating the scope of work was new and important for many implementing partners.

- Experience addressing complex problems.

For many contractors, the tasks they had to accomplish in the regions ranged from complicated to extremely complex. “Standard” solutions did not work and the contractors had to accommodate political realities and the competing interests of many parties. They often had to overcome resistance and skepticism.

- Better understanding of contractor’s own strengths and weaknesses.

Extreme situations can often lead to a better understanding of the strengths and weaknesses of an individual or organization. Implementing partners learned important lessons from their participation in the program. This experience may help the contractors to better position themselves in the service marketplace and to define strategies for building their own capacities.

- Image.

Having SUAL on a consultant's list of clients is a great asset. For its part, when SUAL was satisfied with the quality and results delivered by a USAID partner, it might recommend that partner to other businesses.

- New prospects might include news projects with SUAL.

There are new prospects to work with SUAL and other major corporations and some new projects with implementing partners are already in progress.

Principle Conclusions and Recommendations. Lessons Learned.

In this section we will summarize the principle conclusions and recommendations. Some have already been mentioned above but some are included here for the first time. We have aggregated program lessons into one section for the sake of convenience.

Program results for the pilot cities

Each of the core program components included numerous activities and produced a number of results important for the local communities and municipalities.

Program synergetic effects

The two most synergetic effects of the program that are common to all cities include:

- Using a learning project approach to organize activities and foster a project culture. Representatives of local authorities, active citizens, businesses and NGOs have appreciated the benefits of a project-based approach.
- Fostering the active involvement of small- and medium-sized businesses, citizens and NGOs in creating solutions to social problems.

Program model

This program logic model can be summarized as follows: to improve the life of people in the three pilot cities by making local self-governance more effective

a) through the search for, development and application of new social and management approaches;

b) using the best local and external intellectual resources; and

c) building the capacity of local self-governance staff.

This program model can serve as the basis for replicating the program in other regions.

We recommend taking the model into account when developing program components and selecting implementing organizations for future assignments.

This program model can serve as the basis for replicating the program in other regions and we recommend taking the model into account when selecting contractors for future regional assignments. This will help integrate the program and focus all implementing agencies on contributing to the program's goal. The latter is crucial for achieving synergetic effects. The following example can illustrate this recommendation. One of the implementing organizations – the Foundation for Sustainable Development – administered a grant competition and supported 22 projects in the pilot cities. Although the projects produced results important for citizens (improved dental care, advanced medical equipment for a local clinic, renovation of a kindergarten building etc), most of the projects were not directly related to improving the effectiveness of the local self-governance. Thus, the FSD component – especially during the first grant round – contributed mostly to the program mission (improving the life of the people) but not to the program goal (making local self-governance more effective) and thereby actually did not fit the program model.

Fragmentation of the program

Although the founding partners tried to integrate the program through interconnected activities to achieve synergetic effects, the nature of the program design, program openness, flexibility and autonomy of its components resulted in an overall program that was fragmented. The program did not constitute a whole

system. Yet while fragmentation was a specific characteristic of the overall program, it should not be taken as a shortcoming.

Perception of a fragmented program is also fragmented, especially if there is no special information and PR support. Perception of the fragmented program can be more integrated if the program includes well planned information and PR activities.

One cannot evaluate a program with autonomous components the same way one can evaluate a program which components are designed to operate as a system. The effectiveness of the overall program can only be inferred from the effectiveness of its component parts.

A program oriented towards making systematic changes should be build around some central concept, common goal. In this case the program logic requires that implementation of every program component contributes to achieving its main goal.

Efficacy of the services provided

Within the framework of the program various contractors provided the following types of services:

- Expert consultancy
- Process consultancy
- Assistance with professional networking
- Provision of information
- Seminars
- Organization of training trips and internships
- Learning through joint practice
- Running campaigns involving local citizens and organizations
- Financial support to projects and programs
- Creation of new structures

Analysis of the effectiveness of different types of services led to the following conclusions and recommendations:

Expert consulting

Expert services were a prominent component of the program. In most cases they proved to be useful.

The effectiveness of expert consultancies was primarily determined by the qualifications of implementing organizations and their ability to adapt their expertise to the local context.

Consultants had fewer difficulties building working relations with clients in the regions and providing result-oriented services when their proposals were aligned with their clients' current activities.

Third-party funding for consultant services that are not dependent on a client's approval and the use of consultants in the capacity of "instruments of development" both complicate the process of negotiating a scope of work and increase the risk that services are provided without an effective contract between the consultant and the client in the region.

Providing services without an effective consulting contract is so risky that it often results in the loss of the consultancy's effectiveness.

The first priority of all consultancies should be on producing specific results for their clients in the regions.

Senior managers of regional administrations should be involved in the process of selecting consultants and identifying the expertise required to ensure due consideration of current and future issues.

It is greatly advantageous for regional administrations to provide their share of funding for a development program in order to feel ownership and have a say in the acceptance or rejection of work done by consultants.

Entering into a consulting contract with a client in a region should be obligatory for a consultant hired for a "development" job and successfully negotiating this contract should be considered one of consultant's primary tasks. Nevertheless, it is necessary to allow for situations when it is impossible to make any contract at all or when a contract can only partially account for the original development. When a client in the region is not ready to work with a consultant, training or just information sharing may be considered an alternative to a consultancy. The final decision on tasks, scope of work and consultant fees should be made after the consultant has entered into a contract with a client.

Process consulting

The effectiveness of the process consultancies provided within the framework of this program was largely determined by two factors: the extent of the client's acceptance of this format of work and the extent of the client's acceptance of the role of consultant as facilitator (vs. the consultant as expert).

A client's difficulty accepting a process consultancy may have to do with the change of consultant's approach from expert to process consulting.

A process consulting approach worked better when clients understood up front that they could find the solution themselves.

A process consulting approach also worked well as a follow-up for training when trainees were asked to finish tasks on their own with the help of the instructor as consultant.

In the future specialists coming to the regions should be called "consultants" and "trainers" or "instructors." The general term "experts" should be avoided because it does not always correspond with the consultant's style of work.

If a process consulting approach is to be used along with expert consulting, special attention must be paid to developing appropriate client expectations. If possible, process consultation should be provided with a separate specialist as facilitator.

A thorough analysis of the situation should be completed and process consulting should be used only when there are adequate conditions. (See above.) If conditions are unfavorable, they should be changed and when this is not possible, process consulting should be avoided.

All types of consultancy services

If a program's components are not systematically interrelated, involving many different consultants at the same time may result in a serious loss of effectiveness rather than a synergy of activity.

In a fragmented program, the schedules of consultants should be carefully coordinated to avoid the level of client overload that puts both clients and consultants in impossible situations.

Seminars

Seminars were an effective means of conveying new information to people in the regions.

Seminars were even more effective when they were part of a program that included practical activities to address actual problems.

Seminars produced good results when they were combined with a consultancy designed as a follow-up for seminars.

Even when seminar results are not immediately applied, one can still expect some positive, albeit delayed effect of communicating new information to participants.

Seminars should be integrated into regional development programs.

Seminars should be followed by practical activities performed by participants.

Seminars should be used in preparation for consultancies and consultancies should be a follow-up activity for seminars.

Learning through joint practice

This service was both effective and well received by clients in the regions.

Organization of study tours and internships, assistance with professional networking.

These services are both effective and well received by clients in the regions. They can be used as a reward for local specialists and activists.

Running campaigns involving local citizens and organizations

Public campaigns were effective means for involving citizens in the solution of local social problems.

The impact of a campaign's PR efforts often exceeded that of the program itself.

In the future, regions can conduct campaigns themselves. This is a good result and a good start, though some external consultation may still be required.

The presence of local structures focused on regional development[36] increases the likelihood that these approaches will be used in the future.

Public campaigns should be included in similar programs in the future.

The PR component of these campaigns can be used to promote knowledge of the whole program.

The task of institutionalizing the conduct of public campaigns should be included from the very beginning and the appropriate local staff should receive relevant training within the framework of the program. Small settlements might consider the possibility of developing an informal network of "community organizers" uniting local activists.

Financial support to projects and programs

Financial support in the form of grants was an important and effective component of the program. Grants made it possible to implement dozens of social projects.

Along with seminars and consultancies, the grant competitions contributed to fostering a project culture in the regions.

The large grants provided by FSD made it possible to purchase expensive equipment that will most likely have long-lasting benefits for certain groups of citizens. These grant competitions, however, do not quite fit a program model that focuses on raising the effectiveness of local self-governance (see the 'Program model' subsection of this chapter for more details).

SCISC's small grant competitions clearly fit the program model. They helped to involve citizens and organizations in solving social problems and in creating an important model for the future.

Institutional grants will prove to be effective if they actually help to establish new organizations[37] or strengthen the existing ones and contribute to making them financially sustainable. It is still too early to evaluate their effectiveness.

Providing financial support to projects and program should be consistent with the program model.

Small grants are a more effective means of fostering public activism than large grants.

The program should include consultative support in institutional grants. Consultations could help both newly created and existing organizations receiving institutional grants to use the funds most effectively and become stronger and more sustainable.

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[36] Local development agencies, community foundations, research groups, training and consulting companies

[37] Community foundations, agencies for regional and/or small business development

Creation of new structures

The creation of new structures can institutionalize program results and are thus important evidence of the success of the program or its components.

Creation of new structures (both formal and informal) facilitates the introduction and use of new approaches and could be used to institutionalize program results. One should keep in mind that new structures can be informal and thus sustainable.

Implementing partners can take on the responsibility for creating new structures only when making the decision to establish these structures actually depends on their client. When there are other parties involved in decision-making, a consultancy contract should account for that fact.

It is important to consider who has the authority to establish new structures while developing a contract. Implementing organizations should not be obligated to create new structures when the decisions involved do not depend on the client alone.

Participation of SUAL enterprises and local administrations in the program

SUAL enterprises located in the pilot regions were not actively involved in the program. Their participation and some level of ownership could strengthen the program.

The heads of local administrations became involved in the program only after it was designed and the list of available services and contractors had been set. We recommend that the heads of local administrations be involved at the design stage and that cities contribute to the program budget if possible. Such local ownership could become one of the key factors assuring active use of program results and contributing to the program's success.

ANNEXES

Annex 1. Basic Information on Pilot Regions

The city of Shelekhov and Shelekhov district[38]

Shelekhov district is located in the south of Irkutsk region in the valley of the Olkha and Irkut rivers along Transsiberian rail road 17 km from the regional capital of Irkusk. The city is Shelekhov is named after Grigory Shelekhov, Russian merchant, patron of arts, explorer and navigator, founder of Russian-American Company. The population of Shelekhov district is 60.6 thousand people. Construction of the city started in 1953. In 1956 it was named after Grigory Shelekhov.

In 1966 construction of Irkutsk Aluminium Plant (IrkAP), the first aluminium smelter in Easter Siberia got the status of the National top-priority komsomol project and later the status of the top-priority national construction project. Initially the city had a status of workers' settlement, in 1962 it officially became a city. IrkAP is a still a major employer in the city.

Many innovations in the area of nonferrous metals industry and production of construction materials were made in Shelekhov. The first facility for production of perlile concrete in Russia was build here, IrkAP was the first national producer of crystallized silicon and powder metallurgy products in Eastern Siberia.

Shelekhov is a member of the club of "Strategist Cities" within the framework of the project "Development of the territorial strategic planning infrastructure in Russia." The city is a winner of the Golden Ruble Award in the category "Best Russian city by economic parameters of financial development", twice the city was named the most comfortable small city in Russia.

Shelekhov district is also a modern cultural and educational center. There is a well developed network of social institutions that includes day-care and educational institutions (eight of those are winners of regional competition "Model educational institution of the Irkustk region"), hospitals and medical centers, pharmacies, health resorts and sanatoria, social shelter "Gnezdyshko" (Small Nest), stadiums, Cultural center "Metallurg", rehabilitation canter for disabled children, Shelekhov museum, modern movie theatre "Yunost" (Youth), music and art schools, resorts "Matallurg" and "Golubye Eli" (Blue Fir-Trees), summer camps. The district takes a special pride in its philanthropic traditions. The Board of trustees of educational institutions established by top managers of local enterprises has been working for many years.

The municipality of Shelekhov[39] includes four rural and two urban settlements (including the city of Shelekhov).

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[38] Hhttp://www.sheladm.ru/qa/cityH

Segezha district and the town of Nadvoitsy

Segezha district was established on August 27, 1927. Construction of Segezha Cellulose and Paper Plant and later of Nadvoitsy Aluminium Plant greatly contributed to economic development of the district.

The district is located in the center of the Republic of Karelia. Population of the district is 50.4 thousand people, inlcuding 37.5 thousand people living in urban areas.

There are 487 lakes and 9 rivers and a stretch of the White Sea – Baltic Channel.

Segezha district has many enterprises. The principal industries are production of cellulose and paper, forestry, wood processing and nonferrous metallurgy. Major local enterprises are Segezha Cellulose and Paper Plant, Nadvoitsy Alluminium Plant, Segezha Timber and Wood Processing Plant, Valdailes and Segezhales.

There are several dozens of registered small enterprises and about 1000 people are registered as individual entrepreneurs.

Social services agency and Russian retirement foundation office in Segezha have the authority to manage social services and benefits provided within the framework of republican and federal programs. Municipal social services and benefits are managed by the department of social service of the district administration. This department includes a center for social services to families and children, rehabilitation center for disabled children, shelter for under aged, center for social services to citizens and disabled people, 2 foster care institutions. Medical services in the district are provided by the central district hospital in the city of Segezha, district hospital in Nadvoitsy and two local hospitals in the towns of Valdai and Cherny Porog.

Education agency of the Administration of the city of Segezha and Segezha district is in charge of 18 secondary schools, 21 day-care institutions, 11 after-school education institutions and 2 after-work schools. There are also two professional colleges directly reporting to the Ministry of Education and Youth Affairs of the Republic of Karelia.

The network of cultural institutions includes 2 art schools, centralized system of libraries, exhibition and education center of history and culture, recreational park in the city of Segezha, 15 clubs. There is also the Center for cultural and technical activities of Segezha Cellulose and Paper Plant.

There are the sport center of Segezha Cellulose and Paper Plant, health and sports center in Nadvoitsy and sport facilities in the towns of Valdai and Cherny Porog.

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[39] The Law of Irkutsk region N 3/27a-3C on the status and boundaries of municipalities of Shelekhov district of Irkutsk region». Made effective by the Statement of Legislature of Irkusts region of Devemner 9, 2004.

The urban settlement of Nadvoitsy (the town of Nadvoitsy) has a population of 11 thousands and is located on the west coast of the Voitskoe lake and on the Mainavalok peninsula of the Vygozero lake, 16 km north of Segezha. The major local employer is SUAL Nadvoitsy Alluminium Plant that provides jobs to the majority of local adult population.

The first settlement in this area (called Voitsy) dates back to the 16th century. In 1647 Voitsy had a church and 26 households. In 1737 local peasant Taras Antonov discovered Voitsk mine where gold and copper were mined from 1742 to 1783. The mine was located half-kilometer from the former city of Voitsk and was destroyed by the White Sea – Baltic Channel construction project.

The city of Kamensk-Uralski

The city stands on the confluence of the Kamenka and Iset rivers, 100 km north of Yekaterinburg. Kamensk-Uralski is the third largest city in Sverdlovsk region with a population of 184.1 thousands (as of 2006).

Local legislation authority is vested with the city Duma made of 25 members elected in single mandate districts. The head of the city is elected for a 4-year term by a common vote.

The regular settlement in the area was established in 1682 when the Iset area was given to Dalmatovski monastery. Kamensk-Uralski was founded in 1701 upon an Order of Peter I. For the first two centuries of its history (18-19 centuries) the city was known for Kamensk ferrous smelter producing the best cannons in the world.

In 1934 Sinarsky tube plant was launched. On April 20, 1935 the settlement received the status of the city of Kamensk. In the 1930s the city turned into the major industrial center of the Urals. On April 6, 1940 the city changed its name for Kamensk-Uralski. During the Great Patriotic War (the Second World War) the Urals Aluminuim Plant was the only supplier of aluminuim for USSR aviation. After the war development of local industry continued as many metallurgy and metalwork plants that had been moved to the city remained there. In 1949 opening of the Radio Plant marked the start of the development of local radio electronic industry.

Kamensk-Uralski is one of the most industrial cities of Sverdlovsk region. There are energy and metallurgy enterprises, metalwork, construction, textile, food, transport and communication industries. The most prominent local industry is metallurgy, especially nonferrous.

Major city employers are Sinarsky Tube Plant (owned by Tube Metallurgical Company), SUAL Urals Aluminium Plant, KUMZ and Radio Plant that account for 75.4% of local industrial output. Sinarsky Tube Plant and SUAL Urals Aluminium Plant are the largest.

The city has 16 higher education institutions that include the Technical School of the Urals Technical University and branch of the Urals Institute of Economics, Management and Law.

There are drama theater and local history museum. The city has more than 100 cultural, art and after-school education institutions of different legal statuses.

Annex 2. Evaluation questions

Program design

1. What was the program's expected model? How did it emerge and develop? What theory and assumptions undergirded the proposed model, if any?
2. To what extent did the differences between the three regions affect the program model?
3. What potential threats to implementation were anticipated during design?
4. How were implementing partners selected?

Program implementation

4. How did the program unfold? What's working as expected? What's not working as expected? What challenges and barriers have emerged? How has program responded to those challenges and barriers?
5. What are the program's key characteristics as perceived by various stakeholders? How similar or different are those perceptions? What's the basis of differences?
6. What is the program organizational structure? What are the fields of responsibility of the key players? How well are implementing partners working together? To what extent are their efforts complementary? How well are they coordinated?
7. To what extent did the program implementation processes vary across the three regions and why?

Program results

8. What are the program outcomes?
9. To what extent was the program goal achieved?
10. What are the signs (if any) of program impact?
11. How did the program influence founding partners? Implementing partners?

Lessons learned

12. To what extent and in what ways was the original implementation design feasible? What was not feasible? Why?
13. As the program has been implemented, what model has emerged? That is, can the program be modeled as an intervention with clear connections between inputs, activities, and outcomes? What assumptions have proved true? What assumptions are problematic?
14. To what extent is the program amenable to implementation elsewhere? What aspects of implementation were likely situational? What aspects are likely generalizable?
15. What has been learned about implementation of this specific program that might inform similar efforts elsewhere?

Annex 3. List of respondents

SUAL

1. Vasily Kiselev	Vice President in charge of working with government, local self-government and energy sector, SUAL Holding Company
2. Olga Fedoseeva	Coordinator of SUAL-USAID partnership program, Head of Department for interaction with government, SUAL Holding Company

USAID

1. Denis Korepanov	Coordinator of SUAL-USAID partnership program, Senior advisor, Head of strategic alliances subdivision
2. Andrey Kiselev	Advisor on project and program development
3. Olga Selivanova	Project Manager, Department of regional development, CFP program manager
4. Rafail Narinski	Manager of IUE program
5. Inna Lukovenko	Head of the Department of programs of assistance for public initiatives
6. Lyubov Maksimova	Manager of SCISC programs
7. Olga Kulikova	Manager of ARO/IREX programs
8. Yury Kazakov	Manager of FSD programs
9. Evgeny Levkin	Manager of IUE porgrammes (former)

IMPLEMENTING AGENCIES

1. Irina Lapidus	New Eurasia Foundation
2. Svetlana Petriichuk	New Eurasia Foundation
3. Elena Malirskaya	SCISC
4. Igor Baradachev	SCISC
5. Kira Grebennik	SCISC
6. German Vetrov	Institute for Urban Economics
7. Denis Vizgalov	Institute for Urban Economics
8. Julia Zaitseva	Institute for Urban Economics
9. Dmitry Lantsev	Institute for Urban Economics
10. Alexander Kovalevski	Center for Fiscal Policy
11. Oleg Fokin	Foundation for Sustainable Development
12. Larisa Avrorina	CAF
13. Vadim Samorodov	CAF

SHELEKHOV, IRKUTSK REGION

1. Ksenia Khamova	Grant manager of the Charitable Community Foundation
2. Ruslan Bolotov	Mayor of Shelekhov
3. Nadezhda Vikulova	Deputy to the Chief Physician of the Central City Hospital
4. Natalia Volkova	Director of Grigory Shelekhov Museum
5. Boris Grif	IrkAP, Youth organization
6. Andrey Dudko	Chief Physician of Shelekhov Central District Hospital
7. Alexander Levitski	Social instructor of the Child-care center #4, tourism instructor
8. Galina Ledovskaya	Director of College
9. Julia Malysheva 10. Olga Logacheva	Shelekhov business development agency, not-for-profit
11. Julia Melentieva	Leading specialist of the Department of economics and forecasting of Shelekhov City Administration
12. Leonid Mestchyarakov	Irkutsk Cable
13. Svetlana Parkhomovich	Internal operations manager of the Administration of the municipality of Shelekhov
14. Pavel Rosenraukh	Chairman of the Coordination Council on small business
15. Mikhail Sapizhev	Children and youth public organization tourism and local history expedition club "Heirs"
16. Yury Syusin	Mayor of the Shelekhov municipal district
17. Tatiana Chernyavskay	Deputy to the head of education department in charge of organizational and pedagogical matters
18. Elena Yurinskaya	Director of the city children park
19. Igor Grinberg	General Director of IrkAP
20. Alexandr Rezvin	Deputy to IrkAP General Director in charge of public relations
21. Vladimir Gordeev	Assistant to IrkAP General Director
22. Alena Suvorova	Managing Director of day-care center "Alenka"
23. Larisa Kazakova	Chairman of the city Council of parents, Director of clothing factory.

24. Evgeny Uvarov	Businessman
25. Svetlana Levchuk	Director of college, head of the project "TV club for children"

KAMENSK-URALSKI

1.Daniil Abelinskas	Station of young natural scientists
2.B. Akishev.	Head of health department
3.Andrey Babichev	SUAL-Silicon, Deputy to the General Director in charge af administrative and social affairs
4. Irina Bachurina	Deputy to the Director, Language College
5.Galina Belkina	Director, city cultural union
6. Andrey Beus	Director the Municipal foundation for support of local business
7.Vladimir Voronov	Deputy to the Head of the municipal district in charge of industry, constructions and business
8.Rozalia Gaisina	Center "Lada"
9. Sergey Geraskin	Leading specialsts of the Direction of regional projects, Tube Metallurgic Company
10. Alexander Goncharov	Deputy to the Trade Union Chairman, UAP-SUAL
11. Natalia Etskalo	Department for public relations
12. Svetlana Zhukova	Head of financial department
13. Larisa Zigidulina	Leading specialist of the Business department of the Administration of municipality
14. Dmitry Kazantsev	Methodology specialist, city chidren art center
15. Galina Krasnova	Head of the planning and forecast department of the Economics committee of the Administration of municipality
16. Denis Mironov	Deputy to the Head of municipality
17. Sergey Nachaev	First Deputy to the Head of the city in charge of city economics
18. Svetlana Popova	Member of the city duma, Deputy to the Director of Rodnik company, FSD project coordinator
19. Svetlana Raboi	Director, Jewish natural cultural autonomy

20. Alexander Sapozhnikov	Member of the city duma, engineer of property managing company
21. Irina Sudakova	Deputy to the Head of municipality on internal operations
22. Nikolay Tarskikh	Chief City Architect, chairman of the committee on architecture and city development
23. Alexander Khramov	Head of IT department of the Administration of the municipality
24. Oleg Shirokov	Head of the department of energy, housing and environment
25. Andrey Shulgin	Head of the department of property management
26. Victor Yakimov	Head of the minicipality of Kamensk-Uralski

NADVOITSY, SEGEZHA, SEGEZHA DISTRICT

1. Yury Andreev	Deputy to the Head of Segezga municipal district
2. Yury Antsiferov	Head of the economics and finance department of the municipal administration
3. Alersey Balgachev	Head of Education department of the administration of Segezha and Segezha district
4. Elvira Buriva	Head of the town of Ivdel
5. Liana Vaguzenkova	Specialist of Nadvoitsy administration
6. Galina Vlasenko	Managing officer of Nadvoitsy library
7. Evgeny Vorobiev	Financial Director of NAP-SUAL branch
8. Valentina Generalova	Chief Physician of Segezha Central District Hospital
9. Irina Grigorieva	Deputy to the Director in charge of extracurricular activities, school #6, Segezha, head of volunteer club
10. Valentina Zhuravleva	Specialist of registration office, Segezha, member of the council "Segezha Women", head of the club "Young Mother"
11. Vasily Zakharov	Member of Nadvoitsy council
12. Nina Iguleva	Librarian of Nadvoitsy library
13. Lidiya Levitskaya	Head of a public reception office "Dialog" (of the Federal inspector and Head of the Republic of Karelia)
14. Olga Lubenets	Instructor of children art center, member of Segezha city

	council
15. T. Lukyanenok	Head of self-government of the town of Voldozero, member of the Poporozhsk town council
16. Vladimir Medvedev	Member of District and Nadvoitsy councils
17. Nina Nesterova	Head of the Center for territory development
18. Gennady Nechaev	Member of Segezha district council, former Director of NAP
19. Luidmila Olentsova	Director of municipal club, Chairman of Nadvoitsy woman council, member of the council of NGO "Segezhanka"
20. Sergey Romanov	Deputy to the Head of Nadvoitsy
21. Liudmila Romanova	Chief Pediatrician of Segezha Central District Hospital
22. Alla Rostchina	Member of the the council of NGO "Segezhanka", member of the Presidium of the council of war and labor veterans, head of the club "Bereginya"
23. Svetlana Savina	Director of municipal billing center, former Head of Nadvoitsy (till 01.01.06)
24. Valentina Sinitsyna	Head of department of internal operations of the Administration of Segezha municipal district, head of NGO "Segezhanka"
25. Vitaly Talalaev	School principal. Chairman of Segezha city council
26. Larisa Flugrant	Director of the center for culture and recreation, member of Segezha city council
27. Mikhail Shestoperov	Chairman of trade union committee of NAP-SUAL

Annex 4. List of the documents that were reviewed in the course of evaluation

1. Program of social and economic development of the city of Kamensk-Uralski for the period of 2006–2008.
2. Establishment and development of local community foundations in the cities with a SUAL presence. Project description.
3. CAF Russia. Plan of activities to be implemented within the framework of the program for the development of community foundations in the area of SUAL presence covering the period till August 2005.
4. Community foundation in the city of Kamensk-Uralski. Development strategy.
5. Setting community foundation in the city of Kamensk-Uralski. Risks and opportunities.
6. CAF Russia. Program for the development of community foundations in the pilot cities of SUAL presence. Intermediate report, February 2005.
7. Minutes of the meeting of the working group on establishing community foundation in the city of Kamensk-Uralski on 23.12.2005.
8. Minutes of the meeting of the working group on establishing community foundation in the city of Kamensk-Uralski on 13.01.2006.
9. Proposal on the structure of community foundation in the city of Kamensk-Uralski.
10. Terms of reference for the project "Improving the structure of municipal procurement system and procurement systems of major enterprises in pilot municipalities."
11. Terms of reference for the project "Applying modern efficient techniques of small business management to operation of small businesses of the municipality of Shelekhov."
12. Terms of reference for the project "Setting the Center for business support in the town of Nadvoitsy and its consultative branch in the city of Segezha."
13. Terms of reference for the project "Applying modern efficient techniques of small business management to operation of small businesses in the municipality of Segezha."
14. Terms of reference for the project "Institutional development of Shelekhov Business Development Agency (SBDA) and Consumer Cooperative for Mutual Financial Assistance (CCMFA) "Soyuz"."
15. Terms of reference. Stream-lining municipal procedures for business regulation and rules for transactions between small businesses and oversight agencies in pilot municipalities.
16. Terms of reference for the project "Institutional development of Kamensk-Uralski foundation for the support of small business."

17. Terms of reference for the project "Developing geographic information system of municipal education system of the city of Kamensk-Uralski."
18. Feasibility study of the institutional development projects (Shelekhov, Kamensk-Uralski, Nadvoitsy).
19. Summary for SUAL-USAID-FSD Program.
20. Program "Environment and public health in the areas of presence of enterprises of aluminium group."
21. Program "Environment and public health in the areas of presence of enterprises of aluminium group." The list for projects funded by the Program.
22. Terms of reference. Annex #1 to the consultancy contract between SUAL Holding Company and Center for Fiscal Policy.
23. SUAL activities in 2005 (tezt provided by CFP).
24. Cooperation agreement between Siberia-Urals Aluminium Company and NGO International Social and Ecological Union.
25. Brief information on the implementation of the joint program of SUAL Holding Company and US Agency for International Development in the city of Kamensk-Uralski.
26. 2005 RESULTS: GDA USAID/SUAL.
27. Work plan of volunteer action "Spring Week of Kindness" in the municipality of Shelekhov on April 16-23, 2005.
28. Rules of the Competition #2 "Environment and public health in the areas of presence of enterprises of aluminium group" within the framework of special purpose SUAL-USAID program.
29. Program of the Conference "Social Partnership: New Solutions." November 14, 2005, Shelekhov.
30. Unit "New forms of interaction: developing small and medium business support infrastructure within the framework of partnership between the state and private businesses"
31. Integrated development of pilot regions of the Russian Federation. Bulletin #1. January 2005.
32. SUAL-USAID_ProjectWorkPlan_202005.
33. Winning projects of the consolidated budget grant competition in the city of Segezha and Segezha district of the Republic of Karelia.
34. Winning projects of the competition of social and cultural projects "Together we will do more!" in the municipality of Shelekhov.

35. Excerpts from IUE reports:
http://www.urbaneconomics.ru/projects.php?folder_id=54&mat_id=66&page_id=7066
36. Brief information on activities conducted under Memorandum on Interaction and Cooperation between SUAL Holding Company and US Agency for International Development.
37. Page on the Program on SCISC site http://cip.nsk.su/e_events/05_sual/
38. Publications produced by NGO projects in the cities where the program is implemented.

Annex 5. Literature

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Annex 6. Results achieved by program components[40]

Institute for Urban Economics
Short-term results achieved in the three pilot regions

Kamensk-Uralski

IUE developed the draft of the Strategy for social and economic development of the city – "Principal directions of social and economic development of the city till 2020". Within the scope of the work on the Strategy IUE developed the following analytical, regulatory and programmatic documents:

- Analytical report on the social and economic development of the city.
- Two sociological surveys of local experts on social and economic development of the city and its prospects.
- Two concepts of the reform of specific sectors of the city economy.
- Seven special purpose programmes.
- IUE edited three special purpose programmes designed by the city administration.
- Draft Investment Passport of the city.

Together with the city administration IUE developed the draft mid-term programme for social and economic development of the city in 2006-2008.

At different stages of the project IUE conducted four public events involving representatives of the city administration, members of the city Duma, representatives of major local enterprises, leaders of local NGOs and journalists.

Two publications in local media.

Shelekhov

IUE developed "Intermunicipal Strategy for social and economic development of the Shelekhov district till 2015". Within the scope of the work on the Strategy IUE developed the following analytical, regulatory and programmatic documents:

- Analytical report on the social and economic development of the Shelekhov municipal congregation.
- Two sociological surveys of heads of municipalities, members of legislative councils and experts on social and economic development of the city and its prospects.
- Methodological recommendations for merging Balashikhinski, Olkhinski, Podkamenski, Shamanski, Bolshelugski and Shelekhovski (has the status of the city) municipalities into one municipal congregation and giving it the status of an urban territory.
- IUE representatives were involved in running the competition "Your ideas for the city".
- Methodological recommendations for implementation of the project "Island of Orchids".

Materials of the Strategy were used for the preparation of the Plan of social and economic development of the city of Shelekhov for 2007.

Eight public events were conducted in the course of the project implementation to discuss the prospects of the development of the Shelekhov district

Four publications in local media.

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[40] As presented by the implementing agenices

Segezha district

Together with the municipality administration IUE developed the following analytical and programmatic documents:

- Analysis of social and economic development of the municipal congregation "The city of Segezha and Segezha district".
- Concept of the development of the municipal congregation "The city of Segezha and Segezha district".
- Investment Passport of the municipal congregation "The city of Segezha and Segezha district" *(approved by the Ministry of economic development of the Republic of Karelia).*
- Programme of economic and social development of the municipal congregation "Segezha municipal district" *(approved by the XXXXI session of the Segazha city council of the 3rd convocation on March 16, 2006).*

IUE conducted four public events involving representatives of the district administration, administration of the Republic of Karelia, major local enterprises, leaders of local NGOs and journalists.

Four publications in local media.

Siberian Civic Initiatives Support Center

Brief report on the activities implemented and results achieved in the three pilot regions

1. Study and evaluation of the situation

Study methods and instruments: *interview (Interview respondents were:* representatives of administrations, municipal agencies and NGOs, members of city councils); surveys; focus groups; group interviews; round tables. The number of employees interviewed in the three pilot regions (Shelekhov, Kamensk-Uralski, Nadvoitsy and Segezha district) – 280 people. Over 100 people participated in interviews, round tables and focus groups.

2. Training program

Conducted study served as the basis for the development of the seminar topics and schedule.

First year of the work in the cities.

In each of the three municipalities SCCIS conducted three 3-day seminars for active citizens, staff of municipal agencies and NGOs, members of city councils and businessmen.

Seminar "Efficient planning and project design" (all cities).

Seminar "Working in local community" (all cities).

Seminar "Social services in new conditions" (all cities).

Seminar "Working in the expert committee" – in the city of Shelekhov.

In Segezha district and the city of Kamensk-Uralski SCCIS additionally conducted information meetings on criteria for evaluating submitted grant applications for expert committees of competitions for grants from consolidated budget.

360 people attended the seminars, 95 people who participated in two or more seminars were given certificates.

Second year of the work in the cities.

SCCIS conducted three seminars in each of the three cities:

Programme "Participatory evaluation of social programmes and projects" included two seminars and was offered in the cities of Shelekhov and Kamensk-Uralski.

Seminar "Working in local community and participation in local decision-making" was conducted in Shelekhov and Nadvoitsy.

Seminar "Mobilization of resources" was conducted in Kamensk-Uralski and Nadvoitsy.

Seminar "Planning and project design" was conducted in Nadvoitsy.

Second year seminars were attended by 220 people. Over the two-year period 580 people participated in the training programme.

3. Participation in preparation and implementation of activities in the cities

SCCIS selected administrators for its programme and made contracts with them.

Organizing committees were established to plan and implement joint activities in the municipalities.

SCCIS provided a set of documents on the organization and operation of major events and competitions of social projects for grants from consolidated budget.

Study tours for representatives of the pilot regions

In July 2005 as part of the project "Improving the system of social services in Siberia through strengthening social partnership" SCCIS conducted the School of competitive allocation of financial resources and Open seminar on evaluation of social projects and programmes in Novosibirsk. Two representatives from each of the pilot regions attended this event.

In May 2006 as part of the project "Next wave" International Evaluation School (IES) was conducted in Kemerovo. One representative from each pilot region attended IES.

In October 2006 the School for Grant Managers (SGM) was conducted in Moscow. 1 representative from each pilot region attended SGM.

During all period of programme implementation SCCIS staff members constantly provided consultations in person when they were present in the municipalities to deliver seminars and to attend major events. They also replied to requests coming from municipalities.

Over the two years the total of 804,700 rubles was awarded through competitions of social projects in the cities and districts.

234,200 rubles were provided from SUAL&USAID programme budget, 570,500 rubles were raised from other sources.

Matching funds were provided by businesses – 120,500 rubles;

CAF-Russia – 30,000 rubles;

local authorities – 420,000 rubles.

Over the course of the programme the following activities were implemented in the pilot regions:

City	Activity	Results
Kamensk-Uralski	Spring Week of Kindness – 05	About 3,700 volunteers were involved. They contributed 27,000 hours of labor, which are equal to about 800,000 rubles.
	First competition of projects for grants from consolidated budget	6 projects were awarded the total of 66,000 rubles. Funding was provided by USAID, city administration and 2 local businesses.
	Meeting of citizens	Presentation of the results of the first year training programme and certificates award ceremony
	Volunteer event "Present to the city"	14 different volunteer activities were implemented to celebrate the Day of the City
	Charitable season	39 activities were implemented. Charitable season continued for 2.5 months. Contributions were provided by more than 500 people, season beneficiaries were about 1,830 people. 7,100 rubles provided by USAID were matched with 80,600 rubles of donations.
	Spring Week of Kindness – 06	1,727 volunteers participated, 62 activities were conducted, 1,933 people were beneficiaries. In addition to 10,000 rubles provided by the programme the city administration contributed another 10,000 rubles.
	Second grant competition "Quick grant"	9 projects were awarded 68,000 rubles. Funding was provided by USAID through SCCIS. One local business contributed additional 4,000 rubles.
	Festival of Kind Deeds	5 volunteer events and a conference were conducted. Principal objective was to discuss the ways for mutually beneficial cooperation in the field of charity between three sectors of local community.
	Third competition of projects for grants from local budget	Local administration provided 180,000 rubles upon the decision of the City Council made in the course of the approval of the budget for 2006.

Shelekhov	Spring Week of Kindness – 05	531 people participated. They contributed 88 hours of labor, which is equal to estimated 181,845 rubles.
	First competition of projects for grants from consolidated budget	8 projects were awarded 100,500 rubles. Funding was provided by USAID, CAF-Russia, district administration and 4 local businesses.
	Meeting of citizens	Presentation of the results of the first year training programme and certificates award ceremony.
	Conference "Social partnership: new solutions:	126 participants including representatives of authorities, public and business. There were guests from Angarsk, Irkutsk, Komsomolsk-na-Amure. Beside plenary meetings there were 6 sections.
	Second competition of projects for grants from consolidated budget	5 projects were awarded 100,000 rubles. Funding was provided by USAID through SCCIS, district administration, IrkAP-SUAL and other local enterprises.
	Spring Week of Kindness – 06	2,000 volunteers participated, 50 activities were implemented, sponsors provided 500,000 rubles of donations.
	Third competition of projects for grants from consolidated budget	8 project were awarded 130,000 rubles. Funding was provided by USAID, city and district administrations.
	Grantees' Forum	More than 100 people attended including 35 participants coming from Irkutsk, Svirsk, Sayansk, Ust-Ilimsk. There were four working sections: "How to obtain a grant", "Technology of organizing a competition", "Evaluation of social projects", "Youth bank of ideas". The work of the latter section resulted in the decision to establish a youth bank.
	Competition "Through Faith and Zeal"	91 applications were submitted to the competition. There were 7 nominations: "Kind deed from the noble heart", "Time for success", "Being old is not a trouble", "Be a master of your house", "I'm the citizen of Shelekhov", "Shelekhov star" and "Public recognition".
	Conference of youth organizations	Participants discussed issues of civic and youth activism and participation in

		the development of their territory. One of the points on the agenda of the conference was formulated as "Youth capital". Participants discussed the need to establish a community foundation chapter for young people in the form of youth programme or youth bank. Young people were active in the discussion and presented their first steps in the field of youth philanthropy. The conference resulted in an important decision: the first programme of the youth bank will be grant competition "The city of young people", name-fund of SUAL Holding Company and scholarship programme.
Nadvoitsy, Segezha district	First competition of projects for grants from consolidated budget	12 projects were awarded 110,000 rubles. Funding was provided by USAID, district administration and 6 local businesses.
	Fall Week of Kindness – 05	77 activities were implemented by 2,034 volunteers. They contributed 2,720 hours of labor, which is equal to estimated 367,740 rubles.
	Meeting of citizens	Presentation of the results of the first year training programme and certificates award ceremony.
	Competition "Social Star – 2005"	49 applications from all settlements of Segezha district were submitted to the competitions.
	Second competition of projects for grants from consolidated budget	6 projects were awarded 54,000 rubles. Funding was provided by USAID through SCCIS as well as by district administration and business.
	Fall Week of Kindness – 06	107 activities conducted. 562 volunteers contributed 1,462 hours of labor, which is equal to estimated 190,060 rubles.
	Competition "Social Star – 2006"	32 applications were submitted to 5 competition nominations: "Star", "I love you, Life", "Friends, let's hold our hands", "Heart, you don't want to stay calm", "Unselfish friendship gives us strength".

Regulatory acts

Kamensk-Uralski: 7 (2 were adopted by the city Duma "On provision of funds for project competition", 5 orders by mayor "On conducting the Spring Week of Kindness", "On the Present

to the City event", "On running the competition of social projects", "On conducting the charitable season", "On conducting FKD").

Shelekhov: 8 (2 orders by mayor "On conducting the Spring Week of Kindness", 3 orders "On provision of funds for the competition of social projects", 3 orders on "On conducting the conference", "On conducting the Grantees' Forum", "On conducting the Social Star competition").

Segezha district: 6 (2 orders of the head of administration "On provision of funds for project competition" and "On conducting the competition of social projects", 2 "On conducting the Fall Week of Kindness", 2 "On conducting the Social Star competition").

Changes in the municipalities as a result of programme implementation

1. Municipalities have strengthened their positive image among local population.

This is proved by publications in local media, radio and TV interviews of seminar participants, managers and participants of Spring and Fall Weeks of Kindness in Shelekhov, Kamensk-Uralski and Segezha district and of winners of social project competitions in Segezha district, Kamensk-Uralski and Shelekhov.

2. Businesses and individual businessmen started to provide funding for social projects.

Funds for consolidated budget of the grant programme "From words to actions" conducted in Segezha district of the Republic of Karelia were provided by individual entrepreneur S.Bychaikin, Takku company, Segezha Cellulose and Paper Plant, Metzo company, Segezha bakery.

Funds for consolidated budget of the grant programme "Together we will do more!" in Shelekhov of Irkutsk region were provided by BaikalROSBANK, Managing company "Center", company "Volna", company "RKC". Grant competition is administered by charitable foundation "Help", General Director Vladislav Stcheglov.

Funds for consolidated budget of the grant programme in Kamensk-Uralski of Sverdlovsk region were provided by companies "Pyatkov and Co" and "Stalkonstruktsiya".

Representatives of municipal administrations and business worked on the expert committees of these competitions and thus were able to get a working knowledge of the projects submitted to the competition.

3. New creative reserves of local communities were revealed.

In the course of seminars their participants offered their vision for the future of their cities and district, identified problems that had to be addressed to make this vision a reality, developed strategic plans and social projects for their organizations and marketing plans for provision of new social services. This work allowed to reveal vast creative potential and resources of the participants.

4. Council of the city of Kamensk-Uralski developed and adopted the Statutes on the competition of social projects for grants from consolidated budget. In the city budget for 2006 20,000 rubles are allocated for competitive grants to social projects.

Administrators of our programmes in the cities were provided with complete sets of documentation for organization, implementation and administration of a competition of social projects. This documentation was developed and applied by SCCIS in Siberian regions and cities since 1998. With our consultations this documentation was adapted for local conditions in Shelekhov, Segezha district and Kamensk-Uralski.

5. Due to Spring Weeks of Kindness in 2005 and 2006 in Shelekhov and Kamensk-Uralski, Fall Weeks of Kindness in 2005 and 2006 in Segezha district, Charitable season and Festival of Kind Deeds in Kamensk-Uralski a number of well-received information and educational materials were published. They provided information on human and children rights and on availability of various social services for local citizens.

For example, a brochure "What can be done if the rights of tenants are violated?" and various information leaflets were published in Shelekhov.

6. Project has revealed organizations that have skills to work actively in the local communities and serve as centers attracting active citizens (in Shelekhov these are the city museum and city park; in Kamensk-Uralski these are Language college, Center "Lada", Center for rehabilitation of disabled children "Rostok"; in Segezha district these are NGO "Segezhanka", Nadvoitsy library, Segezha central district library, school #6).

7. Project created favorable conditions and insititutions for introduction of mechanisms of coalitional activites addressing problems of local communities (organizing committees, expert committees, event initiative groups).

In the course of the first and second seminars Organizing committees were established in all municipalities. These committees were made of the most active representatives of organizations and initiative groups who volunteered for this job.

SCISC started activities in the following cities: Severouralsk, Kandalaksha, Volkhov and Pikalevo.