



**USAID/Moscow
Activity Descriptions**

as of November 15, 1997

Table of Contents:

SO 1.2 A Tax System to Correspond to a Decentralized Market Economy 9-17

IR 1.2.1 Tax system fair and efficient

IR 1.2.2 Adequate and predictable revenue generation

IR 1.2.3 Sound and transparent separation of fiscal authorities between federal, regional and local governments

1.	Tax Policy Coordination, Harvard Institute for International Development (HIID)	10
2.	Tax Law and Tax Administration Reform, U.S. Treasury	11
3.	Fiscal Reform: Economic Analysis, Tax Administration, Tax Training, KPMG Barents Group	12
4.	Tax Analysis: Revenue Estimation, Georgia State University	13
5.	Tax Training for Legislators, International Tax and Investment Center (ITIC)	14
6.	Tax Training Institute, OECD	15
7.	Computerized Tax Training, Financial Management Service, US Treasury, Soros Foundation	16
8.	Market-Value Based Real Property Taxation System, CFED	17

SO 1.3 Accelerated Development and Growth of Private Enterprises 18-58

IR 1.3.1 Policies, legislation, and regulations conducive to broad-based competition and private sector growth adopted

IR 1.3.2 Land and real estate market mechanisms operating and accessible and being used by businesses

IR 1.3.3 Successful models of private ownership and modern management widely replicated

IR 1.3.4 Sustainable network of business support institutions rendering services to entrepreneurs and businesses

Legal and Regulatory Reform 20-22

1.	Strategic Guidance for Privatization & Market Reforms in Russia, Harvard Institute for International Development (HIID), the Rural Development Institute (RDI)	20
2.	Environmental Policy and Regulation, Harvard Institute for International Development (HIID), the Center for International Environmental Law	21
3.	Partnership for Freedom Investment and Financial Management Training, CARANA	22

<i>Land and Real Estate Markets</i>	23-31
4. Housing Sector Reform Program, Planning and Development Collaborative (PADCO)	23
5. Housing Sector Reform Program, Phase I&II, Urban Institute	24
6. Real Estate Association and Industry Development, Eastern European Real Property Foundation (EERPF)	25
7. Deepening Urban Real Estate Reform, Urban Institute and PADCO	26
8. Real Estate Information System (REIS) Roll-out, Arthur Andersen and Chemonics International	27
9. Land Use/Zoning, Bancroft Group	28
10. Land Use/Zoning, Phase II, Urban Institute/PADCO	29
11. Enterprise Land Sales (ELS) Phase II, Chemonics, PADCO	30
12. Public Education on Land Reform, Chemonics	31
 <i>Models of Private Ownership and Management</i>	 32-46
13. Economic and Enterprise Development Program, Citizens' Democracy Corps (CDC)	32
14. Enterprise Development Program (EDP), Center for Citizens' Initiatives (CCI)	33
15. Agribusiness Partnerships, Citizens' Network for Foreign Affairs (CNFA)	34
16. Grain Storage and Marketing, Citizens' Network for Foreign Affairs (CNFA)	35
17. Market-Oriented Farm Support Activity (MOFSA), Chemonics and Louis Berger	36
18. Port Development and Administration in Archangelsk, Louisiana State University National Ports and Waterways Institute	37
19. Defense Conversion/Joint Venture Development, Pepperdine University	38
20. Applied Economics Program for High Schools, Junior Achievement International	39
21. The Farmer to Farmer Program, ACIDI, VOCA, CNFA, Land o'Lakes, Winrock	40
22. Sustainable Agribusiness Support Project, Center for Citizen Initiatives (CCI)/ The Agricultural Initiative	41
23. Collateralized Grain Credit Activity, Cargill International	42
24. Consulting Services for Russian Entrepreneurship (CSRE), ACIDI/VOCA	43
25. Enterprise and Economic Development Project (EED - BVP), CDC	44
26. Client Focused Business Volunteer Program (BVP), IESC	45
27. Business Education Project, U.S. Russia Business Forum	46
 <i>Network of Business Support Institutions</i>	 47-58
28. Business Development Program, Deloitte Touche	47
29. Business Collaboration Center (BCC), Citizens' Democracy Corps	48
30. Small Business Opportunities, Opportunity International (OI)	49
31. Russian Initiative for Self-Employment (RISE), Center for Citizens' Initiatives (CCI)	50
32. International Business and Technology Incubator (IBTI), Virginia Polytechnic Institute and State University, Atlas Group/Fenix Technology	51
33. Small Business Incubator, Volkhov, State University of New York (SUNY), the Alliance of American and Russian Women (AARW)	52
34. Russian-American Small Business Support Center, Washington State University	53
35. Business Development in the Russian Far East, American Russian Center (ARC) at the	

35.	Business Development in the Russian Far East, American Russian Center (ARC) at the University of Alaska-Anchorage (UAA)	54
36.	Center for Business Skills Development (CBSD), US West/Russia and Thunderbird	55
37.	Morozov Project, Research Foundation of the State University of New York (SUNY)	56
38.	Building Technology Information Center (BTIC), National Association of Home Builders	57
39.	Russian Franchise Association, Sibley International	58
SO 1.4	A Robust and Market-Supportive Financial Sector	59-82
<i>IR 1.4.1</i>	<i>Legal and regulatory framework for the financial sector established and strengthened</i>	
<i>IR 1.4.2</i>	<i>Financial sector supported by self-sustaining professional institutions</i>	
<i>IR 1.4.3</i>	<i>Efficiently operating financial sector meeting the needs of market participants</i>	
Banking		60-69
1.	Banking Advisory Services, the Financial Volunteer Services Corps (FSVC)	60
2.	Commercial Bank Training, KPMG Barents Group	61
3.	Bank Supervision: Central Bank Training, KPMG Barents Group	62
4.	Russia Project Finance Bank Development (RPF), the European Bank for Reconstruction and Development (EBRD)	63
5.	Commercial Real Estate Financial Market Development, the KPMG Barents Group	64
6.	Development of the Real Estate Mortgage Finance Market, Phase II, the Urban Institute	65
7.	Small Business Financing, Fund for Development and Democracy (FDD)	66
8.	Cooperative/Condominium Association Lending Program, Cooperative Housing Foundation (CHF)	67
9.	Russian -- US Bank Training, Siberian and Far East Bank Training Centers	68
10.	Loan Portfolio Guarantee Program (LPG), USAID/Global	69
Capital Markets		70-82
11.	Regulatory and Administrative Support, Price Waterhouse (PW)	70
12.	Regionalization of the Russia Federation Commission on the Securities Market, Carana	71
13.	Capital Markets Infrastructure, KPMG Peat Marwick	72
14.	Communications and Training in Capital Market Development, Burson Marsteller	73
15.	Strengthening Broker-Dealer Back Office Management and Custodial Services, Arthur Andersen (AA)	74
16.	Professional Training in the Securities Market, Center for Financial Engineering and Development (CFED)	75
17.	Mutual Funds, Price Waterhouse (PW)	76
18.	Regional Mutual Funds Support, Pragma	77
19.	Regional Communications and Training on Collective Investment Vehicles, DevTech	78
20.	Training for Collective Investment, Intrados	79
21.	New Issues: Regulatory Development through Pilot Issues, Price Waterhouse (PW)	80

22.	Corporate Governance Training, Center for Financial Engineering and Development	81
23.	Standards for Corporate Finance Disclosure, Pragma	82

**SO 1.5 A More Economically and Environmentally-Sound
Energy System 83-94**

<i>IR 1.5.1</i>	<i>Market and competitive forces introduced in the power sector</i>	
<i>IR 1.5.2</i>	<i>Increased local and foreign capital investment in the energy sector</i>	
<i>IR 1.5.3</i>	<i>Improved energy efficiency and demand side management programs developed and replicated in sectors</i>	
<i>IR 1.5.4</i>	<i>Improved natural resources and environmental management techniques in the energy sector</i>	

1.	Joint Electric Power Alternatives Study (JEPAS)/Final Report, Hagler-Bailly Consulting, Burns, Roe Enterprises	84
2.	Joint Electric Power Alternatives Study (JEPAS)/Follow-on Activity, Burns and Roe Enterprises	85
3.	Joint Electric Power Alternatives Study (JEPAS)/Follow-on Activity # 2, Burns and Roe Enterprises	86
4.	JEPAS Regional Follow-on Activities, Hagler Bailly Consulting	87
5.	JEPAS Regional Follow-on Activities # 2, Burns and Roe Enterprises	88
6.	Privatization Transition in the Power Sector, Hagler Bailly Consulting, Price Waterhouse	89
7.	Financial Review of RAO UES Joint Stock Company, Price Waterhouse	90
8.	Energy Training, Institute of International Education (IIE)	91
9.	Energy and Environment Commodity Import Program (EECIP), Burns and Roe, Competitive American businesses	92
10.	Program on Natural Monopolies (PNM), University of Maryland (IRIS)	93
11.	Program on Natural Monopolies (PNM)/SEGIR, University of Maryland (IRIS)	94

**SO 2.1 Increased, Better Informed Citizens' Participation in Political
and Economic Decision-Making Nationally and Locally 95-116**

<i>IR 2.1.1</i>	<i>Free and Fair Elections Administered</i>	
<i>IR 2.1.2</i>	<i>Increased Public Access to Information which is Needed for Informed Political and Economic Choices</i>	
<i>IR 2.1.3</i>	<i>NGO Sector Provides Alternative to Ballot Box for Participating in Economic and Political Decision-Making</i>	

***Political Process* 96-101**

1.	Electoral System Development, International Foundation for Electoral Systems (IFES)	96
----	---	----

3.	Political Institutions in a Democratic Society, International Republican Institute (IRI)	98
4.	Development of a Democratic Political Culture, Moscow School of Political Studies	99
5.	Eurasia Foundation/Crime and Corruption Prevention program, Eurasia Foundation	100
6.	International Resource Cities Partnership Program (Regional Investment Initiative, Novgorod-the -Great), International City/Country Management Association (ICMA), City Administration of Hartford, CT	101

Independent Media 102-104

7.	Independent Television, Internews	102
8.	Media Development Program (formerly, Russian-American Media Partnerships), Internews and NYU/Russian American Press and Information Center (RAPIC)	103
9.	Media Viability Fund, Eurasia Foundation/Soros Foundation (Media Development Loan Fund)	104

NGO Sector Development 105-116

10.	Civic Initiatives Program (CIP), Save the Children Consortium	105
11.	Strengthening Environmental NGOs, ISAR (former Institute of Soviet American Relations)	106
12.	Strengthening Human Rights NGOs, Freedom House	107
13.	Support for Independent Unions, The Free Trade Union Institute	108
14.	RAPSUDE, Regional Development in Nenets Okrug, United Way International (UWI)	109
15.	Private and Voluntary Organization Initiatives in the NIS, World Learning	110
16.	NIS-US Womens' Consortium Winrock/Russia, Winrock International	111
17.	The Eurasia Foundation, Grantmaking Institution in the NIS, Eurasia Foundation	112
18.	Community Involvement Grants and NGO Support Center Program (Regional Investment Initiative, Novgorod-the-Great), Eurasia Foundation	113
19.	National Press Institute (formely RAPIC, Russian-American Press and Information Center), New Yord University's Center for War, Peace, and the News Media	114
20.	Partnerships for Civil Society and Economic Development Program (PCSED), International Research and Exchanges Board (IREX)	115
21.	Sustaining Partnerships into the Next Century (SPAN), International Research and Exchanges Board (IREX)	116

SO 2.2 Legal Systems that Better Support Democratic Processes and Market Reform 117-123

- IR 2.2.1 Legislation more supportive of market and democratic processes*
- IR 2.2.2 Better administration, application and enforcement of law*
- IR 2.2.3 Improved ability of judges and lawyers to apply targeted new legislation*

1.	Support for the Rule of Law, ARD/Checchi	118
2.	Development of the Legal Profession, American Bar Association and the Central and East European Legal Institute (ABA/CEELI)	119
3.	Parliamentary Library, Congressional Research Service	120

3.	Parliamentary Library, Congressional Research Service	120
4.	Judicial Reform Program, National Judicial College/Chemonics	121
5.	Sister Bar Partnerships, Vermont Bar Foundation, Maryland Bar, Maine Bar	122
6.	Legal Reform Project, Harvard Institute for International Development (HIID)	123

**SO 2.3 More Effective, Responsive, and Accountable Local Government
in Selected Cities 124-125**

- IR 2.3.1 Increased local government efficiency*
- IR 2.3.2 City responsibilities are more clearly defined*
- IR 2.3.3 More open and transparent local government*

1.	Municipal Finance and Management, Research Triangle Institute	125
----	---	-----

SO 3.2 Improved Effectiveness of Selected Social Benefits and Services 126-156

- IR 3.2.1 Policies, laws, and regulations that improved effectiveness approved*
- IR 3.2.2 New approaches to service delivery adopted*
- IR 3.2.3 New approaches of resource allocation and alternative financing for service delivery adopted*

1.	ZdravReform Program, Abt Associates	128
2.	Health Care Reform Conference: Lessons Learned from ZdravReform Project, Avanta	129
3.	Health Sector Reform, Kaiser Permanente International (KPI)	130
4.	Rational Pharmaceutical Management/Management Sciences for Health (MSH)	131
5.	Rational Pharmaceutical Management/U.S. Pharmacopeia (USP)	132
6.	Legal Reform in the Health Sector, The Center for International Health at Boston University (BU)	133
7.	Health Policy Research, Health Partnership Institute	134
8.	Health Surveillance, Centers for Disease Control (CDC)	135
9.	Public Health Communications, Academy for Educational Development (AED)	136
10.	Russian-American Dialogue on Food and Drug Policy, U.S. Food and Drug Administration (FDA)	137
11.	Health Care Dialogue Support, U.S. Dept. of Health and Human Services (HHS)	138
12.	Alcohol and Drug Abuse Study, Russian Public Health Association	139
13.	Professional Development of Nursing, World Vision	140
14.	Russian Medical Association, American Medical Association (AMA)	141
15.	Medical Partnerships, American International Health Alliance (AIHA)	142
16.	Integrated Health System Partnership, Lutheran Hospital, LaCrosse	143
17.	Health Education/Promotion, NGO Russian Public Health Association (RPHA)	144
18.	Technical Oversight of the Medical Technology Transfer Activity (MTTA), International Business and Technical Consultants International (IBTCI)	145

19.	Medical Technology Transfer Activity (MTTA), Bristol-Myers Squibb	146
20.	Medical Technology Transfer Activity (MTTA), Mir Pharmaceuticals	147
21.	Medical Technology Transfer Activity (MTTA), G. D. Searle	148

Womens' Reproductive Health Program (WRHP) 149-156

22.	WRHP: Women's Health Policy, The Futures Group/RAPID	149
23.	WRHP: Clinical and Counseling Approaches, Association for Voluntary and Safe Contraception (AVSC)	150
24.	WRHP: Family Planning Demonstration/Training and Rollout Support, Johns Hopkins Program for International Education in Obstetrics and Gynecology (JHPIEGO)	151
25.	WRHP: Family Planning Demonstration/Far East Replication, John Snow, Inc/SEATS	152
26.	WRHP: Contraceptive and Evaluation Support, Centers for Disease Control (CDC)	153
27.	WRHP: Breast-Feeding and LAM Support, John Snow, Inc./MotherCare	154
28.	WRHP: Informational and Educational Materials, Johns Hopkins University/CCP	155
29.	WRHP: Contraceptive Supply, SOMARC/The Futures Group	156

**SO 3.3 Increased Capacity to Deal with Environmental Pollution as
a Threat to Public Health** 157-163

*IR 3.3.1 Increased number of enterprises adopt/install pollution techniques/
technologies (particularly low cost/no cost)*

*IR 3.3.2 Government policies, laws, and regulations provide incentives for
compliance and adoption of new pollution reduction techniques/
technologies*

*IR 3.3.3 Citizens' initiatives maintain public environmental awareness and
encourage government institutions to address environmental issues*

Ongoing Activities in the Portfolio 158-163

1.	Pollution Reduction Demonstration Projects, U.S. Environmental Protection Agency	158
2.	Novokuznetsk - Multiple Pollution Sources Management, CH2MHill	159
3.	Environmental Atlas, Center for Post-Soviet Studies	160
4.	Environment Roll-Out, Institute for Sustainable Communities (ISC)	161
5.	Lead Study, Russia Federation Environmental	162
6.	Environmental Education and Communication, GreenCom/GLOBE	163

SO 4.0 Special Initiatives and Cross-Cutting Activities 164-179

Special Initiatives 165-171

1.	Russia Far East - Sustainable Natural Resources Management, CH2MHill	165
----	--	-----

2.	Nature Conservation in the Russian Far East, World Wildlife Foundation US	166
3.	Sustainable Development of Lake Baikal, Ecologically Sustainable Development (ESD) ...	167
4.	Ecologically Sustainable Development in the Ussuri River Watershed and the Altai Region, Ecologically Sustainable Development (ESD)	168
5.	Washington State University - Pushchino State University Partnership, Washington State University	169
6.	Russian Officer Resettlement Program, Parsons International	170
7.	Russian Officer Resettlement Program, Abt Associates	171
<i>Cross-Cutting Activities</i>		172-179
8.	Continuing Education and Professional Development: The Institutional Partnerships Project (IPP), International Research and Exchanges Board (IREX)	172
9.	The NIS Exchanges and Training Project (NET), Academy for Education Development (AED)	176
10.	Russian Longitudinal Monitoring Survey (RLMS), University of North Carolina-Chapel Hill	177
11.	G-7 Support Implementation Group (SIG), Lingva	178
12.	Russia Training for Development (TED) Project, Academy for Educational Development (AED)	179
ACRONYMS AND ABBREVIATIONS		181 - 185

SO 1.2 A Tax System to Correspond to a Decentralized Market Economy

- IR 1.2.1 Tax system fair and efficient*
IR 1.2.2 Adequate and predictable revenue generation
IR 1.2.3 Sound and transparent separation of fiscal authorities between federal, regional and local governments

Key Activities Being Implemented as of November 15, 1997

1. Tax Policy Coordination, Harvard Institute for International Development (HIID)
2. Tax Law and Tax Administration Reform, U.S. Treasury
3. Fiscal Reform: Economic Analysis, Tax Administration, Tax Training, KPMG Barents Group
4. Tax Analysis: Regional Revenue Estimation, Georgia State University
5. Tax Training for Legislators, International Tax and Investment Center
6. Tax Training Institute, OECD
7. Computerized Tax Training, Financial Management Service, US Treasury, Soros Foundation
8. Market-Value Based Real Property Taxation System, CFED

Tax Policy Coordination

HIID is providing oversight for a variety of program initiatives related to tax policy development and is coordinating other USAID contractors working on tax policy activity. This activity focusses specifically on:

- *tax legislation,*
- *intergovernmental relations,*
- *economic analysis and revenue estimation,*
- *tax administration, and*
- *training.*

U.S. Implementing Partner:
Harvard Institute for
International Development
(HIID)

Start: October 1995
Completion: December 1997

Russian Partners:
Ministry of Finance
(MOF), Russian Parliament
(Duma) and the State Tax
Service (STS)

Activity Manager:
Yulia Nikulicheva

Major Implementation Accomplishments

1. In *tax policy* a lot of efforts are put into the development of the draft Tax Code. Now since the code passed the first reading, USG advisors are working on the technical amendments to the code. As it's very unlikely now that the Code will be passed by the Duma this year, another area of activity is drafting of alternative legislation for each tax, which will substitute the tax code.
2. In the *intergovernmental relations* area HIID made a lot of research on the principles of division of responsibilities between three levels of authority in RF.
3. *Tax administration* work comprised assistance to the STS, State Tax Police and regional and territorial offices on tax collection, work with nonfilers, tax arrears reduction and tax audit.
4. *Training* activities included a number of training, held in country and in U.S. to meet specific needs of judges. In June 1997 another conference on Tax Administration Law was organized by HIID, where representatives from the State Duma, STS and MoF participated.

Activity Contributions to Targets

IR 1.2.1. Tax Code or Tax Law is a major area of activity. HIID works on Tax Law drafting. The Tax Code is supposed to substitute seven currently existing major tax laws and to make tax system in Russia more simple and effective. Another task is elimination of tax exemptions. Currently there exist a lot of tax exemptions which distort tax revenues and reduce efficiency of the tax system. This action is already included in draft Tax Code. The indicators are Tax Code adopted and tax exemptions eliminated.

IR 1.2.2. The revenue impact analysis due to the changes in tax legislation is an important task, which is supposed to prove increase of efficiency due to changes in tax legislation. Corresponding indicator is models for receipts forecasting and policy analysis used.

IR 1.2.3. The fiscal federalism activity aimed at improving transparency of revenues at regional and local levels. This's one of the crucial task nowadays in Russia, as a reform in this area will contribute a lot to the independency of local and regional authorities. Relevant indicator is transparent criteria for distribution of federal funds by formula.

Major Issues or Problems

Tax laws. A major problem lies in the lack of Duma support for the proposed reforms. The Duma opposes legislation to make key changes (e.g., to accrual accounting) that would temporarily increase tax burdens or reduce current tax deductions or exemptions. In the area of *fiscal federalism* or intergovernmental relations, progress has been slow as Russian authorities at the federal, regional, and local levels are too competitive for their own immediate interests. The proposed law in the Duma on Fiscal Foundations of Intergovernmental Relations will do little to redesign or improve the current system of revenue sharing. HIID now manages the reduced USAID activity in the area.

Upcoming Outreach Opportunities/Plans

A couple of training programs will be implemented in the nearest future. STS top officials will go to U.S. for the conference on tax administration procedures and introduction of the large taxpayers unit. Another training will be on intergovernmental relations, where participants will represent different entities involved in the area.

MRS ID: 11000091-RUS-HCOL003 (1)
Award No.:EPE-A-00-95-001222-02
Data Report Prepared October 21, 1997

Tax Law and Tax Administration Reform

This activity supports the Ministry of Finance efforts to reform the Russian tax structure and State Tax Service plans to make changes in tax administration. Specific areas of focus are:

- *legal drafting work as preparation for a new tax law,*
- *implementation of the revised tax framework,*
- *tax administration, and*
- *tax revenue analysis.*

U.S. Implementing Partners:
U.S. Treasury

Start: February 1994
Completion: March 1999

Russian Partners:
Ministry of Finance
(MOF), State Tax Service
(STS), Duma

Other external partners:
IMF, OECD

Activity Manager:
Yulia Nikulicheva

Major Implementation Accomplishments

Tax legislation. US Treasury advisors participated since 1994 in making comments to a draft Tax Code and other tax legislation, such as Presidential Decrees, Laws for adoption by Duma (VAT legislation etc.). The US Treasury advisor is working on technical amendments to the draft Tax Code. On requests from the MoF he's writing comments to the current version of the Code.

Tax administration. Resident tax administrator is working closely with senior STS officials on procedures aimed at reducing tax arrears, improving tax collection. He also taught at the training course on audit procedures.

Economic analysis. A new resident economic advisor started working on analysis of tax collections in Russia and regional data. He's advising a newly established revenue analysis department in the MoF on revenue estimation and other issues, that arise during the work of the department.

Activity Contributions to Targets

This activity contributes to SO 1.2, *tax system reformed to correspond to a decentralized market economy*, specifically to Intermediate Result 1.2.1, *tax system fair and efficient*. As a result of the initiatives in tax administration area tax arrears should be gradually reduced, while reforms of tax legislation and procedures for audit should enable STS to make the tax system more efficient. Relevant indicators are tax arrears and adoption of new laws and procedures for tax collection.

Major Issues or Problems

1. The main problem with *tax legislation* has been Duma resistance to key reforms that are advocated by the Ministry of Finance.
2. In the *tax administration* area now, with new appointments at the STS, the major problems arises when STS tries to implement the programs suggested by USG advisors, since Russian law doesn't allow to do them.
3. In the *economic analysis* area it's still unclear how the work with the MoF will be organized, since the Department for budget revenues analysis has been just established.

Upcoming Outreach Opportunities/Plans

1. Resident tax administrator is leaving Russia soon. A new resident advisor hasn't been chosen yet, but selection process has been started.
2. US Treasury advisors will continue consulting FMS/ Soros program 'Computerized training for STS personnel' with designing a course on tax audit.

MRS ID: 11000091-RUS-USDT001 (2)
Award No. 1100009-G-00-2925/2926/3951/ and G-00-5680/5695
Date Report Prepared: October 23, 1997

Fiscal Reform: Economic Analysis, Tax Administration, Tax Training

This activity is part of USAID's portfolio of support for the tax reform program in Russia. This activity includes:

- *economic analysis and revenue estimation, including evaluation of effective tax rates under the current system and under proposed changes, forecasting tax receipts, and determining revenue effects under various proposals for tax system changes,*
- *tax policy and legislative initiatives,*
- *tax administration and training, and*
- *intergovernmental affairs.*

U.S. Implementing Partner:
Barents Group

Start: August 1994
Completion: September 1997

Russian Partners:
Ministry of Finance (MoF),
State Duma, Council of
Federations, the State Tax
Service (STS), Moscow
City State tax Inspectorate
(MCSTI)

Activity Manager:
Yulia Nikulicheva

Major Implementation Accomplishments

Economic analysis and revenue estimation. Barents advisors have developed three revenue estimating models for major taxes to be used in forecasting receipts and analyzing revenue impact of alternative tax policies. The models will be delivered to the MOF. Barents continues working on monthly receipts monitoring models and on special request from MOF on factor analysis of tax collection in RF.

Tax administration and training. Barents advisors are working closely with STS on establishing improved system of tax administration, which includes: arrears collection, large taxpayer programs, audit procedures, centralized processing of tax declarations, organizational structures. Barents also held a training on audit in June 1997 for STS and MCSTI. On special request from STS, Barents advisor came to Russia to work out new tax declaration forms for major Russian taxes.

Tax policy. The work on draft Tax Code continues. USG advisors are working on the amendments and explanations to the current version of the code. They're also elaborating alternative tax legislation, which will substitute the Tax Code in case it doesn't pass State Duma.

Intergovernmental affairs. In this area Barents Group held a conference on small business taxation in May 1997. More than 20 regions were represented at this conference.

Activity Contributions to Targets

IR 1.2.1. Tax administrators are working on restructuring and streamlining, which includes work on improving tax collections and decreasing tax arrears. The indicator is declining tax arrears.

IR 1.2.2. Work in the area of economic analysis aimed at the creation of adequate and predictable revenue generation. Barents is elaborating models on four taxes-major revenue generators. Relevant indicator is models for receipt forecasting delivered to the MoF.

IR 1.2.3. The separation of fiscal authorities between federal, regional and local governments. The task includes work with Nizhni Novgorod oblast administrations on small business taxation. The corresponding indicator is transparent criteria for distribution of federal funds by formula.

Major Issues or Problems

1. In the tax administration area the problem is that Russian legislation on tax administration procedures is rather weak and does not allow to implement a number of procedures, suggested by USG advisors and which are of common practice in western countries.

2. It's rather difficult for Barents to organize training for the MoF staff on the models done by Barents, since the new department, supposed to work on revenue estimations, has been just established.

Upcoming Outreach Opportunities/Plans

Economists will advise a newly established department within MoF, primarily task of which is revenue estimation.

The work on the draft Tax Code and the substitute legislation for the Tax Code, in case it doesn't pass State Duma, will continue.

In tax administration area Barents will proceed working with the STS on improving tax collection and reducing tax arrears. It will also conduct a series of seminars for regional STS offices on audit procedures.

MRS ID: 11000091-RUS-KPMG005 (3)
Award No. CCN-0009-C-00-3158-00
Date Report Prepared: October 23, 1997

Tax Analysis: Revenue Estimation

This activity includes close work with Moscow City State Tax Inspectorate on the following major aspects:

- *modeling tax revenues by tax,*
- *reviewing and reengineering information system at territorial level,*
- *building more effective tax administration system at territorial level, and*
- *intergovernmental finance work.*

U.S. Implementing Partner:
Georgia State University
(GSU)

Start: September 1996
Complete: December 1997

Russian Partners:
Moscow City State Tax
Inspectorate (Moscow
STI), Ministry of Finance
(MoF)

Activity Manager:
Yulia Nikulicheva

Major Implementation Accomplishments

GSU has supplied Moscow STI with revenue forecasting models by type of tax, which will allow improved budget planning.

The work on microsimulation models is continuing, based on the data from four Territorial Tax Inspectorate (TTI).

In tax administration area activities include work with four TTIs on solving problems of delinquent taxpayers, arrears monitoring. The team is also creating the system of monitoring the work of tax inspector.

The intergovernmental finance component includes elaboration of transfers distribution formula. The formula was used by the MoF staff in its presentation to the State Duma.

Information system component is almost finished by now. GSU made an analysis of current facilities at the territorial level and prepared a report on what are possible directions for creation of more uniform system in Moscow.

A presentation to the Head of the STS Mr. Pochinok was made in July 1997.

There all major accomplishments were reported and received support from Mr. Pochinok.

Activity Contributions to Targets

IR 1.2.2. *In cooperation with Moscow City State Tax Inspectorate*, GSU works on the elaboration of better system for tax collection. This includes creation of the information system for 3 territorial inspectorates in the city of Moscow. The introduction of the information system will allow Moscow city to get better estimates for the revenue. The model for revenue estimation will be produced and the inspectorates staff will be trained to use these procedures. Relevant indicators are ratio of actual vs planned tax revenues, models for receipts forecasting, and STS personnel trained.

IR 1.2.3. GSU works with the MoF on elaboration of the transfer distribution formula. Corresponding indicator is transparent criteria for distribution of federal funds by formula.

Major Issues or Problems

1. The data for microsimulation models was always a problem. Data, received from TTIs, wasn't clear and required a lot of efforts to be put on its verification. The situation became even worse, as it's more difficult now to receive information. GSU has received unofficially data from four TTIs, but this's not enough to create a model for the whole city of Moscow.

2. The other problem is that Russian legislation on tax administration procedures is rather weak and does not allow to implement a number of procedures, suggested by USG advisors and which are of common practice in western countries.

Upcoming Outreach Opportunities/Plans

A report on information system at MCSTI will be completed and supported with recommendations for the future.

Work on microsimulation model will continue. Since there is a problem with data, the model will be created based on the data from four TTIs and then presented to MCSTI as a useful tool, which can be used to simulate changes in tax legislation if the database for the whole city of Moscow is available.

Survey on information system which is in draft form now, has to be completed and distributed for comments at the end of March.

MRS ID: 11000091-RUS-GAST001 (4)
Award No: 118-0009-A-00-6242-00
Date Report Prepared: October 21, 1997

Tax Training for Legislators

This activity's primary aim was to facilitate intergovernmental relations and coordination between different governmental bodies and to discuss Russian Tax Reform and its importance to investment climate in Russia

U.S. Implementing Partner:
International Tax and
Investment Center (ITIC)

Start: July 1996
Complete: September 1996

Russian Partners:
Ministry of Finance
(MoF), State Duma

Activity Manager:
Yulia Nikulicheva

Major Implementation Accomplishments

The project was implemented as a result of the proposals from ITIC to USAID to participate in the funding of the study program for top Russian officials and legislators. Of total 4 seminars USAID sponsored 50% of expenditures on the trip to U.S. Under this project ITIC brought a group of Russian officials who represented MoF and State Duma to U.S. in order to discuss major aspects of tax reform in Russia. The group met with US Government officials to exchange the experience and to discuss draft Tax Code. During the tour, participants discussed importance of the tax legislation for investment climate in Russia. They also have an opportunity during the round tables to exchange their views on a number of tax Laws, such as taxation of banking, natural resources and telecommunications. After the tour the ITIC continued its work with Russian top officials, but it was funded not by USAID.

Activity Contributions to Targets

This activity contributes to SO 1.2, *tax system reformed to correspond to a decentralized market economy*, specifically to Intermediate Result 1.2.1, *tax system fair and efficient*. The work done by ITIC facilitated coordination of different Tax Code drafts and efforts of MoF and State Duma in this area.

Major Issues or Problems

No problems were observed during the implementation of the project (HIID/ Barents program advisors attended the U.S. training).

Upcoming Outreach Opportunities/Plans

Activity is completed.

MRS ID: 11000091-RUS-ITIC001 (5)
Award No: 118-0009-G-00-6127-00
Date Report Prepared: October 21, 1997

Tax Training Institute

This activity supports the International Tax Training Institute (ITTI) in Moscow, established by a group of donors in 1993. The ITTI has a mandate to work closely with the State Tax Service on improving the skills of its personnel.

U.S. Implementing Partner:
Organization for Economic
Cooperation and
Development (OECD)

Start: August 1994
Complete: July 1997

Russian Partners:
State Tax Service (STS)

Activity Manager:
Yulia Nikulicheva

Major Implementation Accomplishments

Moscow ITTI is supported by a number of donors, members of OECD. This support is carried out either through international organizations, like EU, TACIS, or in accordance with individual country assistance programs, like USAID program, or UK Know How Fund and others. By the end of 1996 about 3,000 trainees, mostly from STS, but from Ministry of Finance as well, participated in the program since its installation in 1993. The courses covered a wide range of areas: from tax collection/ enforcement and tax auditing to specific topics on each type of tax. Through the US Treasury Inter Agency Agreement, Internal Revenue Service instructors since 1994 have provided about 25 percent of the classroom instruction. In 1997 a firm Sofreco won a tender to run the ITTI in Moscow. The ambitions of Sofreco's specialists lay in the area of changing the curriculum, making them more Russia specific, establishing more close relations with STS, more deep involvement of the regions.

Activity Contributions to Targets

This activity contributes to SO 1.2, *tax system reformed to correspond to a decentralized market economy*, specifically to Intermediate Result 1.2.1, *tax system fair and efficient*. A corresponding indicator is STS personnel trained. The aim of this program is to give Russians western experience on dealing with tax administration, working with tax payers, and tax-policy issues. These courses should help tax officials implement a more efficient tax system in Russia.

Major Issues or Problems

Involvement of STS has been a problem. Russian instructors rarely participate in designing and delivering the courses. That's why it was difficult to 'russify' courses- include Russian examples, cases, choose "relevant to the course" topic participants, etc..

Upcoming Outreach Opportunities/Plans

A new provider of the ITTI Sofreco is going to change the curriculum for the courses. They will be more Russia specific and oriented at the tax inspector needs: the courses will be devoted to specific taxes and, they will also cover very specific topics like public relations with taxpayers, etc.

MRS ID: 11000093-RUS-OECD004 (6)
Award No: CCN-0009-G-00-4074-00
Date Report Prepared: October 23, 1997

Computerized Tax Training

This activity supports State Tax Service (STS) efforts to train its staff on accounting, audit and financial analysis according to Western standards, as the Government of the Russian Federation indicated that country will move to GAAP by 1999.

U.S. Implementing Partner:
Financial Management
Service, US Treasury,
Soros Foundation

Start: May 1994
Complete: May 1998

Russian Partners:
State Tax Service (STS)

Activity Manager:
Yulia Nikulicheva

Major Implementation Accomplishments

Accounting course is completed. Computers were installed in three regional training centers: Moscow City, St. Petersburg, Nizhny Novgorod. Facilitators for the course were trained.

The other two courses- Financial Audit and Tax Audit are under elaboration now and are at the stage of computerization.

According to USAID Senior advisors estimates, some 5,000 tax auditors need to go through such courses. Implementation of the project will allow to train these personnel quite fast and effective, using computer training program. The program includes cases from Russian experience. The base textbook has been translated and adapted to Russia.

A no-cost extension for the project through May 1998 was issued.

Activity Contributions to Targets

This activity contributes to SO 1.2, *tax system reformed to correspond to a decentralized market economy*, specifically to Intermediate Result 1.2.1.3, *tax administration restructured and streamlined*. This project is implemented cooperatively by USAID and Soros Fund. On the USAID side, US Treasury Financial Management Service administers the grant to Soros. The relevant indicator is people trained.

Another relevant to this activity Intermediate Result is IR 1.2.2, *adequate and predictable revenue generator*. Better educated STS staff can work more efficiently generating higher tax revenues. The corresponding measure is Tax Revenue Ratio.

Major Issues or Problems

1. A chronic problem with the accounting and auditing courses has been lack of STS involvement in development of the curriculum. Soros consultants are awaiting STS comments on the audit course. The cases to be used have to be Russia specific. STS was not been able to get these comments from the main office. Now they asked via other US tax advisors Moscow City STI to provide them with comments.

2. Another issue is negotiations with STS on the location of the other two computer classes. According to the agreement with STS, Soros was supposed to install computers in five centers. Of these five USAID and USG advisors agreed only on three. The other two are STS Headquarter office and Sochi training center. USAID staff and USG advisor doubt that the courses are of great need for the STS high-level servants, since the material is mostly for the practitioners. Sochi is a question two, since it's more a resort type center, rather than a training one.

Upcoming Outreach Opportunities/Plans

Selection of location for other two training centers will be done in the nearest future, based on the negotiations with the STS.

The second course tax audit will be completed next. The preliminary plan is to finish it the spring of next year.

MRS ID: 1100091-RUS-SORO01 (7)
Award No: 110-0012-G-00-4134-00
Date Report Prepared: October 24, 1997

Market-Value Based Real Property Taxation System (Pilot & Rollout)

This activity focusses on designing and testing a modern, market value-based real property tax system for cities of the Russian Federation. The work has been organized into six main components:

- *development of Federal and Local Legislation to establish the appropriate legislative and administrative bases for local governments to tax private real property,*
- *selection of municipalities for pilot projects,*
- *development of implementing software/hardware packages,*
- *training support for pilot implementation, i.e., providing hands-on assistance to ensure a smooth transition to the ad valorem real property tax system on a permanent basis, and*
- *rollout these activities to other cities of Russia.*

U.S. Implementing Partner
Center for Financial
Engineering and
Development (CFED)

Start (pilot): September 1995
Completion: February 1998
Start (rollout): July 1996
Completion: September 1998

Russian Partners:
Ministry of Finance
(MOF), State Tax Service
(STS), Administrations of
Tver, Novgorod, Pskov &
Bor.

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

Development of legislation. The Law On the Execution of the Property Tax Experiment in the cities of Tver and Novgorod was signed by President Yeltsin on July 20, 1997. The experiment implementation is now authorized in the pilot cities. Local authorizing legislation was drafted and discussed with cognizant officials in pilot cities. Now pending submission to the local Dumas and review.

Pilots. CFED selected 2 cities (Tver and Novgorod) for participation in the testing of a market value-based real property tax system as they are different community types (city size and structure), and typical of many cities in Russia.

Rollout cities. For the rollout project two cities (Pskov and Bor of Nizhny Novgorod region) have been selected so far. Both cities received limited support from the project through project team specialists consultations during the site visits.

Development of a software/hardware package. Oracle-based PTIMS software has been designed, programmed, and thoroughly tested in Tver through the valuation module. It was transferred to Novgorod where the work was concentrated on the areas of database structure definition and the data entry module modification.

Training. Local government and STS personnel training in mass appraisal and tax assessment methodology is taking place on an on-the-job basis, concentrating on data quality control, tax impact and revenue estimation, and preliminary valuation model evaluation.

Implementation in pilot cities. In both Tver and Novgorod, the work on the fiscal cadastres is completed. Now the work in both cities is concentrated on cleaning the cadastres. Both cities have also established Property Tax Departments, which will be the key agencies involved in the experiment. The city of Novgorod has also launched a public education campaign aimed at informing the population of the city on the property tax. Both cities are currently working on preparation of the tax notices to be mailed before the tax bills.

Activity Contributions to Targets

This activity directly supports Strategic Objective 1.2, *tax system reformed to correspond to a decentralized market economy.* The activity will contribute to this strategic objective by focusing actions toward the accomplishment of IR 1.2.2, *adequate and predictable revenue generation,* and IR 1.2.3, *sound and transparent separation of fiscal authorities between federal, regional and local governments.* Property Tax will be a major revenue source for local government.

Major Issues or Problems

Activities required in the pilot cities have outstripped budget resources. The Contractor is working now on modification of the SOW so that the critical tasks can be completed within the budget available. Roll-out tasks will be eliminated until the next phase of the Tax Reform Project begins in early 1998.

Upcoming Outreach Opportunities/Plans

The pilot cities (Tver & Novgorod) plan to start sending tax bills on January 1, 1997.

MRS ID: 11000052-RUS-CFED001 (8)
Award No. EPE-0014-J-5074-00

Date Report Prepared: October 28, 1997

SO 1.3 Accelerated Development and Growth of Private Enterprises

- IR 1.3.1 Policies, legislation, and regulations conducive to broad-based competition and private sector growth adopted*
- IR 1.3.2 Land and real estate market mechanisms operating and accessible and being used by businesses*
- IR 1.3.3 Successful models of private ownership and modern management widely replicated*
- IR 1.3.4 Sustainable network of business support institutions rendering services to entrepreneurs and businesses*

Key Activities Being Implemented as of November 15, 1997

Legal and Regulatory Reform

1. Strategic Guidance for Privatization & Market Reforms in Russia, Harvard Institute for International Development (HIID), the Rural Development Institute (RDI)
2. Environmental Policy and Regulation, Harvard Institute for International Development (HIID), the Center for International Environmental Law
3. Partnership for Freedom Investment and Financial Management Training, CARANA

Land and Real Estate Markets

4. Housing Sector Reform Program, PADCO
5. Housing Sector Reform Program, Phase II, Urban Institute
6. Real Estate Association and Industry Development, Eastern European Real Property Foundation (EERPF)
7. Deepening Urban Real Estate Reform, Urban Institute and PADCO
8. Real Estate Information System (REIS) Roll-out, Arthur Andersen and Chemonics International
9. Land Use/Zoning, Bancroft Group
10. Land Use/Zoning, Phase II, Urban Institute/PADCO
11. Enterprise Land Sales (ELS) Phase II, Chemonics, PADCO
12. Public Education on Land Reform, Chemonics

Models of Private Ownership and Management

13. Economic and Enterprise Development Program, Citizens' Democracy Corps (CDC)
14. Enterprise Development Program (EDP), Center for Citizens' Initiatives (CCI)
15. Agribusiness Partnerships, Citizens' Network for Foreign Affairs (CNFA)
16. Grain Storage and Marketing, Citizens' Network for Foreign Affairs (CNFA)
17. Market-Oriented Farm Support Activity (MOFSA), Chemonics and Louis Berger
18. Port Development and Administration in Archangelsk, Louisiana State University National Ports and Waterways Institute
19. Defense Conversion/Joint Venture Development, Pepperdine University

20. Applied Economics Program for High Schools, Junior Achievement International
21. The Farmer to Farmer Program, ACDI, VOCA, CNFA, Land o'Lakes, Winrock
22. Sustainable Agribusiness Support Project, Center for Citizen Initiatives (CCI)/The Agricultural Initiative
23. Collateralized Grain Credit Activity, Cargill International
24. Consulting Services for Russian Entrepreneurship (CSRE), ACDI/VOCA
25. Enterprise and Economic Development Project (EED - BVP), CDC
26. Business Education Project, U.S. Russia Business Forum
27. Client Focused Business Volunteer Program (BVP), IESC

Network of Business Support Institutions

28. Business Development Program, Deloitte Touche
29. Business Collaboration Center (BCC), Citizens' Democracy Corps
30. Small Business Opportunities, Opportunity International (OI)
31. Russian Initiative for Self-Employment (RISE), Center for Citizens' Initiatives
32. International Business and Technology Incubator (IBTI), Virginia Polytechnic Institute and State University, Atlas Group/Fenix Technology
33. Small Business Incubator, Volkhov, State University of New York and the Alliance of American and Russian Women (AARW)
34. Russian-American Small Business Support Center, Washington State University
35. Business Development in the Russian Far East, American Russian Center at the University of Alaska-Anchorage
36. Center for Business Skills Development, US West/Russia and Thunderbird
37. Morozov Project, Research Foundation of the State University of New York (SUNY)
38. Building Technology Information Center (BTIC), National Association of Home Builders
39. Russian Franchise Association, Sibley International

Strategic Guidance for Privatization & Market Reforms in Russia

This activity provides impartial oversight, advice, and technical expertise to the Government of Russia in:

- *post-privatization (macroeconomic stabilization, bankruptcy, enterprise arrears, and technical support to the Russian Privatization Center),*
- *tax reform (tax code development, policy and legislation, economic analysis, tax administration, and tax training), and*
- *land privatization (legislative initiatives in federal and regional land privatization, land markets, and farm restructuring).*

US Implementing Partners:

Harvard Institute for International Development (HIID) and the Rural Development Institute (RDI)

Start: October 1995

Completion: October 1998

Russian Partners:

Russian Privatization Center, State Property Committee

Activity manager:

Cecilia Ciepiela

Major Implementation Accomplishments

Support to the RPC. The HIID CFO played a key role in negotiating an extension of the RPC grant based on a strategy to downsize and refocus the RPC on a few strategic objectives for which the organization maintains capability. HIID hired a Project Manager to prepare the RPC to act as Project Implementation Unit for the upcoming World Bank Enterprise Restructuring Loan of \$120 million, preparing terms of reference and developing a portfolio of projects.

Tax reform. See Separate Report

Land Privatization. RDI continues its work at both the federal and regional levels. The pilot initiative in Vladimir has begun to gain momentum, having assisted and represented several clients in disputes over ownership and use of agricultural land shares. The center has initiated a public information campaign educating farmers and farm shareholders about the new law.

Activity Contributions to Targets

This Cooperative Agreement contributes both to Strategic Objectives 1.2, improved tax system and 1.3, *accelerated development of private enterprises*. The policy advice and land reform components support IR 1.3.3, *policy, legal, and regulatory environment conducive to broad-based competition and private sector growth adopted*. The land reform component addresses IR 1.3.2, *land and real estate market mechanisms operating and accessible and being used by businesses*. The RPC component is principally associated with IR 1.3.3, *successful models of private ownership and modern management widely replicated*.

The tax reform component contributes to SO 1.2.

Major Issues or Problems

All activities under this Cooperative Agreement, except for tax report, were terminated and closed out as of July 31, 1997. Tax reform activities will continue until October 1998, at which time the entire agreement will be terminated.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 1100056-RUS-HCOL003 (1)
Award No:CCN-0005-C-00-3148
Date Report Prepared: October 24, 1997

Environmental Policy and Regulation

This activity addresses the design and implementation of cost-effective environmental and economic policies that will foster sustainable development, specifically:

- *environmental health risk assessment,*
- *environmental law and regulations reform,*
- *forest policy,*
- *natural resources taxation,*
- *environmental finance/funds, and*
- *regional and federal sustainable development strategies.*

U.S. Implementing Partner:
Harvard Institute for
International Development
(HIID), Center for
International
Environmental Law

Start: May 1993
Completion: March 1998

Russian Partners:
Ministry of Environment,
Ministry of Economy,
Ministry of Health, Oblast
and city governments and
research institutes (Tula,
Yaroslavl, Volgograd,
Novokuznetsk, Novgorod,
Perm, Angarsk,
Krasnouralsk, Primorsky
Krai, Khabarovsk), Forest
Research Institute
(Khabarovsk), Institute for
Natural Resources
Management, EcoJuris,
Khabarovsk State
University of Technology,
Higher School of
Economics

Activity Manager:
Lyudmila Vikhrova

Major Implementation Accomplishments

Environmental risk assessment. HIID sponsored a national and 10 regional seminars on risk assessment, which led to the adoption of a Federal Assembly resolution regarding the use of this tool in decision making. Health risk assessments and cost-effectiveness analyses of options for reducing the risks were conducted in 5 cities. Recommendations for reducing health risks from air pollution in Russia were completed and presented at the conference in Moscow in September 1997. Assistance has been provided to a Moscow NGO to serve as a risk assessment information center.

Environmental law and regulations. A report on Environmental Liability and Privatization as well as 1996 Environmental Law amendments to address environmental liability concerns were drafted. A handbook for local officials, farmers, and dacha owners on their rights and responsibilities in using and protecting watersheds was developed and submitted to the Regional Environmental Committee for further distribution. The results of an analysis of Tula Oblast's experience with implementing permits and charges were presented to Tula environmental officials in September 1996 and provided guidance to the Tula Administration on revising the oblast's core regulation on revenues for regional environmental finance in December 1996.

Forest policy. HIID provided significant technical and financial support to Khabarovsk Krai for the creation of the first regional forest code in Russia. The code is designed to move forest management in the Russian Far East toward environmental, economic, and social sustainability. As a part of the code-drafting process, HIID also sponsored the first opportunity in Khabarovsk history for stakeholders and public at large to participate in the policy-making process.

Natural resource valuation and taxation. A valuation of water and forest resources in Yaroslavl Oblast was completed as a step toward improving the pricing of resources by local government and guiding the sustainability of resource use.

Environmental Finance/Funds. The structure and project cycle of the Novgorod Environmental Fund were analyzed and recommendations developed on improving the Fund's operations. A plan was developed and presented to Novgorod authorities for reclassifying enterprises sanitary protection zones to generate additional funds for environmental investments.

Sustainable Development Strategies. Economic language for the federal Sustainable Development Strategy (SDS) was drafted. A regional SDS for Novgorod Oblast was completed and presented to Oblast officials.

Activity Contributions to Targets

This activity contributes to several Strategic Objectives, but is especially important with regard to ensuring that accelerated development of private enterprises (SO 1.3) is accomplished in a way in which environmental protection objectives are also met.

Environmental-related barriers to investment can be removed if market-based incentive-oriented *environmental management policies, laws, and regulations are in place*, IR 1.3.1.

Major Issues or Problems None.

Upcoming Outreach Opportunities/Plans

Working with Khabarovsk Krai Duma and Administration on approval and implementation of forest legislation and regulations including the new regional forest code, regulations on tenure arrangements, timber pricing and certification; providing information and consulting services to the broad audience of Russian environmental managers; implementing environmental finance, natural resource valuation, health risk assessment, and pollution charges related activities in Novgorod.

MRS ID:11000031-RUS-HCOL001 (2)
Award No:CCN0003A00307600
Date Report Prepared: September 1997

Partnership for Freedom Investment and Financial Management Training

This activity is aimed at enhancement the ability of Novgorod Oblast and Municipal Administration officials in developing the Novgorod Region an attractive location for investments; and at cultivating a corps of local business consultants, who will support business development activities and Novgorod enterprises. Specific outcomes are expected to be:

- *recommendations relevant to the issues of Novgorod investment promotion program,*
- *training of trainers in financial management area on the model of the Business Toolkits approach.*

U.S. Implementing partner:
CARANA

Start: July 1997
Complete: January 1998

Russian Partners:
Novgorod Oblast and
Municipal Administration;
Novgorod State
University; "Planeta-
NMZ", "Splav"
enterprises; Small
Business Support Center;
"Dialog" Center.

Activity Manager:
Natasha Usoltseva

Major Implementation Accomplishments

Materials. CARANA completed a diagnostic assessment of the Novgorod investment promotion program. Based on this assessment the Contractor prepared "Recommendations for an Investment Promotion Program for the Region and City of Novgorod". The purpose of the assessment was to determine the effectiveness of the program and will be used as a basis for dialog between PFF members and their local counterparts. The first major result of the Recommendation was the establishment of Noncommercial Partnership Novgorod Investment Promotion Agency (NIPA).

Training. (1) CARANA worked out and conducted 3 weekly and 1 three weeks seminars based on BTK materials. The objective of these seminars was to train enterprises's economic and financial services directors and specialists in the field of modern methods of financial and enterprise management. The courses were attended by 78 participants. (2) CARANA has chosen 2 city enterprises - "Planeta-NMZ" and "Splav" for on-the-job training for 5 specialists who underwent 3 weeks training. The specialists will prepare a diagnostic review of both enterprises development according to the methods elaborated by CARANA consultants. (3) CARANA has also retrained 3 NSU instructors in the financial management area. Moreover, a decision was taken to include Financial Management course (60 academic hours) in NSU training program. (4) In order to facilitate CARANA's activities a Coordination council including: Small Business Support Center (UDC), "Dialog" center, city administration leaders, NSU, business-education internship and CARANA consultants was established. (5) In cooperation with HIID CARANA arranged a seminar for 12 administration officials on estimation of investment projects from the environment protection point of view topic.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.3, *accelerated development and growth of private enterprises*, IRs: 1.3.1, *policies, legislation, and regulations conducive to broad-based competition and private sector growth adopted*; 1.3.3, *successful models of private ownership and modern management widely replicated*; and 1.3.4, *sustainable network of business support institutions rendering services to entrepreneurs and businesses*.

Major Issues or Problems

None.

Upcoming events

CARANA will continue its efforts in financial management training area.

MRS ID: 11000052-RUS-CFED003 (3)
Award No: EPE-0005-1-00-5055-00 TO #1
Date Report Prepared: October 24, 1997

Housing Sector Reform Program

This activity has been both a part of and a complement to the Housing Sector Reform Program (I and II) being implemented by the Urban Institute. This activity has two components:

- *support housing sector reforms in the Urals and Siberia, principally in the areas of condo development, competitive maintenance contracts, and housing NGO development,*
- *technical assistance to the World Bank's housing/urban development programs in the areas of land auctions, tariff reform, competitive procurement, and infrastructure projects, and*
- *pilot efforts on cost recovery for common urban services.*

US Implementing Partner:
Planning and
Development
Collaborative (PADCO)

Start: July 1992
Completion: September 1997

Russian Partners:
Ministry of
Construction, local
administrations in
regional cities in the
Urals and Siberia

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

Housing Reforms: Condominiums. More than 250 condos have been formed (total of 36,009 units) in targeted cities with PADCO assistance, exceeding the original goal of 200.

Competitively-bid housing maintenance contracts. PADCO facilitated competitions through which 47,825 units are now under competitive contracts. The units under private maintenance reported a 10% increase in resident satisfaction and a 15% decrease in rent non-payment.

Russian NGOs in housing. Starting in FY97, PADCO subcontracted four local NGOs in Ekaterinburg (Housing Sector Support Partnership and Urals Regional Association of Homeowners), Novosibirsk (Center for Housing Sector Reform Support) and Barnaul (Altai Condominium Center) to complete further project activities, including information dissemination, training and technical assistance in condominium formation and competitive maintenance and management services. Housing NGOs have proven their value in providing assistance in housing sector reform to their respective cities and oblast administrations. They have been successful in receiving support from other donor organizations (Ford Foundation, Eurasia). They have also been very active in the Small Grants Program for Housing NGOs run by the Urban Institute under the HSRP II contract.

Support to the World Bank. PADCO prepared legal and technical documents, established procedures and obtained approvals to enable three cities to conduct land auctions under the World Bank Housing Project Loan. PADCO also prepared a detailed feasibility study of four pilot projects for a World Bank center city revitalization project in St. Petersburg. The PADCO team has also completed an assessment of Vodokanals (water utilities) in 13 cities selected by the World Bank for a Water and Wastewater Project.

Pilot Project. As the continuation of a Communal Services Pricing Demonstration project, PADCO replicated the Orenburg experience in Novgorod and Pskov. This project provided the Cities with the tools to improve the Vodokanal's/Teploenergo's financial soundness; introduce metering to reduce losses and tariff inequity; streamline the tariff approval process; and identify sustainable financial mechanisms for utility expansion. This work has been very popular among other cities and reports from the project are being provided at many HSRP conferences and seminars.

Activity Contributions to Targets

HSRP/PADCO contributes to a number of Mission Strategic Objectives. Given that the transition to a privatized housing sector will have a major impact on the national economy, the Mission includes this activity as contributing principally to SO 1.3, *accelerated growth of private enterprises*. Housing NGO and condominium development contributes to SO 2.1, increased, better informed citizen's participation in political and economic decision making. Housing-related performance measures are included in these appropriate SOs.

Major Issues or Problems

The NGO in Novosoborsk has had difficulty in becoming self sustaining and continues to struggle.

Upcoming Outreach Opportunities/Plans for Next Period

No plans under this contract.

MRS ID: 11000081-RUS-PINC001 (4)
Award No: CCS-0008-C-00-2057-00
Date Report Prepared: October 23, 1997

Housing Sector Reform Program - Phase I&II

The Housing Sector Reform Program was launched in September 1992.

HSRP-I resulted in a progressive legislative program, key demonstration projects, documentation of sector developments, and the beginning of institutionalization. HSRP-II continues HSRP-I, undertaking concentrated efforts in four sites (Moscow, Nizhni Novgorod Oblast, Vladimir Oblast and Ryazan). An expanded program was initiated in four regional centers of Russia: Vladivostok (Far East); Irkutsk (Eastern); Rostov-on-Don (Southern) and St. Petersburg (Far North). Next fiscal year under the request of Government of Russia, the HSRP sites have been changed to those fourteen cities selected as targets cities for implementing the housing reform (N. Novgorod, Novgorod, Yaroslavl, Petrozavodsk, Cherepovetz, Novocherkassk, Tobolsk, Kazan, Ulyanovsk, Samara, St. Petersburg, Nalchik, Magadan and Kansk) plus the WB Enterprise Housing Divestiture sites. The main areas of activity are: policy and legislative development; housing finance; construction period finance; infrastructure finance; rent reform by introduction of competitive management and maintenance, condominium formation, tariff setting and regulation; development of a social safety net for the low income population via a program of housing allowances; and institutionalization of reforms.

U.S. Implementing Partners:
Urban Institute

Start: September 1992 (HSRP I)
September 1995 (HSRP II)

Completion: HSRP I closed
HSRP II - September 1998

Russian Partners:
Ministry of Construction, local administrations in regional cities

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

Policy and legislation: UI assisted in much of the legislation related to housing policy in Russia, such as Law on Housing Policy (1992), Law on Urban Planning (1992), Law on Home Owners Associations (Condominiums) (1996), Law on Registration of Real Estate (1997), Mortgage Law (passed by the Duma in 1997 but vetoed by Yeltsin). UI worked with 30 cities on ordinances necessary to implement federal laws and regulations. The team is very active with First Deputy Prime Minister Nemtsov in housing and communal services reforms in Russia.

Residential Mortgage Finance. 30 banks have implemented viable mortgage lending programs. In 1997, more than 1,500 mortgage-based loans have been originated by the targeted banks. In Russia, more than 5,000 loans have been issued by the private banks in 1997. The program has assisted in creation of the Federal Agency for Mortgage Lending and continues to train Agency personnel. The Agency will start operation in fall 1997. The first round of Certified Mortgage Lender training for leading Moscow and regional banks has been completed.

Construction finance. UI is working with about 15 banks to improve their construction loan underwriting skills. Each has received assistance from UI on approximately 3 projects. A banker's handbook on construction finance and training programs has been developed. Assistance has been provided to developers on project analysis and loan application.

Infrastructure Finance. UI works with more than 7 cities to help them begin financing infrastructure projects through bonds or bank loans. UI experts completed Novgorod oblast credit rating for sub-federal bonds.

Rent Reform and Social Safety Net.

- **Tariff reform and Housing allowances.** UI is helping administrations to modify their housing allowances programs and is providing advice as cities move towards full cost recovery for housing and communal services. By mid-1997, 7% of the population (3.5 mln. families) were receiving housing allowances. UI is finishing a handbook on communal services tariff setting and regulation.
- **Condominium formation.** More than 950 condominium associations have been registered in 45 cities and oblasts, a 45% increase since March, 1997. UI has prepared and disseminated detailed information for use by local administrations. A series of seminars on condo management has been provided.
- **Competitive maintenance/management contracts.** 800,000+ units (over 29% municipal housing stock) are now privately maintained in Moscow. First housing management competition was held in Moscow in 1997. In 10 other targeted cities, approximately 15-20% of the housing stock is currently under competitive maintenance.

Institutionalization of reform. In 1995, the experienced Russian staff of the UI created the Institute for Urban Economics. IUE is now developing commercially viable programs in housing finance. 15%+ of IUE's turnover is from non-UI sources, twice last year's balance.

Activity Contributions to Targets

Contributes principally to SO1.3, *accelerated growth of private enterprises*. Social safety net aspects relate to SO 3.2 as well.

Major Issues or Problems

Major issues rooted in structural problems in the sector in Russia: high interest rates, poor liquidity, lack of a Law on Mortgage; resistance from local politicians and populations to increase tariff rates; VAT costs which place private maintenance firms at a disadvantage.

Upcoming Outreach Opportunities/Plans

Comprehensive regional seminars and consultations in areas of long-term lending, infrastructure finance, tariff regulation, rent reform. Primarily work in the 14 cities selected by GOR as target sites for housing reform implementation. Transition from expat to almost entirely Russian staff.

MRS ID: 1000081-RUS-URIN001 (5)
Award No's: (I) CCS0008C00205500 and (II) EPE-C-00-95-00118-00
Date Report Prepared: October 23, 1997

Real Estate Association and Industry Development

The Eastern European Real Property Foundation (EERPF) provides assistance in institution building within the framework of the Housing Sector Reform Program. EERPF has targeted the development and strengthening of professional real estate associations in selected regions of Russia. Building self-sustaining institutions requires attention to four key organizational elements:

- overall policies, programs and procedures,
- staff development and training,
- installation of appropriate equipment, and
- mobilization of appropriate resources to develop professional services to the customer.

U.S. Implementing Partner:
Eastern European Real Property Foundation (EERPF)

Russian Partners:
Russian Guild of Realtors (RGR), Russian Society of Appraisers (RSA), Povolzhskaya Guild of Realtors, St. Petersburg Association of Realtors, Urals Guild of Realtors

Start: March 1993
Complete: December 1997 (is planned to be extended with no cost)

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

Policies, procedures. All partner associations established the first-ever Code of Ethics for the real estate industry in Russia. This leads to the consideration of the value of national real estate professional licensing laws and formalized standards of professional practice. In Moscow, brokerage company licensing already has been established with the assistance of the RGR (now one of the training providers for licensing).

Training. EERPF has provided a series of training seminars for developing business plans and cost estimates of associations' activities. Five associations developed business plans for 1996-1997 and a calendar of activities which was distributed among interested organizations. Also completed was a training-of-trainers program for real estate brokerage, private property management and appraisal. The Institute for Real Estate Management (IREM) has signed a protocol agreement with the Russian Guild of Realtors to provide training in property management in Russia starting in FY97. To date, under this program, RGR has translated and adopted to the Russian conditions about 70% of all the courses leading to the CPM (Certified Property Manager) designation. 25 Russian property managers completed the course and now are in the process of writing the business plans and getting the training for trainers course. A USAID-sponsored Annual Conference of Central and Eastern European Real Estate Associations was organized by EERPF and held in Budapest on October 3-5, 1996. It brought together more than 500 representatives of the real estate associations from 8 Eastern European countries and NIS. The Russian delegation consisted of 50 professionals dealing in different areas of the real estate industry. This conference afforded participants an opportunity to exchange information, ideas and experiences on real estate business development in their countries.

Grants. EERPF has provided small grants for translation of different methodological materials to make libraries in the association more useful for its members. Also, EERPF provided financial support to the creation of the RGR homepage (www.rmls.ru) and opening e-mails for its branches.

Mobilization of other professional development resources. A large group of Russian real estate brokers attended the US National Association of Realtors' (NAR) Convention which took place in the beginning of November in San Francisco. At the Convention, RGR and NAR signed a Bilateral Cooperation Agreement to provide for the exchange of publications, participation in each others' conferences, and access to the NAR library and information system. This year EERPF brought together Miami Association of Realtors and the RGR to sign a bilateral agreement leading to professional exchange in the real estate sector. In Russia, positive discussions have been initiated by the EERPF partners with National and Local governments on key legislative and regulatory issues affecting privatization and the real estate industry.

Activity Contributions to Targets

EERPF's objectives contribute to Russia's economic restructuring and to Strategic Objective 1.3, *accelerated development and growth of private enterprises.*

Major Issues or Problems

Some American techniques in the real estate industry are not directly applicable to the Russian conditions and need to be adapted by Russian experts. Because of the lack of staff, Associations have little opportunity to work on the task of adapting techniques.

Upcoming Outreach Opportunities/Plans

The contractor will complete the tasks originally stated in the workplan, i.e. finishing translation and adoption of the CPM courses, providing seminars for the regional branches of the RGR.

MRS ID: 11000081-RUS-ERPF001 (6)
Award No: CCN-A-00-93-00056-00

Date Report Prepared: October 23, 1997

Deepening Urban Real Estate Reform

This "deepening" activity seeks to provide both public sector and private sector Russian real estate professionals with an in-depth understanding of the basic components of real estate reform in a market economy. The activity is structured toward:

- *professional education and training,*
- *dissemination of information,*
- *fostering the development of professional networks,*
- *incorporating resources from the pilot projects, and*
- *completing the real estate information system (REIS) network in St.Petersburg.*

U.S. Implementing Partners:
Urban Institute, PADCO

Start: September 1996
Completion: May 1998

Russian partners:
Union of Russian Cities; Russian Guild of Realtors; Russian Society of Appraisers; Russian Association of Commercial Banks

Activity Manager:
Rafail Narinsky

Major Implementation Accomplishments

Professional education and training. The Urban Institute team has implemented the main components of professional training program including preparation of TOT modules and conduct of individually coached TOT sessions.

Dissemination of information. The Urban Institute team is in the dissemination process of technical information about different aspects of Russian real estate reform, in particular, Enterprise Land Sales handbooks, CREL and REIS manuals. The project team commissioned 67 authors for writing 116 articles on market-driven real estate practices. By the end of October 1997, 52 articles have been received and accepted for publication.

Fostering the development of professional networks; The Urban Institute team continues to collaborate with partner organizations (The Russian Guild of Realtors, The Association of Mortgage Banks, etc.) in enhancing their training programs and supporting them with speakers' bureau resources for seminars, conferences and other professional events addressing real estate reform.

Incorporating resources from pilot projects. The Urban Institute team compiled the inventory of all training materials from completed and on-going USAID real estate reform activities and has been actively participating in the seminars organized in the framework of the on-going activities.

Completing REIS network in St.Petersburg. The list of ten rollout rayons has been finalized. By December 1997 the equipment installation in three rayons of St. Petersburg is being planned.

Activity Contributions to Targets

The activity contributes to SO 1.3, *accelerated development and growth of private enterprises.* It will result in the improved understanding of free market principles by political leaders, government officials and the general public (IR1.3.1.3), and, most importantly, in the creation of land and real estate market mechanisms operating and accessible and being used by businesses (IR1.3.3).

Major Issues or Problems

Progress of the activity has been impeded by difficulties on the part of the St. Petersburg City Administration in adapting relevant legal acts (ex: Public Access Order) and unavailability of technical facilities required for installation of equipment.

Upcoming Outreach Opportunities/Plans for Next Period

A DURER Omnibus seminar is planned in Krasnodar in partnership with Oblast Chapter of RSA in the beginning of December 1997. The activity is on track.

MRS ID: 11000081-RUS-URIN002 (7)
Award No: EPE-009-Q-00-5120-00

Date Report Prepared: November 10, 1997

Real Estate Information System (REIS) Roll-out

This activity is expected to spur the creation and development of land and real estate markets by making widely available the technology for city administrations to provide integrated and reliable information on real property. The activity is organized to achieve three main outcomes:

- *pull together information and material generated in the REIS pilots in 7 cities (Nizhny Novgorod, St.Petersburg, Yaroslavl, Vladimir, Krasnodar, Tver, Pskov),*
- *adapt the pilot experiences for use in the oblast environment and in small cities, and*
- *develop a methodology for rolling out the REIS pilot experiences to other cities and oblasts of Russia.*

U.S. Implementing Partners:
Arthur Andersen and Chemonics International Inc.

Start: September 1995
Completion: August 1997

Russian Partners:
Russian Privatization Center (RPC) and the Local Privatization Centers (LPCs); the oblast/municipal governments

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

Information and material on the REIS pilots. Representatives of the local administrations and the REIS centers in the pilot cities shared their experiences focusing on "lessons learned" and "best practices." Specific attention was paid to identifying and refining exemplary legal and institutional arrangements; training programs; and systems technical specifications and functions. Findings were synthesized and included in the REIS Roll-out Manual.

Adapt the pilot REIS experience for other cities. Two cities, Orenburg and Pechory (Pskov Oblast), were selected rollout cities. Technical training provided to Orenburg during five weeks enabled the city to develop a Needs Analysis report, Implementation Plan, and Procurement Plan and to create the legal and regulatory basis for an effective REIS. The city had already thought about integrated municipal information systems, so it was possible to make rapid progress. Training in Pechory was carried out in the city in June-July 1996. In Pechory, adaptation went more slowly, focusing on information gathering on the present methods for land registration. City/rayon officials defined and identified solutions for organizational issues. In June, 1997 both cities received the equipment to put their systems into operation.

Methodology for roll-out. The REIS Implementation Manual was completed in June 1997. It includes sections on legal, institutional, training and technical specifications, as well as providing instructions in undertaking a City's initial needs analysis, identification of REIS options, implementation strategies and identification of available resources. All six volumes of the Manual have been published, translated, and distributed to the local officials and specialists of the cities where the REIS projects were undertaken as well as to the specialists working on land registration and information systems, establishment of the land cadastres, etc. The six-volume Manual can also be used by a variety of administrators and specialists to assist in the coordination of efforts to create a Real Estate Information System with all the attributes which will support a title registry. The remaining copies of the Manuals were given to the Urban Institute, which will be distributing the Manuals under its Deepening Real Estate Reform TO. A final REIS Information Seminar was held in June 1997 in Moscow, summarizing the achievements of all REIS projects and demonstrated to the representatives of the federal authorities, cities representatives and specialists of the privatized companies the benefits of establishing Real Estate Information and Registration Systems in the cities.

Activity Contributions to Targets

This activity contributes to SO 1.3, *the accelerated development and growth of private enterprises*, specifically, by supporting the development of land and real estate market mechanisms that will be available to and used by businesses (IR 1.3.2).

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

Project is completed.

MRS ID: 11000052-RUS-AAAC008 (8)
Award No: EPE-0014-I-00-5057-00, TO #2
Date Report Prepared: October 27, 1997

Land Use/Zoning

The activity assists the administrations of selected cities in the design and testing of modern zoning methods in order to promote the development of private land market. The activity has been organized into seven steps:

- *analysis of the existing legislative and administrative framework on the national and local level,*
- *establishing of working groups of local officials to draft land use regulations appropriate to a market economy,*
- *developing local legislation for each of the pilot cities;*
- *developing approaches to land classification,*
- *training of local officials in utilizing a modern zoning approach,*
- *assistance to local administrations in implementing the new regulatory system, and*
- *preparation for a national roll-out.*

U.S. Implementing Partner:
Bancroft Group

Start: September 1995
Complete: February 1997

Russian Partners:
Ministry of Construction,
Municipal governments

Activity Manager:
Rafail Narinsky

Major Implementation Accomplishments

Analysis of the existing legal and administrative frameworks. Recommendations on legislative reform in the area of land use regulation and establishment of the legal basis for zoning system, emphasizing city/oblast initiatives rather than federal legislation have been developed.

Establishing of working group of local government officials. Working groups have been established in the four pilot cities: Novgorod, Tver and Irkutsk and St. Petersburg. Each group has been assigned a number of responsibilities: drafting development plans, creating Zoning Use Classification System, analyzing existing State Construction and planning Standards.

Local legislation. In each of the pilot cities, draft zoning regulations were developed. The final drafts were discussed at public hearings in Novgorod, Tver and Irkutsk. The public hearings are expected to take place in St. Petersburg in March 1997. In Novgorod, the zoning regulation was enacted as a local law in December 1996.

Approaches to land classification. In each of the pilot cities, land use data is being compiled and prepared in digitized as well as paper form to be used in developing zoning maps to be attached to the zoning regulations. The Mapinfo software program is installed in Project offices in each of the participating cities.

Training activities. Three target groups of Russian specialists have been trained. First, 10 specialists were trained as trainers either during the project implementation or by travel to the USA in January 1997. Second, a group of 17 local officials have been trained to implement and utilize new land use regulations. The third group consisting of architects, developers, lawyers, users of the new zoning system, etc. has been trained by participating in special seminars in Sept.-Nov. 1996.

Implementing the new regulatory system. The participating cities were assisted to stay current with the evolution in the realities and needs of owners, lessees and users of land and to organize procedures for regular public hearings concerning applications for special permits, variances and zone changes.

Preparation for a national roll-out. The recommendations were developed for a national roll-out.

Activity Contributions to Targets

The activity contributes to Strategic Objective 1.3, *accelerated development and growth of private enterprise*. It provides input into the adoption at oblast and city level the regulation permitting the sale and the registration of land and real estate (IR 1.3.2.1).

Major Issues or Problems

Completion of the project was delayed due to the increase in number of implementation sites (from four to five) requiring recruitment of additional expat consultants and local hire professionals. The project is now complete.

Upcoming Outreach Opportunities/Plans

Currently the activity is being rolled out in the framework of Development of Modern Land Use Regulatory System in RF -Phase II activity (Award EPE-0008-Q-5120-00). The legislative enactment of zoning regulations is expected in Tver and Irkutsk in March-April 1997.

MRS ID: 11000052-RUS-BANCO01 (9)
Award No: EPE-0014-1-00-5073-00
Date Report Prepared: March 6, 1997

Land Use/Zoning Phase II

This activity is aimed at rolling out a modern, efficient and transparent local system of zoning in urban areas in order to promote the development of a private land market. The activity is structured toward:

- *refinement of material prepared during the pilot project,*
- *analysis of special issues,*
- *selection of test cities for roll-out, and*
- *training.*

U.S. Implementing Partner:
Urban Institute, PADCO

Start: September 1996
Complete: June 1998

Russian Partners:
Ministry of Construction,
Municipal governments

Activity Manager:
Rafail Narinsky

Major Implementation Accomplishments

Refinement of material prepared during the pilot project. The UI/PADCO team is in the process of analyzing of a set of regulations produced during the pilot project, including zoning regulations and maps from Novgorod, Irkutsk, Pushkin, Tver, and St. Petersburg Center City (Block 130). These documents are expected to be updated/revised based on changes in federal laws or directives as well as lessons learned both during the evaluation of project activities in the pilot cities and from other cities (Kazan, Vyborg, Samara) in which the project is being implemented.

Analysis of special issues. The project team prepared the first draft of the manuals on solving of special issues that currently present a barrier to widespread adoption of a modern land use regulatory system by Russian cities. These issues include: servitudes; land subdivision; reservation of land for future public use; preservation of historical, cultural and ecological resources; development process on leased land; and interjurisdictional holdings. The manuals include specific recommendations for local government actions.

Selection of test cities for roll-out. Commitments of interest were received from 15 local governments with whom the activity might be implemented. The team selected 3 cities (Kazan, Vyborg, Samara) for inclusion in the roll-out phase in addition to pilot cities.

Training. The project team has developed a package of training materials which are being utilized for training of Russian municipal officials, professionals, and private firms capable of assisting local municipalities in initiating and implementing a modern land use regulatory system.

Activity Contributions to Targets

The activity contributes to Strategic Objective 1.3, *accelerated development and growth of private enterprise*. It provides input into the adoption at oblast and city level of the regulation permitting the sale and the registration of land and real estate (IR 1.3.2.1).

Major Issues or Problems

There were some delays in the activity implementation in Samara related to local political process.

Upcoming Outreach Opportunities/Plans

The workshop for new high ranked members of the city of Samara local administration is planned in the middle of November 1997.

The activity is on track to achieve the target.

MRS ID: 11000052-RUS-BANC002 (incorrect) (10)
Award No: EPE-0008-Q-00-5120-00
Date Report Prepared: November 10, 1997

Enterprise Land Sales (ELS) Phase II

The ELS Phase II (or Roll-Out) activity facilitates the systematic privatization of land occupied but not owned by privatized enterprises. The activity is structured toward:

- *accelerating and institutionalize the transfer of use rights to freehold title in 36 oblasts and municipalities,*
- *estimating the land area held by eligible enterprises and, thus, the potential secondary land market for each city,*
- *developing the institutional capacity of up to 25 Russian entities to implement enterprise land sales activities and to become private real estate consulting firm,*
- *implementing a rapid dissemination of ELS methodology, and*
- *training a cadre of Russian staff capable of managing and implementing enterprise land sales activities.*

U.S. Implementing Partners:
Chemonics, PADCO

Start: September 1995
Completion: November 1996

Russian partners:
Russian Privatization Center (RPC), local privatization centers (LPCs) and oblast/municipal governments

Activity Manager:
Rafail Narinsky

Major Implementation Accomplishments

Institutionalizing the transfer of use rights. ELS-II has worked with administrations in 36 oblast capitals. Up to the activity completion date, 911 land transfers were completed and 1,349 additional transactions were in process. These are expected to continue to be processed by the city governments. It is expected that enterprises will, after taking title, sell some of their land (stimulating the development of a secondary real estate market). To date, only 4% of enterprises have actually sold such land.

Organizational development. 54 Russian organizations in 32 locations started to operate commercially during the life of the project (meaning they have begun to derive income from ELS consulting services).

Methodology dissemination. A GKI approved ELS Manual has been prepared and 9,000 copies of the manual were distributed.

Training. More than 8,130 people in 56 different locations have participated in activity seminars. Nearly 175 lawyers and real estate professionals have received some level of specialized training.

Activity Contributions to Targets

The activity contributes to SO 1.3, *accelerated development and growth of private enterprises*. It will result in the development of institutional capacity to support replication of workable models for private ownership (IR1.3.2.), adoption of regulations in oblasts and municipalities to permit sale and registration of land and real estate (IR 1.3.3.1), and, most importantly, to land and real estate market mechanisms operating and accessible and being used by businesses (IR1.3.3).

Major Issues or Problems

Political considerations play a far more critical role in decision-making and attitudes in Russia than was originally anticipated. Understanding the relationships between politics and practices and of various aspects of daily life were crucial for the activity's success.

The absence of a reliable land registration system was and remains a major obstacle to ELS's success.

Upcoming Outreach Opportunities/Plans for Next Period

This activity is now completed. The commercialization of the ELS network should result in continuation of the ELS process. Some limited follow-up will be done through the USAID funded activity "Deepening of Real Estate Reform".

MRS ID: 1100055-RUS-CICD015 (11)
Award No: EPE-0014-I-02-5075-00

Date Report Prepared: March 12, 1997

Public Education on Land Reform

This activity implements a public information campaign to build broad-based public support for and the land privatization process. Five major components are included:

- *organization of practical and process-oriented seminars and conferences for both targeted markets and general public,*
- *media relations to improve the quality and quantity of coverage on land privatization and land reform in the mass media,*
- *preparation/distribution of manuals, newsletters and other publications,*
- *production of radio programs on subjects relating to land privatization, and*
- *organization of specific programs to support local activities conducted by other USAID-funded teams.*

U.S. Implementing Partner:
Chemonics International Inc.

Start: August 1995
Completion: October 1996

Russian partners:
State Property Committee (GKI);
Russia Privatization Center
(RPC); Oblast administrations

Activity Manager:
Val Chodsky

Major Implementation Accomplishments

Seminars and conferences. Commercial Land Seminars were held in 19 regions. The purpose of these seminars was to spur enterprise managers to privatize the land under privatized enterprises. 3 variations of enterprise land sales seminars were held: for journalists (220 attended); local administrations (more than 800); and for enterprise managers (more than 2,500). Agricultural Seminars were held in 12 locations and attended by: journalists (124), administration heads and specialists (89), and farmers and managers of the food processing industry (1,420). Chemonics prepared/distributed technical manuals on agricultural land privatization, farm reorganization/privatization, and/or agro-processing industry privatization and market development.

Media relations. The "News of Land Reform" bulletin has been a regular publication, ready for reprinting and use by mass media but Chemonics also provides materials and consultations in response to media requests. News coverage on land privatization and land reform increased, especially in regions where seminars were held. Last year, Chemonics received on average 200 articles per month from the regional press on land issues for publication in the bulletin; this year, 280. Last year, 5 articles per month were printed in the national press; this year, approximately 30 appeared.

Publications and Bulletins. The Public Relations Manual for Commercial Land Privatization and Public Relations Manual for Farm Reorganization was developed as a manual for managers of privatized enterprises. It has been distributed to approximately 2,500 enterprise managers; 75,000 copies have been distributed through various professional and government organizations. This has become a standard reference manual.

Radio programs. Khozyain (The Owner) was a weekly five-minute radio program broadcast on Radio Mayak, intended for that station's 82 million listeners. One program a month was devoted to agricultural land, and one to sale of land under privatized enterprises. Monthly Audio Bulletin was a ready-to-use audio report made available to 180 regional radio stations throughout Russia.

Support for other activities. Public communications support has been extended to the Enterprise Land Sales, FARMS II, REIS, Property Taxation teams. In the course of activity completion, Public Education project conducted a public opinion research in Novgorod in support of the Property Tax Task order.

Activity Contributions to Targets:

This activity contributes to SO 1.3, *accelerated development and growth of private enterprises*, by ensuring that there is improved understanding of free market principles by political leaders, government officials, and the general public (IR 1.3.1.3) and that workable models for new and restructured firms to compete in a market economy by acquisition of their own land are developed and tested (IR 1.3.2.1).

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

Project was completed before the current reporting period.

MRS ID: 11000052-RUS-CICD014 (12)
Award No: EPE-0005-1-00-5029-00
Data Report Prepared: March 6, 1997

Economic and Enterprise Development Program (EED)

This activity provides technical support to small and medium businesses and the institutions that serve them, enabling Russian small businesses and support institutions to benefit from the skills and experience of Americans who are actively engaged in similar businesses. A volunteer's Primary Assignment typically lasts from 2 weeks to 2 months.

Such Primary Assignments are to achieve four major outcomes through consultations at the firm level:

- *create businesses and jobs,*
- *expand the small business services sector,*
- *build a better business environment, and*
- *improve access to credit.*

U.S. Implementing Partner:
Citizens Democracy Corps, Inc.
(CDC)

Start: September 1994
Completion: March 1997

Russian Implementing Partners:
Private firms, Russian NGOs
USAID Business Development partner organizations.

Activity Manager:
Erin Kinder

Major Implementation Accomplishments

Overcoming a slow start, CDC's volunteer assistance program produced higher performance results than were previously expected in its second year. These results include over 300 primary consulting assignments which led to significant job creation, 82 business support institutions partnered and supported by the business volunteers through seminars and training, and over \$3,620,000 in equity and credit accessed by clients of the program. The EED program is now completed and closed out.

"Lagniappe" Assignments: Secondary (or "lagniappe") assignments offer an opportunity to spread a volunteer expert's skills and experience across a wider field with little impact on total cost. CDC's main expenses involve placing a volunteer with a client in the Russian business community. By encouraging the volunteers to work beyond their Primary Assignments, costs to CDC are reduced, further enabling the volunteer to provide more to the company or companies it is assisting.

Other services: CDC also delivered a wide range of business support services efficiently throughout Russia by drawing upon its solid asset base of experienced and qualified local staff, experienced and motivated senior advisors' network of collaborative partners (providers and investment houses) in Russia; and a rapidly growing and loyal base of local business leaders. Increased continuing education opportunities have been met by bringing in specialists and have generated an increased exchange of ideas, experience and methods. More than 1,299 jobs were created during the period of its activities, and CDC estimates this has helped to sustain 27,120 jobs. Some CDC clients are now willing to send their senior management staff for U.S. based training, bearing the cost themselves.

Activity Contributions to Targets

The activity contributed to Strategic Objective 1.3, *the accelerated development and growth of private enterprises*. It specifically supported IR 1.3.3.1, *workable models for new and restructured firms to compete in a market economy* (with cumulative results indicating that 66 new businesses were created or helped to start up, 1,190 new jobs were created, and 364 businesses were sustained). The activity also contributes to IR 1.3.4.2, *businesses establish direct relationships with partners and customers across regions*. Through CDC's activities as well as through close cooperation with other projects, the clients form professional associations and partnerships. For example, the Association of Realtors of St. Petersburg is working closely with CDC.

Major Issues or Problems

One of the problems encountered with this program was in the area of financial management reporting. To a lesser extent, CDC was not able to articulate or better reflect the impact of their activities in their reports to AID - this led to anecdotal success stories, but overall impact was difficult to measure.

MRS ID: 1000057-RUS-CDCI001 (13)
Award No. 110-0005-A-00-4037
Date Report Prepared: March 20, 1997

Enterprise Development Program (EDP)

This business management training program began in 1990, initially providing internships for Russian entrepreneurs in US firms. In addition to internships, the activity also:

- *offers the help and advice of a team of US professional consultants to those Russian businessmen and women who interned in the USA through this program, and*
- *assists entrepreneurs with preparation of the application documents for loans or credits.*

U.S.

Implementing Partner:

Center for Citizen Initiatives
(CCI)

Start: April 1995

Complete: March 1998

Russian Partners:

Private sector in St. Petersburg,
Voronezh, Yekaterinburg,
Rostov-on-Don, and Dubna

Activity Manager:

John Godden (AID/W - ENI/ED)

Major Implementation Accomplishments

CCI began working in Russia in the 1980s and continues to monitor the changes rapidly taking place in Russia's business environment. With USAID support under the EDP, over 300 entrepreneurs from the Ural and Southern Russia have completed hands-on internship programs with U.S. firms, and more than 400 Russian businesses have received business consulting assistance from volunteer U.S. consultants. Over 1,500 focused business site consultations were provided by these CCI's staff and their consultants.

Activity Contributions to Targets

The activity contributes to SO 1.3, *accelerated growth of private enterprises*, specifically by focusing on IR 1.3.4, *the development of a sustainable network of business support institutions rendering services to entrepreneurs and businesses*; and on IR 1.3.3.1, *the development of workable models for new and restructured firms to compete in a market economy*.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

With USAID funding completed for this activity, CCI/EDP internship programs have been phased out. However, the network of trainees and consultants developed through this activity are expected to continue to assist SME sector development, as well as strengthen linkages with other assistance programs. For the final stage of this activity and the remaining period of Agreement, CCI is working on the development of an alumni network and database of trainees.

MRS. ID: 11000057-RUS-CCIS002 (14)

Award No:100-0005-A-00-5010-00

Date Report Prepared: November 15, 1997

Agribusiness Partnerships

Through subgrants to US agribusinesses with commercially viable joint venture projects in food processing, marketing, distribution and farm input supply, this activity is intended to:

- *introduce market-based, modern technology and management techniques to help restructure the Russian food system,*
- *leverage American private investment in amounts many times the size of the USAID subgrants,*
- *produce widespread demonstration and ripple effects — i.e., adoption of new methods, expansion of markets for farm produce, and stimulation of investment throughout the food chain.*

U.S. Implementing Partner:
Citizens Network for Foreign
Affairs (CNFA)

Start: January 1993
Completion: January 1997

Russian Partners:
Joint venture partners of 10 US
agribusiness investors

Activity Manager:
Cathy Norris

Major Implementation Accomplishments

The Agribusiness Partnerships cooperative agreement ended in January 1997 with a mixed record of success. Two of the ten subgrantees, the Heinz Baby Food and Cargill Corn Mill projects, have formed sustainable, growing businesses with well-trained staffs, providing a demonstration effect of modern agribusiness management. Three others, Magna C Seafood, Ventures East Meat and Dairy Processing the Ibberson Modular Feed Mill, although not achieving planned investment levels, appear commercially successful and have transferred modern technology.

Activity Contributions to Targets

The Agribusiness Partnerships are included in SO 1.3, *accelerated development and growth of private enterprises*. Some of the sub-projects have become “successful models” and hence contribute to IR 1.3.3.1, *workable models for new and restructured firms to compete in a market economy are created*. On balance, however, since the few successful projects are on a limited scale and have not produced many ripple effects, the activity has not significantly contributed to IR 1.3.3, *successful models of private ownership and modern management widely replicated*.

Major Issues or Problems

Most of the partnerships encountered myriad problems, delays and unforeseen costs in starting up, and were quite slow in carrying out their investment and technical assistance plans. ConAgra had to scale back and completely revise its business strategy. TPC Foods never fully opened its GIANT supermarket and is operating at a loss. ABS has been on hold for the past year. The Ben & Jerry's and Continental Grain projects were terminated.

As shown by the widespread problems these companies have experienced in dealing with customs clearance, taxation and other government regulations, fundamental reforms in the legal and regulatory environment are necessary before investment projects can occur smoothly and large scale foreign and domestic investment will occur. Faced with a very tight budget, USAID/Russia decided to deobligate the remaining funds in the cooperative agreement and use them to support systemic changes that will benefit all investment, including agribusiness.

Upcoming Outreach Opportunities/Plans for Next Period

A new, small cooperative agreement with CNFA, which will include a subgrant to Ventures East to take over and complete the ABS Beef Master plant, has been approved. The *Meat System Activity* will enable CNFA to maximize the benefits of the ABS project, which has been stalled because of irreconcilable differences between the US and Russian partners. There is a chance to revitalize this partnership and create a new business in Kaluga oblast which would provide jobs and a market for livestock farms and generate significant economic activity in the area.

As USAID's relationship with CNFA continues, albeit on a limited scale, we will cooperate in applying the lessons learned from the US agribusiness companies' experience in future efforts to improve the policy environment for agricultural investment.

MRS ID: 11000063-RUS-CNFA0002 (15)
Award No: CCN-0006-A-00-3033-00
Date Report Prepared: March 23, 1997

Grain Storage and Marketing

This activity contributes to developing skills and practices for Russian grain producers and grain marketing participants to function in a competitive market economy. The activity includes three components:

- *supervision and monitoring of proper grain handling and storage practices in target areas (where USAID-financed grain storage bins have been installed),*
- *provision of grain marketing training to a broader segment of the grain producing sectors, e.g., specific methods of market intervention and the dynamics of grain management, and*
- *implementation of a grain warehouse receipts pilot activity which, if successful, will serve as an example for agricultural credit systems.*

U.S. Implementing Partner:
Citizens Network for Foreign
Affairs (CNFA)

Start: April 1994
Completion: January 1997

Russian Partners:
Private grain producers and
marketing firms in southern
Russia, Oblast and Raion
administrations

Activity Manager:
Cathy Norris

Major Implementation Accomplishments

The first two components, *Grain Handling and Storage Practices* and *Marketing Training* were completed in April 1996, while *the grain Warehouse Receipts Activity* began last spring. Through a CNFA subgrant to Cargill, the pilot activity in Krasnodar originally intended to create a credit mechanism based on a "warehouse receipt" for stored grain, which would serve as collateral for short term agricultural loans. Instead of a licensed warehouse receipt, Cargill and the CNFA consultant developed a legal, and more enforceable, three-way contract among the grain buyer, seller and silo. Because of the time required to develop the contract and educate Cargill's traders and the region's farmers about the system's operation and benefits, the activity got off to a slow start. Cargill made only four loans, which were collateralized by 1,000 metric tons of grain stored in three different commercial elevators, and banks did not participate. However, in less than a year Cargill/CNFA managed to design an effective mechanism and to show that it works and can have significant benefits for farmers, grain traders and elevators. They now need to develop a pilot activity in which the mechanism will be introduced to many more farms and silos and fully tested.

Activity Contributions to Targets

By creating a new farm finance model to address a serious constraint to the development of successful private agricultural enterprises, the grain credit activity contributes to SO 1.3, *accelerated development and growth of private enterprises*, and IR 1.3.3, *successful models of private ownership and modern management* widely replicated.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans for Next Period

A new cooperative agreement with CNFA to continue the grain program as the *Collateralized Grain Credit Activity* for one year has just been approved. Cargill proposes to expand to 40 farms and 40 storage silos and a minimum of 15,000 metric tons of grain in Rostov and Stavropol as well as Krasnodar. It will document the system's features, provide a financial analysis of the benefits of collateralized credit, conduct promotion and training programs, and prepare dissemination materials for wide application of the system. If this mechanism is adopted by other traders and suppliers and spreads to other oblasts, it would be an important way to provide market-based working capital for farms. Cargill's experience will also provide valuable information to a World Bank/VOCA team which is developing a pilot activity for a nationwide, licensed warehouse receipts system in which many banks would participate.

MRS ID: 11000063-RUS-CNFA001 (16)
Award No: CCN0006G00312700
Date Report Prepared: March 18, 1997

Market-Oriented Farm Support Activity (MOFSA)

MOFSA involves pilot efforts in two oblasts (Vologda and Saratov) to:

- *design and implement agribusiness models that demonstrate how reorganized farms can become viable private enterprises,*
- *develop/replicate models enabling farms to obtain agricultural credit from bank and non-bank institutions, and*
- *develop models to transfer social service financing and management to local governments or private organizations while maintaining rural social services at approximately the present or a better level.*

U.S. Implementing Partners:

Chemonics
(Vologda -PACD: 11/4/97)
Louis Berger
(Saratov - PACD: 12/24/97)
Eurasia Foundation
(Saratov - PACD: 6/30/2000)

Start: April 1996

Completion: May 2002

Russian Partners:

Oblast and selected raion administration officials, selected reorganized farms, new/reorganized agribusinesses and financial organizations, Ministry of Agriculture, and State Privatization Committee (GKI)

Activity Manager:

Cathy Norris

Major Implementation Accomplishments

As the Chemonics and Berger contracts approach their end, MOFSA can show some significant successes, particularly in Saratov. At the same time, the Saratov fund for agribusiness loans and social sphere grants, which was established by Berger and the Eurasia Foundation, has just started up. Eurasia, Berger and banks participating in the revolving loan fund are now reviewing for financing 13 business plans of new and reorganized farms and agribusinesses which Berger has developed as models of viable, market-based, credit-worthy enterprises. *Agribusiness.* Berger provided TA and training in marketing, financial management, and strategic planning to numerous agriculture enterprises in Saratov, focusing intensively on the 13 selected enterprises which it helped to develop loan applications. Chemonics assisted several dairy processors in successfully marketing Vologda's premium quality butter and other products in Moscow, St. Petersburg, and Arkangelsk supermarkets. As sales increase, demand for milk from local farms and prices should continue to rise. However, efforts to form an association of dairy processors and a producers cooperative have not succeeded. *Credit.* The \$800,000 Saratov fund will provide short-term loans to processors through two participating banks and grants to promote social assets divestiture to the private sector. Berger has trained the banks to review and administer the loans. Eurasia will take over the TA and continue to manage the fund for 32 more months, by which time the banks are expected to increase their own agricultural lending. *Social Services.* Chemonics has designed and tested 4 models to improve management and quality and reduce costs in housing, kindergartens, heating, and water utilities, which are now being replicated oblast wide and are included in the oblast's long term plan for housing and utilities. Berger's rural small business incubator program will continue to be supported by Eurasia. Local government officials in both oblasts have been trained in performance based budgeting of social services.

Activity Contributions to Targets

Agribusiness and credit components contribute to SO 1.3, *accelerated development and growth of private enterprises.* Results in these two components support IR 1.3.3, *successful models of private ownership and modern management widely replicated.* The social services component contributes to SO 3.2, *improved effectiveness of selected social benefits and services,* and to IR 3.2.2, *new approaches to service delivery adopted,* and IR 3.2.3, *new approaches to resource allocation and alternative financing for service delivery adopted.*

Major Issues or Problems

Chemonics developed a creative design for a loan guarantee fund and a local NGO foundation to administer the fund. It also trained bank personnel. However it was unable to produce a sufficient number of business plans for viable, reorganized enterprises. With time running short, the Vologda fund unfortunately could not be established.

Upcoming Outreach Opportunities/Plans

Russians trained by Berger have formed their own consulting firm and will prepare business plans for the Eurasia Fund and participate in future agribusiness investment promotion work in Saratov and Samara through PRARI.

MRS ID: 11000052-RUS-CICD016 (Vologda/Chemonics), 11000052-RUS-LBII001 (Saratov/Berger) (17)
Award No: EPE0006C00600700 (Chemonics), EPE0006C00600800 (Berger)
118-G-00-97-00203-00(Eurasia)
Date Report Prepared: October 31, 1997

Port Development and Administration in Archangelsk

This activity worked with the Port of Archangelsk as a pilot effort to address critical issues of port development and administration -- port management, local administration, and other transportation links (particularly rail). The two components of the activity were:

- *development of a comprehensive port development plan, and*
- *implementation of this plan at Archangelsk as a model for port planning and development nationwide.*

U.S. Implementing Partner
Louisiana State University
National Ports and Waterways
Institute

Start: September 1995
Completion: September 1997

Russian Implementing Partners
The management of the Port of Archangelsk, railroad representatives, the city administration (Mayor's Office) of the City of Archangelsk, and representatives of the Oblast Administration

Activity Manager:
Cecilia Ciepiela

Major Implementation Accomplishments

LSU's National Ports and Waterways Institute (NPWI) has completed the full analysis of Port Archangelsk and the development plan. The plan embodies analysis and recommendations in the five sectors necessary for Archangelsk to slow their shrinking traffic volume, restructure, and adopt a market posture. These are: Port of Archangelsk Hinterland Economic Development; Traffic Allocation and Evaluation of the Port's Competitive Position; Traffic Forecasts, 1996- 2005; Preliminary Institutional and Organizational Analysis; and Review of Accounting Practices and Financial Situation. The findings of NPWI and the draft development plan were presented to Port officials on March 20, 1997. National port officials accepted recommendations and have begun to implement them.

Activity Contributions to Targets

This activity supports Strategic Objective 1.3, *accelerated development and growth of private enterprises*, and, for ocean ports, attempts to develop a successful model of private ownership and modern management which will be widely replicated (IR 1.3.2).

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

The outreach opportunity for this project is to use the very valuable analysis and plan of NPWI as a model for port development and management across Russia. On October, 25 will conduct a seminars on Financial Administrative and Constitutional Issues in the Russian Maritime Sector co-sponsored by the Association of Russian Ports.

MRS ID: 1100058-RUS-LSUN001 (18)
Award No: 118-0005-G-00-5289
Date Report Prepared: October 24, 1997

Defense Conversion/Joint Venture Development

This activity facilitated business transactions between Russian enterprises formerly involved in defense industry production and external (U.S.) corporations interested in joint ventures or trade. The activity had three phases:

- *a business planning phase in Moscow, in which interested industrialists develop and present business plans,*
- *a training/search phase, in which the industrialists with the best-developed business plans work out of Pepperdine University to receive more intensive training and develop U.S. contacts, and*
- *a follow-up phase.*

U.S. Implementing Partner:
Pepperdine University

Start: September 1995
Completion: June 1997

Russian partners:
Center for Conversion and Privatization, a branch of the Institute of US and Canada Studies

Activity Manager:
Erin Kinder

Major Implementation Accomplishments

Pepperdine's program has facilitated long-term relationships between Russian and U.S. based companies, enhancing each company's international abilities through an alliance of technology or capabilities. Russian companies not previously "networked" to the degree that companies in the U.S. practice are finding this process as effective in Russia as in the U.S. Business plans developed during the program have been used by participants to gain investment and financing. The following are some of the more promising projects in Pepperdine's portfolio:

- **Reflector**, Saratov Region is beginning production of Vacuum Fluorescent Displays for Robert Shaw, a large distribution company of VFD's and will sell these VFD's to General Electric.
- **Converse Center**, Obninsk, Kaluga Region has reached an agreement with Eagle Picher (EP) to purchase Gallium Arsenide scrap material, reclaim the Gallium from Gallium Arsenide and the purify the Gallium for use by high end microchip manufacturers.
- **Neftecom**, Moscow is well down the road toward a joint venture with Hydril Company which is the world leader Blow Out Preventors (BOP's) and down well pumps for the oil industry.
- **Gran**, North Ossetia has developed a new computer display technology component for Micron Technologies.
- **Tora Center**, Moscow has proposed a new software application for Continental Airlines and EDS.
- **Engels**, Saratov Region. Financial commitments are in place and the production facilities are prepared for producing 12 meter passenger buses.
- **Metal Park**, Moscow Region has received an investment of \$500,000.00 in the form of equipment, working capital and expertise to produce titanium golf club heads for Taylor Made, Cobra, Mizuno and a number of others.

Activity Contributions to Targets

This program contributed to Strategic Objective 1.3, *accelerating the development of private enterprises*. Specifically, it contributes to IR 1.3.4.2, *businesses establish direct relationships with partners and customers across regions*.

Major Issues or Problems

One of the greatest problems faced by this center was obtaining financing for the partner projects in Russia to bridge the gap between R&D and prototype production and demonstration. The majority of U.S. partners have been reluctant to fund such high-risk undertakings, willing only to provide technical assistance or support in-kind.

Upcoming Outreach Opportunities/Plans

There is an ongoing effort to search for U.S. partners for the client Russian Enterprises. They hope to continue developing these opportunities, even though USAID funding is completed.

MRS ID: 110000121-RUS-PDUN001 (19)
Award No: 118-005-G-00-5297
Date Report Prepared: October 24, 1997

Applied Economics Program (AEP) for High Schools

This activity increases the awareness of Russian youth to the benefits of market economy through a system of market-oriented training. The activity is organized to achieve five major outcomes:

- *updated training materials for an increased number of students,*
- *an increased pool of Russian teachers of Applied Economics,*
- *an independent evaluation of the effect the AEP has on Russian high school students,*
- *the addition of new Regional Centers to the Junior Achievement / Russia (JAR) network, and*
- *a Computer Network between all JAR Regional Centers (28).*

U.S. Implementing Partner:
Junior Achievement
International (JAI)

Start: September 1994
Completion: November 1996

Russian Partner:
Junior Achievement Russia
(JAR)

Activity Manager:
Alexander Sarkisov

Major Implementation Accomplishments

Updated materials/more students. JAR's goal was to enroll about 180,000 new students in the JAI AEP program with the most recent textbooks and study guides free of charge. By November 1996 (end of the CA) about 150,000 new students have been trained. In the 1996 academic year, the number of new students will reach the goal.

Russian teachers. JAR's goal for an increase in the number of teachers who will be teaching JAI's Applied Economics Course within the Russian Ministry of Education school system has been 4,800 teachers. 5,000 teachers have been trained and are involved in teaching the JAI's AEP program. 75% of them have found permanent jobs in the Russian school system. The remaining 25% are expected to find jobs in the 1996 academic year.

Independent evaluation. The evaluation conducted by an independent subcontractor showed that JAI's AEP program is highly successful in teaching Russian high school students about private business. Students exposed to AEP performed better on all tests and had more positive attitudes about business. The evaluation recommended that the role of a business consultant is key in AEP and should be strengthened.

New Regional Centers. JAR's goal was to increase the number of regional centers from the original 19 to 29 or more. Presently there are 28 regional centers.

Computer network. Equipment has been procured and installed in the regional centers and the Headquarters in Moscow. Now the 28 regional centers and the Moscow headquarters are linked between themselves and JAI by an E-mail network.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.3, *accelerated development and growth of private enterprises* by focusing on IR 1.3.1.2, *improved understanding of free market principles by political leaders, government officials, and general public* through dissemination of market economy skills, principles, benefits and ethics to a wide audience of high school teachers and students in more than 28 regions of Russia.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

The program is successfully completed. USAID is awaiting the final report which is delayed due to so far unresolved issues with JAI's final overhead rate. In 1996, JAR received a greeting from President Yeltsin for its "successful and important" program.

MRS ID: 11000057-RUS-JAIN001 (20)
Award No.: 110-0005-A-00-4638-00
Date Report Prepared: October 23, 1997

The Farmer to Farmer Program

USAID supports a U.S. Department of Agriculture initiative that provides volunteer specialists who respond to requests for short-term technical assistance. To date, more than 1200 volunteers have worked throughout Russia.

Following the recommendations of a July 1996 evaluation, the program is now focusing in fewer geographical areas on fewer types of activities. Most recent work has been in 18 oblasts. The main emphases have been: organizational development, agribusiness, and finance. More focus is also being placed on increasing public awareness of the Farmer to Farmer Program in the US.

U.S. Implementing Partners:
ACDI / VOCA; CNFA; Land O'Lakes; WINROCK

Start: September and October 1992
Complete: Extended annually based on USDA Farm Bill appropriations.

Russian Partners:
Private farmers, farmers' associations, agricultural training institutes and colleges, reorganized farms, and local governments

Activity Manager:
Cathy Norris

Major Implementation Accomplishments

The 200 volunteer assignments completed since October 1996 have had tangible impacts.

Organizational development results include: VOCA assisted the Federal Farmer Development Service in Sergiev Posad to develop a 13-page manual for future extension agents. In cooperation with the Retraining center of the MOA, WINROCK provided a seminar in information and advisory services for 10 grantees of the Eurasia Foundation.

Agribusiness Development. VOCA's assistance to clients in Saratov, Novorossiisk, Bashkortostan, Voronezh, Pskov, Smolensk, Pushino, Kaliningrad, Bryansk, and Penza resulted in quality improvements, new product development, and greater marketing efficiencies. 7 bakeries improved bread quality, increased monthly sales volumes, expanded product line by new types of bread, increased monthly incomes. A consulting agency under the auspices of VOCA facilitated a commercial deal between the Saratov wheat breeders and the Russian-Swiss Fund in Voronezh. Smolensk private farmers were able to increase per ha crop yields and reduce post-harvest grain and vegetable losses. Two mushroom growing cooperatives increased output of mycelium, expanded their product line by 4 new varieties of oyster mushrooms, adopted sanitation standards, decreased labor cost and increased labor productivity; meat processors and sunflower seed oil private companies improved overall quality of their products, decreased energy and labor costs, introduced several new items in the products' assortment, and increased sales volumes. As a result of LOL volunteers' assistance, a private farm in Ivanovo oblast got a loan of \$ 18,000 from the State Foundation For Support of Small Enterprises. To maximize impact all the implementors provide sustained, follow-on assistance to clients with the greatest potential for success. For example, CNFA expands its activities with Sochi AKKOR in developing local wholesale markets, and has a network of constant clients in the Kraasnodar krai in the areas of farm management, small business development and information services for private farmers. An old client of WINROCK participated in the Annual American Goat Association conference which was made possible through contributions of the Association and volunteers. The MOFSA project was supported by VOCA, LOL, and ACDI volunteers who completed a number of assignments both in Saratov and Vologda.

Agricultural Finance. ACDI, in cooperation with the St. Petersburg banking school of the Central Bank of Russia, provided a series of seminars in securities market, and started an activity in Rostov on Don on setting-up farmer credit cooperatives.

Activity Contributions to Targets

Most Program activities relate to SO 1.3, *the accelerated development of private enterprise.* Assignments are usually activity or problem specific and do not show impact at the IR level.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plan

ACDI will assist in setting up credit cooperatives in Rostov-on-Don. In Vologda LOL will work with dairy farms to set up a dairy producers' association. VOCA and CNFA will expand their activities in the areas of agribusiness and institutional development. WINROCK will work at the grassroots level in developing extension services in Kalmykia.

MRS ID: 11000063-RUS-ACDI001 MRS ID: 11000063-RUS-LOLI001 MRS ID: 11000063-RUS-VOCA001 (21)

MRS ID: 11000063-RUS-WIAD001 MRS ID: 11000063-RUS-CNFA002

Award No: FAO-0705-A-00-2094-00, FAO-0705-A-00-2091-00, FAO-0705-A-00-2093-00, FAO-0705-A-00-2088-00, FAO-0705-A-00-2095-00

Date Report Prepared: October 28, 1997

Sustainable Agribusiness Support Project

This activity is in close cooperation with the Ministry of Agriculture(MoA), to set up a sustainable model of national agriculture extension service at the grassroots level as an effective mechanism for developing private farming and processing businesses.

US Implementing Partner:
Center for Citizen Initiatives/The
Agricultural Initiative

Start: September 1997
Completion: August 1999

Russian partners:
Ministry of Agriculture and Food
of the RF/Educational
Department, Agricultural training
colleges in 7 regions

Planned LOP: \$300,000
Obligations to Date: \$300,000
Expenditures (10/01/97): \$15,133
Current av Exp/Mo.: \$12,000

Activity Manager:
John Thomas

Major Implementation Accomplishments

This activity began on September 1, 1997. To date CCI has set up an organizational structure and completed seminars in two training institutes in Krasnodar and Penza with 36 consultants from neighboring agricultural colleges. The third annual conference, "Ecological Security in Agriculture", was held in Sergiev Posad on October 21-23, 1997. Collaboration has begun with the World Bank ARIS project.

Activity Contributions to Targets

Project activity relates to SO 1.3, *the accelerated development of private enterprise*. Because the project only started in September 1997, activities have not made a contribution to targets. However, expected targets are as follows:

- seven operational Russian Extension Centers serving an average of 150 local producers and agribusinesses;
- average 20% profitability increase for all Center clients over two years;
- 10-20 Extension managers and agents trained in one-month programs with US Extension Services;
- 25 clients receiving loans from Russian banks or international funds;
- 40 agribusiness owners/managers funneled into Productivity Enhancement Program for one-month;
- 100 Russian Extension agents trained through regional seminars;
- Agribusiness Information Centers established at seven Russian Extension Centers;
- 100 Russian-language agricultural "how-to" guides and 150 newsletters from the Centers available electronically via the Internet;
- 35 small-group training visits conducted to research/demonstration or successful private farms;
- 5 additional consulting services created in neighboring oblasts as a result of on-site seminars.

Major Issues or Problems

The Novosibirsk Agricultural College, unable to contribute necessary in-kind resources, was replaced with the Arzamas Agricultural College.

Upcoming Outreach Opportunities/Plans for Next Period

November-December 1997: the project will open an office and establish a bank account for wire transfers.

January 1998: All seven Extension Centers will be fully operational.

January-February, 1998: All seven Extension Center directors will participate in US-based training at Iowa State University and the Universities of Alaska and Vermont.

April 1998: The next round of Extension training seminars will be held in Kolomna and Lipetsk.

MRS ID: N/A (22)
Award No. 118-G-00-97-00273-00
Date Report Prepared: October 24, 1997

Collateralized Grain Credit Activity

This activity contributes to developing skills and practices for Russian grain producers and grain marketing participants to function in a competitive market economy by using stored grain as collateral for credit:

- *implementation by Cargill of an in-house grain collateralization pilot activity which, if successful, can be replicated by other agricultural suppliers and banks and will serve as the basis for developing a national licensed warehouse receipts system.*

U.S. Implementing Partner:
Cargill International

Start: April 1997
Completion: April 1998

Russian Partners:
Private grain producers and marketing firms in southern Russia, Oblast and Raion administrations

Activity Manager:
Cathy Norris
Project Consultant:
Dmitri Rylko

Major Implementation Accomplishments

Through a CNFA subgrant to Cargill in spring 1996, the pilot activity in Krasnodar originally intended to create a credit mechanism based on a "warehouse receipt" for stored grain, which would serve as collateral for short term agricultural loans. Instead of a licensed warehouse receipt, Cargill and the CNFA consultant developed a legal, and more enforceable, three-way contract among the grain buyer, seller and silo. Because of the time required to develop the contract and educate Cargill's traders and the region's farmers about the system's operation and benefits, the activity got off to a slow start. Cargill made only four loans, which were collateralized by 1,000 metric tons of grain stored in three different commercial elevators, and banks did not participate. However, in less than a year Cargill/CNFA managed to design an effective mechanism and to show that it works and can have significant benefits for farmers, grain traders and elevators. A new direct grant was awarded to Cargill in spring 1997 for a pilot activity in which the mechanism will be introduced to many more farms and silos and fully tested during the 1997-98 crop year. Cargill is well on its way to reaching its targets of working with 40 farms and 40 storage silos and signing contracts for a minimum of 15,000 metric tons of grain. It is documenting the credit mechanism's features, providing a financial analysis of the benefits of collateralized grain, conducting promotion and training programs, and preparing a roll-out manual for wide application.

Activity Contributions to Targets

By creating a new farm finance model to address a serious constraint to development of successful private agricultural enterprises, this activity contributes to SO 1.3, *accelerated development and growth of private enterprises*, and IR 1.3.3, *successful models of private ownership and modern management* widely replicated.

Major Issues or Problems

None

Upcoming Outreach Opportunities/Plans for Next Period

If this mechanism is adopted by other traders and suppliers and spreads to other oblasts, it would be an important way to provide market-based working capital for farms. Cargill's experience is providing valuable information to ACIDI/VOCA, which has proposed, as part of the Samara Regional Investment Initiative, a grain collateralization pilot in which banks will participate and necessary legislation for a regional warehouse receipts system will be developed. If approved, this activity will leverage a grant of \$3 million from the UN Common Fund for Commodities for ACIDI/VOCA to develop a nationwide, licensed warehouse receipts system

MRS ID:
Award No: 118-8-G-00-97-00256-00 (23)
Date Report Prepared: October 31, 1997

Consulting Services for Russian Entrepreneurship (CSRE)

ACDI/VOCA, Winrock International (WI) and the Center for Citizen Initiatives (CCI) propose a two year technical assistance and services program to strengthen local Business Support Organizations (BSOs), small and medium-sized enterprises (SMEs), and restructured firms in order to promote sustainable economic development in eight regions of Russia. The program will support Russian businesses support organizations, NGOs and financial institutions and, through collaboration with USAID and other donor supported business centers, serve as a conduit for wider dissemination of business support, consulting and assistance.

US Implementing Partner:
ACDI/VOCA in association with
Winrock International and CCI.

Start: April 1997
Completion: April 1999

Project Officer:
Erin Kinder
Activity Manager:
Julie Brooks

Major Implementation Accomplishments

This is a new activity.

Activity Contributions to Targets

Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (ACDI/VOCA) in association with Winrock International and the Center for Citizen Initiatives proposes to support USAID's Strategic Objective 1.3 in Russia of *accelerating development and growth of private enterprises* and USAID's associated Intermediate Results of *replicating models of private ownership and modern management and building sustainable network of business support institutions rendering services to entrepreneurs and businesses.*

Major Issues or Problems

Lengthy delays in program implementation have occurred. In addition, it took over six months for the sub-agreements to be provided for review, which, unfortunately, had the appearance of hasty and insufficient preparation. Inconsistencies in the sub-agreements may stem from the boiler plate method of preparation, however, that does not excuse the lack of substance. For example, it is difficult to understand how three different organizations could all hold the "key" and "central" roles in the implementation of the program. This confusion is further reflected in the first progress report which does not adequately address or explain the reasons for the lack of progress to date. The Agreement Officer and the Activity Manager are currently trying to address this problem and accelerate the program's implementation.

Upcoming Outreach Opportunities/Plans for Next Period

The program will focus on cost-effective ways of strengthening a critical mass of business support institutions while supporting the successful development of a maximum number of private enterprises. The program will:

- strengthen BSOs toward a goal of better cost-recovery, increases sustainability and service delivery;
- strengthen SME capacity to attract and use capital effectively;
- create and distribute replicable models of private ownership and modern management;
- increase opportunities for U.S. business investment and trade;
- affect policy changes at the local and regional level to support private sector development.

MRS ID:
Award No. 118-A-00-97-00124-00 (24)
Date Report Prepared: October 31, 1997

**Enterprise and Economic
Development Project (EED
- BVP)**

CDC will deliver expert assistance to a wide range of private enterprises and Business Support Institutions (BSIs) through its established offices in the critical regions of the Russian Far East (RFE) and Northwest Russia (NWR). CDC will focus on building local capacity through greater utilization of staff and Russian partners, and several innovative initiatives such as Value (Volunteer Assisted Leveraging, Utility and Education), FLARE (Financing, Linkages, Accountability, Responsibility & Experience), and TAP (Technical Assistance Providers) will encourage investment, promote business partnerships and increase measurable impact consistent with the objectives set forth by USAID/Russia.

U.S. Implementing Partner:
Citizens Democracy Corps
(CDC)

Start: February 1997
Completion: January 1999

Project Officer:
Erin Kinder
Activity Manager:
Anne Simmons-Benton

Major Implementation Accomplishments

This is a new activity.

Activity Contributions to Targets

Citizens Democracy Corps (CDC) proposes to support USAID's strategic objective in Russia of *accelerating development and growth of private enterprises* and to deliver assistance with immediate impact. CDC will utilize existing trained staff, offices, equipment, networks, partners, and relationships to support the strategic objective.

Major Issues or Problems

None encountered to date.

Upcoming Outreach Opportunities/Plans for Next Period

CDC will build local capacity through the delivery of specific skills training & experience (volunteer assignments, mentoring, workshops) while encouraging local interaction toward the creation of an indigenous business support infrastructure and the building of traditional market driven business partnerships through business associations, industry exchanger and open access to information and opportunity. SME support mechanisms will include:

Supporting Business Support Institutions:

- Associations & Client Groups;
- Sustainability-Linking Business & Investment;
- Volunteer Support Skills Transfer;
- Mentoring;
- CDC Staff.

MRS ID:
Award No. 118-A-00-97-00157-00 (25)
Date Report Prepared: October 30, 1997

Client Focused Business Volunteer Program (BVP)

This program will support the acceleration of development and growth of private enterprises in Russia, will replicate successful models of private ownership and modern management and build sustainable network of business support institutions capable of rendering services to the Russian private sector.

The program will link with indigenous partners to ensure institutionalization of local capacity. To summarize, IESC will:

- *train 12 self-sustaining Regional Consulting Centers (RCC) in seven Russian regions,*
- *IESC will develop the capacity of these RCCs so that they can have an impact on Russian enterprise and private sector development, strengthen the overall service mix of the RCCs', and enhance the role of the RCCs so that they can influence the policy-making process at the local level.*

US Implementing Partner:
International Executive Services
Corps (IESC)

Start: May 1997
Completion: April 1999

Activity Manager:
Erin Kinder

Major Implementation Accomplishments

This is a new activity.

Activity Contributions to Targets

The International Executive Service Corps (IESC) proposes three initiatives in order to support USAID's Strategic Objective 1.3 in Russia of *accelerating development and growth of private enterprises* and USAID's associated Intermediate Results of *replicating successful models of private ownership and modern management, and building a sustainable network of business support institutions capable of rendering services to entrepreneurs and businesses.*

Major Issues or Problems

None encountered to date.

Upcoming Outreach Opportunities/Plans for Next Period

In the first year of its program, IESC will:

- Complete 134 technical assistance projects;
- Complete 12 seminars; and
- Send 12 long term resident advisors.

IESC will leverage USAID's investment in Russia through a mix of short, medium, and long term volunteer experts whose work will contribute to the fulfillment of USAID's strategic objectives in Russia, while creating a cost-efficient program which provides and coordinates volunteer assistance.

It is anticipated that this work will have a direct impact on 1,500 enterprises in Russia in the two-year program and that it will have an indirect impact on 15,000 enterprises in a two-three year period.

MRS ID:
Award No.: 118-A-00-97-00109-00 (26)
Date Report Prepared: October 30, 1997

Business Education Project

This activity is expected to advance economic reform and investment in specific regions in Russia where there is an American corporate presence by facilitating training of several thousand Russians working for 20 of the U.S.-Russia Business Council's member companies. Specifically the program will:

- *facilitate training for Russian managers and employees,*
- *foster replicable models of private ownership and modern management in the Russian Federation through its U.S. corporate participants, and*
- *foster opportunities for U.S. business interests in Russia through corporate partnerships, linkages and education of Russian managers receiving U.S. investment.*

US Implementing Partner:
U.S. Russia Business Forum

Start: August 1997
Completion: August 1998

Activity Manager:
Erin Kinder

Major Implementation Accomplishments

This is a new activity.

Activity Contributions to Targets

The Business Education Project (BEP) will support USAID/Russia's Strategic Objective 1.3, *accelerating development and growth of private enterprises* and associated Intermediate Results 1.3.3 and 1.3.4, *replicating models of private ownership and modern management and building sustainable network of business support institutions rendering services to entrepreneurs and businesses.*

Major Issues or Problems

None encountered to date.

Upcoming Outreach Opportunities/Plans for Next Period

In order to achieve the program objectives, the Recipient will provide:

- A survey of all U.S. corporate members to compile a Training Needs Assessment and Database;
- Coordination with existing USG funded training (i.e., CBSD, Morozov, IIE, IREX, ACTR, and other USAID/Russia - OER/BD providers);
- Conduct one workshop to bring both the BEP staff and Human Resource managers of the selected companies together;
- Conduct a second workshop for "advanced" training module design purposes;
- Design, plan and launch a pilot "advanced" second tier train-the-trainers program;
- Selection of trainees at these enterprises in coordination with Human Resource managers;
- Schedule/Plan/Launch the training for the selected Russian personnel;
- Evaluate and follow-up with each of the 20 enterprises and the trainees.

MRS ID:
Award No.: 118-G-00-97-00261-00 (27)
Date Report Prepared: October 30, 1997

Business Development Program (BDP)

The Business Development Program (BDP) was the core activity supporting new and small business development in Russia. The BDP has several components, including:

- *the establishment of a sustainable infrastructure (Business Support Centers or BSCs) to provide technical assistance to small and medium sized enterprises (SMEs),*
- *training in all aspects of starting up and managing a business,*
- *business associations capable of effectively lobbying governments and addressing member needs,*
- *stimulating innovative initiatives through a small grant program,*
- *fostering linkages between entrepreneurs and financial institutions, and*
- *improving the local business environment where the BDP operates through consulting, training, and sharing the results of research and policy efforts.*

U.S. Implementing Partner:
Deloitte Touche

Start: November 1993
Completion: September 1997

Russian Partners:
Business Support Centers
Foundation

Activity Manager:
Maya Berulava

Major Implementation Accomplishments

Sustainable infrastructure. The most visible results of the BDP are the 8 Business Support Centers (BSCs) located in Smolensk, Yekaterinburg, Tomsk, Novosibirsk, Zelenograd, Voronezh, St. Petersburg and Vladivostok and all continue to support business development in the region. For 3 years the BSCs provided a full range of business consulting services, as well as serving other objectives of the BDP: managing participant and in-country training programs, helping clients access finance and investment, etc. Working through a variety of Russian strategic partners (approximately 110 indigenous institutions), the BDP and the BSC infrastructure played a leading role in the development of a larger business support network in Russia. Over 200 institutions in more than 30 regions of Russia now make up this network.

Training. The BDP has trained over 36,000 Russians both in Russia and in the U.S.

Links to finance. BDP clients have accessed over \$8.5 million in credits from both international and Russian lending agencies as a result of BDP assistance. BDP trade fairs have generated over \$7 million in signed contracts between firms as well as opening up both domestic markets and the international market place for Russian entrepreneurs.

Local business climate. In the 8 BSC regions, local governments have created innovative small business assistance programs and/or made other tangible improvements in the local climate for SME development with input from the BDP. BSCs are credible consultants; local governments have asked them to comment on draft legislation. Over 40 positive regulatory and policy changes (including tax reform for small business in several regions) at the federal, oblast, and local levels can be attributed to work done under the BDP.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.3, *accelerated development and growth of private enterprise*. Its emphasis is on developing the sustainable network of business support institutions rendering services to entrepreneurs and businesses (IR 1.3.4) although attention is also directed to policies, legislation, and regulations conducive to competition and private sector growth (IR 1.3.1).

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

BSC Foundation successfully secured WB funding to continue business association development.

MRS ID: 1100051-RUS-DEAT001 (28)
Award No: CCN-0005-C-00-3148
Date Report Prepared: October 31, 1997

Business Collaboration Center (BCC)

The BCC is expected to contribute, through personal and electronic networking, to regional and national coordination of business assistance projects, specifically,

- *networking among and increased effectiveness of Business Support Institutions (BSIs) associated with USAID's Business Development program, and*
- *sourcing, quality control and distribution of business support products, in addition to information dissemination.*

U.S. Implementing Partner:
Citizens' Democracy Corps
(CDC)

Start: January 1996
Completion: September 1998

Activity Manager:
Erin Kinder

Major Implementation Accomplishments

The BCC began its third and final year of implementation fully established as a productive organization. The BCC is actively expanding the network and increasing provider access to one another and to outside information. The BCC is realizing its long-term objectives of broadening and deepening cooperation among all technical assistance providers.

- The BCC information/communication infrastructure experienced a dramatic increase in usage.
- The BCC staff introduced new technologies and the latest developments in the computer world. Thus, BCC partners and clients now have access to the most advanced systems available.
- The BCC delivered 35 training seminars in the regions. 612 clients received consultations or participated in "train the trainers" programs.
- The BCC regional activity included the opening of 4 representation offices in the regions (Novosibirsk, St. Petersburg, Vladivostok, and Yekaterinburg).

For the period of January to September 1997, 1,538 clients were trained on the use of BCC facilities and resources, representing 24,086 person-hours of training.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.3, *accelerating the development and growth of private enterprise*. It focusses in particular on IR 1.3.4.1, *business support institutions established and strengthened*.

The activity also contributes to IR 1.3.4.2, *businesses establish direct relationships with partners and customers across regions*. Offices were opened in St. Petersburg, Khabarovsk, Vladivostok, Nizhni Novgorod, and Yekaterinburg to assist BCC with dissemination of information as well as to help coordinate technical assistance efforts.

Major Issues or Problems

Efforts need to shift from sponsoring events and introducing the BCC to a limited group of providers to a greater focus on quality of products, forging of productive strategic partnerships, serving a broader range of providers and exploring a plan for commercial viability. Strategically, the BCC needs to improve the services and programs it offers in the regions, and determine what value it brings to the BSI network members. Generally, the BCC needs to define itself as an organization and better track its impact, if it is to market itself as a financially sustainable resource.

Upcoming Outreach Opportunities/Plans

The BCC will strengthen and formalize ties between USG-funded providers involved in business development as well as explore strategic partnerships and commercial relationships to enhance the long-term viability of the BCC and its partners particularly in the regions. Specific ties will be pursued with the World Bank, EBRD, TACIS, G7 and Russian entities involved with information services to support small and medium business development. Decentralization of the BCC is ongoing, with renewed emphasis on a regional Focus.

MRS ID: 1000057-RUS-CDCI002 (29)

Award No: 118-0005-A-00-5309

Date Report Prepared: March 20, 1997

Small Business Opportunities

This activity emphasizes the development of the small business sector in Nizhni Novgorod, Rostov, Voronezh and Novgorod by facilitating re-employment, business start-up and expansion, and public recognition of the role of small businesses. Specifically, the activity will result in:

- *establishment of Small Business Incubators in Nizhni and Rostov, and*
- *operation of self-sustaining lending/leasing programs in Nizhni, Rostov, Voronezh and Novgorod.*

U.S. Implementing Partner:
Opportunity International (OI)

Start: September 1994
Completion: June 2000

Russian Partner:
Vozmozhnost (Nizhni),
Soprichastnost (Rostov), Soyuz
Vozmozhnost (Nizhni), Doveriye
(Arzamas), Novy Soyuz
(Voronezh), Perspective
(Novgorod)

Activity Manager:
Alexander Sarkisov

Major Implementation Accomplishments

Small Business Incubators. The Nizhni Incubator, with capacity for 12-15 client businesses, is fully operational, it presently has 12 clients and has already graduated 2 businesses. Training and consulting have been provided to more than 8,000 entrepreneurs. In Rostov, the Incubator capacity is 20 clients and 8 are in residence. Almost 500 entrepreneurs have received training.

Lending/leasing. In summer 1997 a new micro lending / leasing activity in Novgorod was added to the program. In Nizhni Novgorod 1,660 loans with a total value of over \$2,280,000 have already been disbursed. Microloans are done using a group-lending approach with 3-5 members per group through a credit cooperative Doveriye (Arzamas), through Novy Soyuz (Voronezh), and now also through Perspective (Novgorod), focusing on the most underprivileged groups, e.g., single mothers, unemployed women, etc. In Rostov, more than 185 leasing or loan agreements have been completed for a value of over \$1,017,000. In all lending programs from 85 to 100% of the loan portfolios are paying back according to the original schedule. Leasing programs in Nizhni has signed an agreements TUSRIF for additional funding (\$500,000 loan to Vozmozhnost in Nizhni).

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.3, *accelerated development and growth of private enterprises* specifically focusing on IR 1.3.4, *sustainable network of business support institutions rendering services to entrepreneurs and businesses* through creation of Russian partner NGOs supporting business associations, providing space and consulting to small businesses, consulting regional administration on business support issues. Through its financing component, the program also contributes to Strategic Objective 1.4, a robust and market supportive financial sector by focusing on IR 1.4.3, efficiently operating financial markets meet the needs of market participants.

The Program also contributes to the Partnership for Freedom Initiative and Regional Investment Initiative (Novgorod Region) proposed by Vice President Gore and Prime Minister Chernomyrdin in 1997.

Major Issues or Problems

In Rostov the Incubator and the lending/ leasing program have undergone a major restructuring to repair former problems with the lending program management. In summer 1997 the Incubator also suffered from a natural disaster - part of the incubator buildings were destroyed by a hurricane. Now the damage has been repaired and the program activities in Rostov are catching up with the original schedule.

Upcoming Outreach Opportunities/Plans

The Nizhni component of the Program will end in October 1997 leaving behind a viable Incubator with its lending and leasing programs and the Micro lending program in Arzamas. Vozmozhnost plans to re-organize its structure to be able to exist without USAID funding. The Novgorod micro lending program has already created the board of directors and registered an in November 1997 plans to issue first loans.

MRS ID: 11000059-RUS-OPII002 (30)
Award No: 110-0005-A-00-4040, 110-0005-A-00-5124-00
Date Report Prepared: October 23, 1997

Russian Initiative for Self-Employment (RISE)

This activity contributes to the development of the small business sector through facilitation of re-employment, new business start up and expansion and public awareness of the role of small business in the economy. The activity is organized to achieve four major outcomes:

- *setting up an Apparel Innovation Center - small business incubator in St. Petersburg,*
- *development of a Business Training Program,*
- *development of a Credit Program for small businesses, and*
- *collaboration with other organizations*

U.S. Implementing Partner:
Center for Citizens Initiatives (CCI)

Start: April 1995
Complete: April 1998

Russian Partners:
Russian Initiative for Self Employment (RISE), Russian entrepreneurs

Activity Manager:
Alexander Sarkisov

Major Implementation Accomplishments

Apparel Innovation Center/Incubator. The incubator has been set up, renovated and expanded its space to two more floors of the hosting Apparel Factory. Presently it houses 14 businesses. It has already graduated 5 businesses.

Business Training Program. A well thought-out training program with various degrees of complexity and completeness for clients with various needs has been developed and successfully carried out by the Incubator. Over 3,800 persons have been trained or received consulting services. CCI reports that over 23,000 jobs have been either sustained or created as a result of this program.

Credit Program. Three different lending mechanisms have been developed and implemented by the Incubator for its clients and outside borrowers - lending (size \$5,000 - \$20,000), "bootstrap loans" between incubator clients (size up to \$500), leasing (up to \$20,000). In May 1997 the Incubator obtained a 3-year leasing licence from the Ministry of Economy and now the clients will have access to larger amount leases (\$20,000-\$25,000). Presently over 50 loans and leases have been made for the total amount of over \$120,000. The repayment rate on the loans and leases is 98%.

Collaboration with other organizations. The Incubator has developed strong relationships with other foreign TA programs in the region and Russian entities operating in the same sector, as well as with the regional government agencies and administration, among them Regional Employment Service, Mayor's Office, St. Petersburg Foundation for SME Support. The Incubator took active participation in the founding of the Russian National Business Incubator Association in the fall of 1996. The Incubator has a strong PR component - regular business articles in the newspaper "Profession", radio presentations in the program "Business St. Petersburg", articles in local newspapers.

Activity Contributions to Targets

This activity contributes principally to Strategic Objective 1.3, *accelerated development and growth of private enterprises* by focusing on IR 1.3.4, *sustainable network of business support institutions rendering services to entrepreneurs and businesses* through support to business associations, provision of space and consulting to small businesses, consulting regional administration and government agencies on small business development. Through its financing component, the program also contributes to Strategic Objective 1.4, a robust and market supportive financial sector by focusing on IR 1.4.3, efficiently operating financial markets meet the needs of market participants.

Major Issues or Problems

None

Upcoming Outreach Opportunities/Plans

The Incubator is going to expand to additional space and will house over 10 clients. CCI, additionally, is going to develop and implement a leasing program. Now, however, it is at an early design stage.

MRS ID: 11000057-RUS-CCIS001 (31)
Award No: 110-0005-A-00-5010-00
Date Report Prepared: October 23, 1997

International Business and Technology Incubator (IBTI)

IBTI is a "virtual" incubator established in Moscow to provide technical support to innovative projects in the area of high technology. This activity supports IBTI's work in:

- *review and evaluation of innovative proposals for the award of Technology Support Funds,*
- *providing business training, and*
- *promoting business formation.*

U.S. Partners:

Virginia Polytechnic Institute & State University Atlas Group, Inc.;
Fenix Technology

Start: July 1994

Completion: April 1997

Partners/Counterparts:

Academy of National Economy of the Russian Federation

Activity Manager:
Maya Berulava

Major Implementation Accomplishments

Review and evaluation of proposals. By December 31, 1996, over 400 proposals were screened, 37 projects received approval for financial support and 31 projects actually received IBTI support (capped at \$25,000 per project). Several of the projects funded by the IBTI activity were provided matching or greater funds by Russian sources. 11 projects are being promoted to find joint venture partners in the US. 17 small businesses were formed through the IBTI program. IBTI's picks as "most promising" technologies: electronic dictionaries; particle analyzers for medical and environmental diagnostics; improved plasma coatings; water desalination; textile medicated materials; vibroactive technologies.

Business Training. Establishment of the Master of Science Technology Management Program in cooperation with the University of Texas with Degrees jointly awarded by the University of Texas and the Academy of National Economy.

Promotion of business. Fenix Technology International, as a member of the U.S. Industry Coalition, has made IBTI project information available to the coalition's industry members. Initial contacts have been made with companies regarding individual projects.

Activity Contributions to Targets

This activity contributes to Strategic Objective SO 1.3, *accelerated development and growth of private enterprises*, as IBTI becomes a sustainable business support institution in the network of such organizations offering services in Russia (IR 1.3.4).

Major Issues or Problems

IBTI has failed to perform reporting according to USAID requirement throughout life-time of the grant and especially during the last half-a-year of operation.

Upcoming Outreach Opportunities/Plans

Closure of UDAID grant on September 30, 1997. The final report expected not later than October 31, 1997 in the Business Development Division/OER.

MRS ID: 1100057-RUS-VPIN001 (32)

Award No.: 110-0005-G-00-4034-00

Date Report Prepared: October 30, 1997

Small Business Incubator, Volkhov

This activity aims to develop the small business sector in a small city (pop. 50,000) in northwest Russia. Four outcomes are expected:

- *a working Small Business Incubator,*
- *a Business Training and Consulting program to increase the number of entrepreneurs capable of running a small business,*
- *a credit/leasing program for small businesses, and*
- *a business association for small businesses in the Volkhov region.*

U.S. Implementing Partner:
State University of New York
(SUNY) and the Alliance of
American and Russian Women
(AARW)

Start: March 1995
Completion: February 1998

Russian Partner:
Volkhov International Education
Foundation/Business Incubator

Activity Manager:
Alexander Sarkisov

Major Implementation Accomplishments

Small Business Incubator. The Incubator has been set up and is fully operational. Now it is completely transferred to Russian management and expanded its space to cover the entire building (1,540 sq.m. of space). It offers a full catalogue of business services (security, phone line, computer center, Xerox, fax) for 10 businesses (among them cafe, bakery, print shop, mushroom producer, knitwear producer, clothes boutique, tailor, car alarm installation, appliances repair, real estate assessment). The incubator is a major provider of business services in the city.

Training and consulting program. To date, the Incubator has provided training and consulting services to over 2,600 entrepreneurs.

Credit program. To date 31 loans and/or leases have been given for the amount of over \$252,000. The incubator has bought a leasing license to expand their leasing program and make it a future basis for self-sufficiency. The Incubator signed an agreement with TUSRIF according to which TUSRIF will provide additional \$250,000 to the Incubator's leasing program.

Small business associations. Five small business related associations have already been established with the Incubator's assistance: the Volkhov Art Association; Volkhov Women's Association; League of Young Entrepreneurs; an agricultural cooperative, the Goltava Non-Commercial Partnership; and the Russian State Association of Business Incubators (Volkhov Incubator was one of the most active founders of the Association).

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.3, *accelerated development and growth of private enterprises* and specifically to IR 1.3.4, *sustainable network of business support institutions offering services to entrepreneurs and businesses* by being a catalyst of small business development in a small town (helps create business associations, provides space and consults small businesses, consults local administration on business support issues). Through its financing component, the program also contributes to Strategic Objective 1.4, a robust and market supportive financial sector by focusing on IR 1.4.3, *efficiently operating financial markets meet the needs of market participants*.

Major Issues or Problems

The incubator has resolved the issue of a short term Incubator space lease for only three years (with further extension being at a discretion of the local Mayor) by extending the lease agreement for 50 years.

Upcoming Outreach Opportunities/Plans

The Incubator grant is approaching its completion. It is considering the issue of financial self-sufficiency and, as a basis for that, it plans to expand its services and especially its leasing program as the prime source of self-sufficiency. For this purpose SUNY/AARW is going to request a no-cost extension of the Cooperative Agreement for 8 months in 1998.

MRS ID: 11000056-RUS-SUNY001 (33)
Award No: 118-0005-A-00-5194
Date Report Prepared: October 23, 1997

Russian-American Small Business Support Center (SBSC)

The SBSC was set up to:

- *provide training for business people and industry managers in the Krasnoyarsk area in management, marketing, business plan preparation, human resources development and other areas of business development,*
- *develop within the faculty of Krasnoyarsk State University a cadre of people who are trained as business counselors and trainers,*
- *manage outreach and publications, providing information support to local entrepreneurs, small and medium enterprises.*

U.S. Implementing Partner:
Washington State University (WSU)

Start: July 1994
Completion: June 1997

Russian Partners:
Krasnoyarsk State University

Activity Manager:
Maya Berulava

Major Implementation Accomplishments

Training. About 460 people have participated in WSU training programs in Russia to date; 13 have gone on to the U.S. for further training. The training programs have been practical and oriented to individuals considering self-employment or setting up a small business.

Business counselors. About 1066 persons have received business counseling at Krasnoyarsk State University.

Regional outreach. To promote business development in the local business community and among students and post-graduates of Krasnoyarsk State University (KSU), WSU has created a Krasnoyarsk Business Club, a KSU Student Business Club, established a business library at the SBSC, and provided support to the Center for Employment, the Regional Investment Center, the Commodities and Producers Union, the Counseling and Legal Center, the Local Privatization Center, and the Chamber of Commerce. WSU produces a regular newsletter at the SBSC, has established a Web page, and undertaken collaborative efforts with the local media.

Also, recently the SBSC received a grant from Eurasia Foundation to use the Center's auditing consultants in a project designed to enhance small business owners' and accountants' understanding of the tax climate, reporting rights and responsibilities.

Activity Contributions to Targets

This activity contributes to the Strategic Objective 1.3, *accelerated growth and development of private enterprise* in the Krasnoyarsk region, by establishing a business support institution which will render services to entrepreneurs and businesses on a sustainable basis (IR 1.3.4).

Major Issues or Problems

Resistance on the part of the Russian staff to follow the consulting procedures worked out by the WSU team, the center's director, and several counselors.

Upcoming Outreach Opportunities/Plans

Mini-conference on hosting trade missions for Krai and City officials organized in association with the Business Collaboration Center (BCC) in March 1997; the Pacific Northwest agriculture trade mission presentation in the first week of March 1997; krai conference on economic development in June 1997; Finnish trade fair "Wood and Food Products" in May and October 1997.

MRS ID: 11000122-RUS-WSUN002 (34)
Award No.: 110-0005-G-00-4033
Date Prepared: October 30, 1997

Business Development in the Russian Far East

This activity focuses on four related outcomes:

- *developing the concept of entrepreneurship and promoting small business development in the Russian Far East (RFE) through training and technical assistance delivered through the American-Russian Centers (ARC) network in the RFE,*
- *enhancing Russian-American business connections,*
- *facilitating educational and cultural exchanges between Alaska and the RFE, and*
- *building institutional relationships between universities in Alaska and in the Russian Far East.*

U.S. Implementing Partner:
American Russian Center (ARC)
at the University of Alaska-
Anchorage (UAA)

Start: 1993
Completion: May 1997

Russian Implementing Partner:
ARCs in Magadan, Yuzhno-
Sakhalinsk, Khabarovsk, and
Yakutsk

Activity Manager:
Anne F. Simmons-Benton

Major Implementation Accomplishments

Promoting business development. ARC has provided 7,900 entrepreneurs with training and business counseling, on-site and in the US, ranging from individual counseling to intensive courses. It has assisted over 400 businesses this year. The ARC in Magadan conducted a highly successful management training course. The Yakutsk Center has provided training for Russian and US officials, resulting in policy changes toward small businesses. The Khabarovsk Center works with local unemployment officials to direct their resources toward programs to provide small business training to the recently unemployed. All four Centers are institutionalizing consulting programs with Russian counterpart institutions. ARC estimates that as a result: 555 businesses have been created; 2,588 new job slots were opened up; 3,125 businesses sustained; and 31,259 jobs were sustained.

Enhancing Russian-American business connections. Through the Centers, ARC facilitates partnerships between business people from the RFE and Alaska. ARC has developed a comprehensive data base on US and Russian businesses in the RFE and a library for firms working in the RFE. ARC has developed programs for Russian employees of US companies.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.3, *accelerated development and growth of private enterprises*. It specifically focuses on strengthening local business support institutions in the RFE (IR 1.3.4.1) and broadening the range of services and products which the business sector can access (IR 1.3.4.2). The four business centers have been strengthened and increased their level of self support. The management of the centers in Magadan and in Yakutsk are being turned over to the Russian directors. Participants of UAA's US based specialized seminars now pay all expenses associated with the seminars. The data base and libraries established by UAA have helped to establish inter-regional partnerships by providing assistance and information to over 320 U.S. businesses and 450 Russian businesses throughout the RFE.

Major Issues or Problems

Developing quality local trainers is a challenge. Training of Russian trainers continues. Currently almost one-third of the training at the centers is being done by Russian trainers. UAA continues to have difficulty in attracting non-USG funds for the ARC to meet its goal of sustainability. UAA is working on cooperative training with other entities such as the Peace Corps, CDC, Eurasia Foundation and the FAA. Staffing in Magadan and Yakutsk is also being reduced. The Centers have managed to raise over 15% of their operating costs.

Upcoming Outreach Opportunities/Plans

UAA's program has received a Congressional earmark of \$2.5 million for FY 97. ARC will create greater access to markets in the RFE for US businesses, and will focus part of its training courses to produce systemic improvements in the business and economic climate of the RFE. UAA is working with other organizations to encourage small regional loan/investment funds.

MRS ID: 1000057-RUS-UNAA001 (35)
Award No: CCN-0005-A-00-3044-00
Date Report Prepared: October 24, 1997

Center for Business Skills Development (CBSD)

The purpose of this activity is to address directly and help alleviate the lack of business skills in Russia. The CBSD activity provides business training at four specific levels: basic skills instruction, train-the-trainers courses, middle management courses, MBA level instruction and business seminars. The majority of clients consist of Russian managers from multi-national corporations in the Russian Federation.

The training Centers are currently established in Moscow and Nizhny Novgorod.

U.S. Implementing Partner:
USWest Russia (RTDC)
and Thunderbird

Start: September 1994
Complete: December 1997

Russian Partners: N/A

Activity Manager:
Erin Kinder

Major Implementation Accomplishments

The original purpose of this activity was to establish three self-sustaining Centers for Business Skills Development (CBSD) in Russia (Moscow, St.Petersburg and Nizhny Novgorod). Progress to date:

- Establishment of five Centers for Business Skills Development. The St. Petersburg site has been closed. Provided training to over 50 companies in Russia.
- Self-sustainability. Centers in Moscow and Nizhny Novgorod have consistently generated substantial revenue from course tuition fees during the last quarter. The CBSD sites have begun to generate revenue through tuition paid by clients for the courses offered (\$172,000 for training 286 students/Average monthly net revenue currently at \$110,000). Regularly scheduled classes have been offered since January 1996.
- Progress has been made in the area of business skills instruction and formal partnerships with US educational facilities. CBSD is currently working with 15 key clients in training, consulting and follow-up performance analysis. This contributes to CBSD's goal of becoming self sustainable by the end of 1997.
- Increased local pool of managerial talent.
- Train-the-trainers programs have been held. 100% of training has been provided by Russian instructors.
- Development of a Russian language business curriculum.

Activity Contributions to Targets

This activity contributes to the Strategic Objective 1.3, *accelerated development and growth of private enterprise*. Specifically, it focuses on IR 1.3.4.1, *business support institutions established and strengthened*, and IR 1.3.4, *sustainable network of business support institutions rendering services to entrepreneurs and businesses*.

Major Issues or Problems

RTDC experienced difficulties in implementing the program and achieving its objectives. As of the date of the first modification, June 1996, new management had been appointed to the CBSD project to correct project implementation setbacks. This has been addressed further by the subgrant award made to Thunderbird in October 1996 to manage the activity fully and cover all administrative functions.

Upcoming Outreach Opportunities/Plans

The revised program design, under a new sub-grantee charged with managing the program, appears to be cost-effective and has the promise of continuing as a viable training program. The newly renovated site for the Moscow CBSD has proven to be an excellent facility and is being used by both the training center as well as other BSI network members. USAID support for the program will be completed in December 1997.

MRS ID: 11000054-RUS-USW1001 (36)
Award No:110-0005-G-00-4028-00
Date Report Prepared: October 24, 1997

Morozov Project

The Morozov Project is designed to:

- *implement a large-scale program of training Russians for participation in a market economy through a network of Business Training Centers (BTC) and Business Support Centers (BSC) throughout the Russian Federation,*
- *provide support for entrepreneurship and small business in the regions of the Russian Federation through the Morozov network of BTCs & BSCs,*
- *develop and update curricula and training programs, manuals, training textbooks and methodological materials of international standards for the Morozov network of BTCs & BSCs, and*
- *develop and implement a mechanism for attracting investments to small and medium businesses.*

U.S. Implementing Partner:
Research Foundation of the State
University of New York (SUNY)

Start: July 1994
Completion: January 1998

Russian Partners:
Academy of Management and the
Market (AMM)

Activity Manager:
Maya Berulava

Major Implementation Accomplishments

Training. Through Moscow-based train-the-trainer courses, some 5,720 BTC/SC trainers and consultants have been trained in 167 Morozov seminars. In turn, about 112,000 entrepreneurs and managers have been trained and consulted in the Morozov Centers in the regions.

Entrepreneurship support. In 64 BTC/SCs, consultative groups for small business support are working. About 22,000 people have received practical consulting services.

Curricula. 15 manuals, training materials and methodological textbooks were published for BTC/SC trainers.

Investment program. The investment program of the Morozov Project is being carried out (with participation of the State Investment Corporation, Russian Financial Corporation) through the "Investproject" competition mechanism. The total amount of financing obtained through this mechanism to date is \$13.4 million.

Activity Contributions to Targets

This activity contributes to the Strategic Objective 1.3, *accelerated growth and development of private enterprise*. A network of 64 Business Training and Business Support Centers has been strengthened (IR1.3.4.1) through 52 innovative training programs in the field of management, finances, investment supplied with the training methodological materials. The BTC/SCs in their turn provide a wider range of services to the entrepreneurs: training, re-training, consultations and access to the "Investproject" competition participation (IR1.3.4.2).

Major Issues or Problems

In view of upcoming close-out, the Project has taken dynamic pace for reaching financial sustainability and preserving its network integrity. The BTCs have made financial commitments to sustain Central Office's operation beyond the life of grant. The network in general has expressed great appreciation of the project and commitment to share expenses for Central Office's future operation and provision of services, offered under the terms of USAID grant and some additional ones.

Upcoming Outreach Opportunities/Plans

This information is available at Morozov WWW-homepage:
<http://www.morozov.ru>

The project is going through the preparation work to close-out USAID grant in January 1998.

MRS ID: 11000059-RUS-SUNY001 (37)
Award No.: 110-0005-G-00-4033
Date Prepared: October 30, 1997

Building Technology Information Center (BTIC)

The BTIC activity seeks to:

- *create a self-sustainable resource where Russian home builders can receive up-to-date information in new building technologies,*
- *provide contact information so that Russian and U.S. builders and materials manufacturers can explore joint investment opportunities,*
- *undertake outreach opportunities for dissemination of information on sound business and project management practices in the construction industry,*
- *provide information to U.S. companies entering the Russian construction market, and*
- *nurture the establishment and growth of a Russian home builders' association.*

U.S. Implementing Partner:
National Association of Home Builders (NAHB)

Start: 1994
Completion: March 1998

Russian Partners:
Ministry of Construction (Minstroy), Russian Union of Builders, local administrations, local builders' associations

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

Organization. A Board of Directors has been established with U.S. and Russian representation. BTIC is staffed and office in Moscow and in St. Petersburg. It has participated in meetings sponsored by the World Bank, the Russian Union of Builders, Ministry of Construction, and the Russian Guild of Realtors.

Twinning US and Russian representatives of construction industry. NAHB has created a database of U.S. and Russian construction materials manufacturing firms and home builders. Companies in both countries will have access to this database through the BTIC, the intent being to foster introductions and nurture business negotiations so that companies may create joint ventures.

The trade Mission to the Russian Far East took place in May 1997. The BTIC presented round table seminars in three cities in the course of the Mission. The bulk of the Mission was spent in one-on-one meeting between US and Russian firms. The Mission resulted in negotiating contract with Dessen Homes of Portland to supply panelized homes for a multi-million dollar condominium development with the Dalsec Co. of Vladivostok.

During the last year, BTIC emphasized its work on the Energy Efficient Technologies (EET) by assisting Minstroy in disseminating the information on the new Energy Code; training inspectors, architects, builders and homeowners in application of EET; working with manufactures to develop perspective models that meet the new code; funding two pilot projects of EET, in new construction in three different regions; and evaluating the results.

Outreach. The first of a series of training seminars have been held in Moscow, Novosibirsk and Ekaterinburg on new construction technologies and marketing.

The BTIC issued first two volumes of a monthly newsletter and established a WWW homepage covering its activities and the leading US technologies in the construction industry. Under the auspices of AmCham of Commerce, BTIC initiated a construction subcommittee, which currently has over 40 members.

In the beginning of 1997, BTIC started publishing the newsletter covering issues related to the construction industry.

Revised workplan for extension period. During the extension period starting from October this year, BTIC will emphasize its work on two prime issues: Building a Demonstration home in Novgorod using the leading US construction technologies and preparing concept paper for Certified Builders Training Program.

Under the first component, BTIC has already negotiated a land plot in Novgorod for the Demo house and designed the project. The proposal to donate materials for the project was distributed among interested US construction firms and manufactures.

Under the second component, BTIC had prepared the concept paper and submitted it to the Ministry of Construction.

Activity Contributions to Targets

The BTIC activity contributes to SO 1.3, *accelerated development and growth of private enterprise.* Housing construction and rehabilitation represents a major area for private business as housing investment represents 26% of all investment in the construction sector in Russia, and 13% of the labor force is employed in housing construction and maintenance. BTIC will be part of a sustainable network of business support institutions rendering services to entrepreneurs and businesses (IR 1.3.4.).

Major Issues or Problems

The approach of offering the technical assistance from the complete catalog of home building technologies has presented logistical difficulties in preparing technical materials and in presenting seminars over an extremely broad range. It has hampered the hiring of a Technical Co-Director, as this person was being asked to bring a breadth of experience commensurate with the BTIC's program. The effort will now focus on energy efficient technologies and stimulating investments. BTIC has had difficulties in becoming self sustaining as originally planned.

Upcoming Outreach Opportunities/Plans

During the next months, BTIC will get signed the contract between Novgorod City Administration and US firms willing to donate materials for the Demo home. It will also hand off parts of its current portfolio (including newsletter, AmCham Construction Subc., Conferences, information services and publications) to be continued by third parties.

MRS ID: 11000081-RUS-NAHR001 (38)
Award No. CCN-A-00-94-00131-00
Date Report Prepared: October 23, 1997

Russian Franchise Association (RFA)

This activity in support of the Russia Franchise Association (RFA) was provided to:

- *develop a fully trained, viable and self-sustaining local resource organization that will represent and promote industry and continue the work of developing and supporting franchising in the Russian Federation,*
- *develop the necessary documentation for the RFA to apply for the International Franchise Association (IFA) acknowledgment and registration,*
- *establish a Franchise Resource Center (FRC) operated by the Russian Franchise Association, with appropriate equipment, database and library resources,*
- *develop General Education Programs in support of franchising in Russia.*

U.S. Implementing Partner:
Sibley International

Start: June 1996
Completion: March 1997

Russian Partners:
Russian Franchise Association

Activity Manager:
Maya Berulava

Major Implementation Accomplishments

Russian Franchise Association. On February 18, 1997 at the incorporation meeting, the decision was made to register the FRA as a Delaware non-commercial corporation as an interim measure and that a corresponding representative office would be established under Russian legislation.

IFA registration. The RFA board member was introduced to 900 delegates at the annual IFA convention in March. The RFA promotion and a round table session were conducted.

Franchise Resource Center. No reporting done by Sibley on this.

General Education Programs. No reporting done by Sibley on this.

Activity Contributions to Targets

This activity contributes to the Strategic Objective 1.3.4, by *establishing a business support institution* (Russian Franchise Association) which will render services to franchisees, franchisors, entrepreneurs and businesses (IR 1.3.4.1).

Major Issues or Problems

Sibley International failed to identify a local franchising entity during the initial task order period. The TO modification provided a modified main objective, tasks and deliverables.

Upcoming Outreach Opportunities/Plans

The task order was closed on March 31, 1997 with the Russian Franchising Association taking over the Franchising Resource Center. Final report was submitted by Sibley International to the Business Development Division of the OER in April 1997.

MRS ID: 11000055-RUS-SIIN002 (39)

Award No.: 110-0005-G-00-4005

Date Prepared: October 30, 1997

SO 1.4 A Robust and Market-Supportive Financial Sector

- IR 1.4.1 Legal and regulatory framework for the financial sector established and strengthened*
IR 1.4.2 Financial sector supported by self-sustaining professional institutions
IR 1.4.3 Efficiently operating financial sector meeting the needs of market participants

Key Activities Being Implemented as of November 15, 1997

Banking

1. Banking Advisory Services, the Financial Volunteer Services Corps (FSVC)
2. Commercial Bank Training, KPMG Barents Group
3. Bank Supervision: Central Bank Training, KPMG Barents Group
4. Russia Project Finance Bank Development (RPFBD), the European Bank for Reconstruction and Development (EBRD)
5. Commercial Real Estate Financial Market Development, the KPMG Barents Group
6. Development of the Real Estate Mortgage Finance Market, Phase II, the Urban Institute
7. Small Business Financing, Fund for Development and Democracy (FDD)
8. Cooperative/Condominium Association Lending Program, Cooperative Housing Foundation (CHF)
9. Russian -- US Bank Training, Siberian and Far East Bank Training Centers
10. Loan Portfolio Guarantee Program (LPG), USAID/Global

Capital Markets

11. Regulatory and Administrative Support, Price Waterhouse
12. Regionalization of the Russia Federation Commission on the Securities Market, Carana
13. Capital Markets Infrastructure, KPMG Peat Marwick
14. Communications and Training in Capital Market Development, Burson Marsteller
15. Strengthening Broker-Dealer Back Office Management and Custodial Services, Arthur Andersen
16. Professional Training in the Securities Market, CFED
17. Mutual Funds, Price Waterhouse
18. Regional Mutual Funds Support, Pragma
19. Regional Communications and Training on Collective Investment Vehicles, DevTech
20. Training for Collective Investment, Intrados
21. New Issues: Regulatory Development Through Pilot Issues, Price Waterhouse
22. Corporate Governance Training, CFED
23. Standards for Corporate Finance Disclosure, Pragma

Banking Advisory Services

The activity supports the creation of a basic financial infrastructure in the broad areas of central banking, commercial banking and capital markets. U.S. volunteers visit Russia as consultants, and internships for Russians are conducted in the U.S.

The activity also provides:

- *expert review and commentary on draft legislation and regulations,*
- *specialized seminars for financial sector audiences in Russia.*

U.S. Implementing Partner
Financial Services Volunteer
Corps (FSVC)

Start: March 1993

Completion: August 1998

Russian Partners

Central Bank of Russia (CBR),
IMF International Steering
Committee, Private Banks, St.
Petersburg and Yekaterinburg
Stock Exchanges, Russian-
American Institute of Banking
(RAIB)

Activity Manager:
William Gould

Major Implementation Accomplishments

Consulting. FSVC continued its work on the payments system by hosting a delegation from Central Bank to study funds transfer systems in the United States. Based on its study of the Federal Reserve's operations, the CBR plans to adopt methods similar to those employed at the Fed to monitor the position of banks, develop a daily balance sheet for the CBR and to arrange for inter-regional settlement. Work with the Banking Supervision Department of the CBR continued in the area of developing new regulations governing provisions for loan losses at commercial banks. To support the St. Petersburg Stock Exchange's efforts to improve the marketability of securities to foreign investors, FSVC has arranged a program of meetings with experts in emerging market securities from key investment organizations in New York.

Commentary. At the request of the Chairman of the Duma Subcommittee on Banking Legislation and the Director of the Legal Department of the CBR, FSVC has formed a Working Group of attorneys and bankers which has commented on the successive versions of a draft law to create a deposit insurance system.

Seminars. The Russian-American Institute of Banking (RAIB), an independent bankers' association, worked with FSVC to provide training programs for commercial bankers. In the second quarter, a particularly timely seminar was offered on International Accounting Standards (IAS) for banks. Other conferences and seminars have covered topics including repurchase agreements as instruments of monetary policy, the operation of the short-term government securities market, and, most recently, bank trust operations.

Activity Contribution to Targets

The activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector*, particularly by improving regulatory capacity (IR 1.4.1); by sponsoring a potentially self-supporting bankers association (1.4.2); and also by broadening financial services through support of deposit insurance for the banking sector (IR 1.4.3).

Major Problems and Issues

FSVC has the insight and ability to mobilize key representatives of the private sector, especially among commercial banks, to meet constructively with representatives of Russian governmental authorities, especially the Central Bank. In continuing to employ this valuable *motif*, FSVC is preparing a longer term strategy to adapt to changing Russian market conditions which reflect an increasingly complex blend of national and international practice.

Upcoming Outreach Opportunities/Plans

Providing on-going assistance to the CBR on deposit insurance, licensing foreign banks, bank identification codes, bank supervision and the development of plastic cards; Working with the National Association of Government Securities Market Participants to develop a workplan for technical assistance; Helping the National Depository Center with the creation of a unified system; Continuing to support the government's efforts to reform the pension system.

RS ID: 1100092-RUS-FSVC002 (1)
Award No. EPE-0009-C-00-3088
Date Report Prepared: October 27, 1997

Commercial Bank Training

For the past three years, the activity has supported the operation of two regional bank training centers for Siberia and the Far East. Until mid-1997 contractor KPMG Barents Group, the Centers, which were also supported by twelve regional banks as founder-members, are now forming strategic alliances with the Moscow-based Academy of the National Economy and local bank sponsors in an effort to achieve sustainable growth on their own. Presently in its concluding phase, this USAID/Barents program is publishing a Manual on Russian Commercial Banking in both hard copy and electronic form.

The activity provides:

- curriculum development through the Academy with options for certification(s) or full diploma,
- seminars on special topics employ the technique of team teaching, and
- bank manual synthesizes principles of banking in curriculum and seminars.

U.S. Implementing Partner:
KPMG Barents Group

Start: June 1992

Completion: December 1997

Russian Partners:

Siberian Bank Training Center & Far East Bank Training Center; Academy of the National Economy; Russian-American Institute of Banking (RAIB)

Activity Manager:
William Gould

Major Implementation Accomplishments

The Russian Bankers Training Program has taught more than 2,300 bankers in 30 disciplines of banking since its inception in September, 1994. Founder-member banks report that, as a result of the training provided, they have: Formed Asset-Liability Management Committees; Improved their Credit Policies; Reduced their Problem Loans; Developed Strategic Plans and Mission Statements; Redefined their Account Officer Objectives; Cut costs; Improved Customer Service; Won new clients; and Reduced the incidence of fraud within their banks.

Curriculum Development and Certification. The program has worked with the faculty of the Banking Institute of the Academy of the National Economy (ANE) in a plan to have the Institute continue the program. All training materials for the core curriculum have been provided to the ANE, and the ANE with the Centers will institute a transfer of credit earned in the Seminars to professional re-education certification from the ANE or to a full Diploma of Higher Education. The ANE has received the approval of the Ministry of Higher Education to construct an International Master's Degree Program in Banking on the foundation of the program's Seminars.

Seminars. In addition to the core curriculum in professional banking, each Center also offers Russian-designed seminars on Special Topics on banking and regulatory issues such as tax developments, new Central Bank Instructions and customs procedures which are of critical interest to regional bankers, regulators and other financial specialists.

Team Teaching. During the past year, USAID-sponsored seminars at the Centers in Novosibirsk and Vladivostok have been team taught by US and Russian instructors in: Strategic Planning, International Accounting Standards, Advanced Credit, Customer Service, Human Resources, Asset/ Liability Management, Corporate Finance, and Banking Terminology.

Bank Manual: Russian and US specialists are preparing for publication a *Manual of Russian Commercial Banking* which will provide authoritative, updated information on all essential topics of Russian commercial banking. In addition to providing a professional grounding in banking fundamentals, the *Manual* is designed for use by bank managements to assist as a balanced standard-setter in the preparation of their own bank's proprietary operating manuals.

Activity Contribution to Targets

The activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector*, by setting standards for banker education and, indirectly, for operating controls set by bank managements. Also to 1.4.2, *strengthened training institutions for the financial sector*.

Major Problems and Issues

The Academy and the staff of the *Manual* represent a new configuration of services and providers. They will require modest additional support by USAID beyond 1997 for limited participation by US experts in bank degree programs, training of trainers and financial publication.

Upcoming Outreach Opportunities/Plans

The successor Russia-US Bank Training Program will work country-wide with outreach to other NIS countries.

MRS ID: 11000092-RUS-KPMG006 (2)

Award No: CNN-0009-C-00-3088

Date Report Prepared: October 27, 1997

Bank Supervision: Central Bank Training

This activity, which was originally designed to help the Central Bank (CBR) develop a staff of well trained bank examiners, has evolved into a broader mandate to provide technical assistance to all departments responsible for bank supervision, especially OPERU-2 (department overseeing the 14 largest banks in Russia) and the Rehabilitation Department. The activity focuses on:

- *conducting on-site bank examinations,*
- *technical assistance on off-site bank analysis and supervision and issues of rehabilitation, problem asset management and/or liquidation of failed banks,*
- *assisting the Training Department in producing a Training Manual which adapts international standards to the Russian banking industry.*

U.S. Implementing Partners:
KPMG Barents Group

Start: April 1997
Completion: December 1997

Russian Partners:
Central Bank of Russia (CBR)

Activity Manager:
William Gould

Major Implementation Accomplishments

From April 1994 through March 1997 phase of this program concentrated on classroom training in two seminars: Concepts and Methods of Bank Supervision, and a more advanced course, Specialized Areas of Bank Inspection and Supervision. The seminars taught international bank supervision standards from the perspective of general, international practice. In the current, second phase of the program, a "working group/seminar" has evolved as the forum of developing the "second generation" of skills, based on adaptation by the CBR staff of these standards to Russian conditions. A Training Manual accompanied the course. Revision of the Manual is planned for 1997 to adapt it to Russian market conditions.

Practical applications of training. As in the first phase, training examinations of banks continue in Phase 2. Developing and applying a single system for bank analysis and rating, to be used throughout the CBR by all the departments responsible for bank supervision, has been a long-term goal of the program. Work on this system continues among the individual departments and results are planned to be integrated into the revised Manual, under the supervision of the Training Department.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector*. Work is particularly important for IR 1.4.1.2, *establishing viable regulatory bodies in the financial sector*, and IR 1.4.1, *establishing a legal and regulatory framework for the sector*.

Major Issues or Problems

The program has reached a stage in its development at which the relationships between CBR counterparts and USAID team members are characterized by a high degree of trust, which is accompanied by a high degree of expectation. USAID's successes in bank supervision projects in other NIS countries suggest that long-term commitment to the CBR will also prove both valuable and cost-effective. Proving out these expectations is an important part of the program's assignment for the balance of FY97.

Upcoming Outreach Opportunities/Plans

The activities to be undertaken through 1997 will allow a continuation of the program as requested by the CBR with the new emphasis on the OPERU-2 Division and the advancement of a policy dialogue at the senior CBR level on a bank-wide supervision program. A USAID/AED seminar focusing on the key concerns of OPERU-2 and the Rehabilitation Department is planned for early December in Washington, D.C. A continuing concern and opportunity is the need to systematize the advances made in the working group/seminars by consistent formal discipline in the Training Department.

MRS ID: 1100092-RUS-KPMG006 (3)
Award No: CCN-0009-C-00-3008
Date Report Prepared: October 24, 1997

Russian Project Finance Bank (RPF) Development

This activity supports the growth of the RPF as an investment bank capable of working with Russian governmental bodies and commercial enterprises in formulating projects which meet the investment criteria of Western investors (World Bank, US Eximbank, European Bank, etc.) for large capital-intensive projects. This involves the long-term training of the Russian staff and the immediate provision of technical advisory services of knowledgeable American experts in industrial project finance.

The U.S. is a "minority" contributor to this large, multinational effort to create a major bank in a short period of time. Russian institutions have 49% equity participation (including Gazprom and Aeroflot). The European Commission has committed over \$9 million to the RPF and the Canadian Government, \$2.3 million.

Implementing Partner:
European Bank for
Reconstruction and
Development (EBRD)

Start: August 1993
Completion: September 1997

Russian Partner:
Russia Project Finance Bank
(RPF)

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

The RPF, with the assistance of the USAID-funded American consultants, continued to develop business opportunities, train a capable staff to international standards, and manage a financially sound and prudent organization. The Bank generates income through investment advisory services, lending activities, fund management, stock brokering and equities investments and commercial banking. New marketing efforts undertaken by the Bank concentrated more on the Russian equity market.

In December 1996, an extension to the period of performance was made to this EBRD grant. Requests for proposals were finalized under the extended performance period to acquire institutional services under module II. These services provided consultants to RPF to develop a capital markets and securities branch according to international standards.

In another development, RPF acted as Gazprom's advisor in concluding a \$2.5 billion syndicated loan with Dresdner Bank, A.G. (Aktien Gesellschaft, GmbH) acting as the arranger. Proceeds under the loan will be used to finance construction on the Emo Europe Gas Line.

Training of RPF personnel completed with the Project Officers graduating in summer from the Moscow campus of California State University/Hayward. Upon completion of the two-year American MBA course, the employees received a degree from the California State University.

Activity Contributions to Targets

The project directly supports Strategic Objective 1.4, *a robust and market-oriented financial sector*, by supporting the development of a unique project financing institution. A viable finance bank capable of acting as advisor to key U.S. companies in Russia is important for purposes of increasing U.S.-Russian trade and investment.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans for Next Period

None.

MRS ID: 1100058.RUS.EBRD001 (4)
Award No: 118-0005-G-IN-3003
Date Report Prepared: October 24, 1997

Commercial Real Estate Financial Market Project

This activity promotes the development of a commercial real estate mortgage finance market to enable the purchasers of commercial properties to finance acquisition of land, buildings and other structures. The activity has been organized into four main components:

- *strengthen pilot banks' capabilities to identify, evaluate, issue and monitor financing for commercial real estate transactions (CRETs),*
- *improve regulations and ordinances,*
- *identify new corporate financing techniques and clearer understanding of the types of mechanisms to increase financing for CRETs, and*
- *provide of training on commercial real estate lending.*

U.S. Implementing Partner:
KPMG, Barents Group

Start: October 1995
Completion: September 1996

Russian partners:
MosbusinessBank, Stolichny
Saving Bank (Moscow),
Bank-St. Pete, Baltiiski Bank
(St. Pete), Eastern-Siberian
Commercial Bank (Irkutsk).

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

Pilot banks' capabilities. The Barents team has chosen 5 banks (Moscow, St. Petersburg, Irkutsk) for Project implementation. Barents assisted the banks with over 10 CRETs resulting in two issued loans.

Improvement of regulations and ordinances. The Barents team has completed an analysis and presented comments on the Draft Mortgage Law that will clarify issues regarding foreclosure remedies and the auction process, mortgage interests in construction projects, and the registration process. Recommendations have been prepared after reviewing CRETs registration in St. Petersburg.

New corporate financing techniques. After analyzing the reasons for funding shortages for CRETs in the pilot cities, Barents developed a "Pooled Equity Funds" concept for the purpose of helping borrowers attract badly needed equity for their projects. The concept is expected to be used by pilot banks to finance CRETs.

Training on commercial real estate lending. The Barents team organized and conducted intensive training including three complete classroom seminars on CRETs and a site presentation of a Policies and Procedures manual (10 Chapters).

Activity Contributions to Targets

The activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector*. In particular, it aims to IR 1.4.3, *support the responsiveness of the financial markets to participants' needs*, although it is also providing some basic input into the regulations in the commercial real estate subsector (IR 1.4.1).

Major Issues or Problems

High interest rates, competing investments and lack of long-term financing have political and economic implications that limited the number of commercial real estate loans issued through the life of the activity.

Upcoming Outreach Opportunities/Plans

The project was completed before the current reporting period.

MRS ID: 1100052-RUS-KPMG001 (5)
Award No: EPE0014101507000
Date Report Prepared: March 6, 1997

Development of Real Estate Mortgage Finance Market Phase II

The Phase II Mortgage activity (or Roll-Out) is aimed at generation of increased demand by investors, developers and enterprise owners for loans collateralized by real property and increased bank participation. The activity is focused on four key outcomes:

- *training of banking and related real estate professionals,*
- *preparation of a real estate mortgage lending system package,*
- *participation of lending institutions in mortgage lending programs, and*
- *monitoring of initial lending activity.*

U.S. Implementing Partner:
Urban Institute

Start: September 1996
Completion: August 1998

Russian partners:
Association of Mortgage Banks,
Participating Commercial
Banks

Activity Manager:
Rafail Narinsky

Major Implementation Accomplishments

Training of banking and related real estate professionals. The Urban Institute training team has finished an evaluation of the market for training in a commercial mortgage lending. A two part Train-the-Trainer Program was conducted by the UI team focusing on individual presentation skills and training modules preparation.

The preparation of real estate mortgage lending system package. The Urban Institute consultants are in the process of the adaptation of model legal documentation prepared under the Phase I project (loan contracts and other loan documents) into texts in conformance with current Russian law and usage.

Participation of lending institutions. The Urban Institute team actively cooperates with more than 10 Russian banks in undertaking a program of work which will lead to commercial real estate lending.

Monitoring Lending Activity. The Urban Institute team is in process of surveying the banks for tracking developments in commercial real estate lending. This is needed to document the extent of lending and to enhance, as required, the guidelines being provided by the activity to bankers.

Activity Contributions to Targets

The activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector*. In particular, it aims to IR 1.4.3, *support the responsiveness of the financial markets to participants' needs*, by facilitating the supply of new financial products. It is also providing some basic input into the regulations in the commercial real estate subsector (IR 1.4.1).

Major Issues or Problems

High interest rates, competing investments and lack of long-term financing activity of the banks are all problems being confronted by the activity.

Upcoming Outreach Opportunities/Plans

The activity is on track.

MRS ID: 11000081-RUS-URIN003 (6)
Award No: EPE-0008-Q-00-5120-00
Date Report Prepared: November 10, 1997

Small Business Financing

This activity focuses on strengthening the ability of Russian commercial banks to offer financial services to small and medium sized businesses in the emerging private sector. Specifically, it aims to:

- *institutionalize a comprehensive Certified Small Business Banker training program in Russian bank training institutions, and*
- *establish a self-sustaining fund for financing small businesses, the New Russia Small Business Investment Fund (NRSBIF).*

U.S. Implementing Partner:
Fund for Democracy and Development (FDD) and subcontractors, Shorebank Corporation and American Institute of Banking

Start: January 1994
Completion: June 1997

Russian Implementing Partners:
Corporation NRSBIF (New Russia Small Business Investment Fund); Moscow International Finance and Banking School in Moscow; International Banking Institute in St. Petersburg

Activity Manager:
Alexander Sarkisov

Major Implementation Accomplishments

Banker training. FDD has developed two core courses and eight specific courses which have been included in the regular curriculum at the two Russian partner training institutions and used by several other banker training institutions. It is reported that a total of 11 banker training institutions have been strengthened. A Manual on Credit Policies and Procedures has been prepared. A case approach has been used in developing "Case Studies for Modern Methods in Small Business Lending" and five of the 18 cases are Russia-based. FDD consults regularly with Russian banks involved in small business lending, performs due diligence analyses, and helps the NRSBIF identify and select its partner banks. To date, over 891 bankers from 168 banks have been trained and consulted.

Financing/NRSBIF. Model of bank financing for SMEs has been developed and described in the Final Report. At the time of CA completion (June 1997) the total capital in the Fund was \$2,262,438. NRSBIF has toughened its criteria for Russian partner banks and had 7 such banks, had cumulatively 22 loans for a total value of \$3,860,000 disbursed through Russian partner banks using NRSBIF funds.

Small Business Banker Consulting/Lending institution created. As a result of this program a viable Small Business Banker Consulting / Financing institution has been developed, which continues to operate after USAID funding has ended.

Activity Contributions to Targets

This activity contributed principally to Strategic Objective 1.4, *robust and market-supportive financial sector*. Specifically, it helped to IR 1.4.2, ensure that *the financial sector is supported by self-sustaining institutions*, and that *efficiently operating financial markets meet the needs of market participants* (IR 1.4.3).

Major Issues or Problems

NRSBIF has failed to raise promised lending capital of \$15 million of capital and for most of the program period had only \$3.6 million of capital. The situation was more aggravated in the spring of 1997 when two of its Russian partner banks went bankrupt which, as a result, generated about \$1,140,000 of capital loss and resulted in only \$2,460,000 of capital in the Fund. To continue its existence with smaller capital and without USAID funding, NRSBIF had to significantly downsize its operation and look for new services it could provide to increase its revenues.

Upcoming Outreach Opportunities/Plans

After the completion of the Cooperative Agreement (June 1997), the FDD program and NRSBIF have downsized and united into one Russian entity - NRSBIF. Presently, they market their services to Russian banks, small businesses and government small business support programs, and continue to successfully operate in the Russian financial services market.

MRS ID: 1100057-RUS-FDAD001 (7)
Award No:CCN-0005-A-00-4046
Date Report Prepared: October 23, 1997

Cooperative/Condominium Association Lending Program

The activity seeks to diversify and privatize Russia's housing delivery system by developing a market for home improvement lending in a pilot city (Tver), and, eventually, rolling the program out to at least three other cities. The activity includes work with three different groups:

- *housing associations capable of taking on home improvement loans,*
- *commercial banks interested in developing a home improvement lending program, and*
- *developers completing loan applications for construction finance.*

U.S. Implementing Partner:
Cooperative Housing
Foundation (CHF)

Start: August 1994
Completion: December 1997

Russian Partners:
Oblast and City
Administrations;
Tver-based and Moscow-
based commercial banks;
local housing developers;
citywide homeowners
association AzhT; Regional
Privatization Center; Tver
Housing Bond Fund public
utility companies

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

Housing associations. Since 1995, CHF has worked in Tver to strengthen, diversify and privatize the housing delivery system, focusing on cooperatives and condominium associations as a basic building block of grassroots, bottom-up reform. The associations have gradually assumed responsibility for management and maintenance of their buildings. CHF assisted associations to form, secure legal registration, and strengthen their internal governance and management. Perhaps most important, CHF facilitated the creation of a citywide federated association, AZhT, which is beginning to provide key services and representation for member associations. CHF launched a lending program to enable associations to make energy- and other cost-saving improvements. To date three loans were issued under the program in the amount of \$17,500 for installation heat and water meters in the condominiums. Recently, USAID approved the workplan for an extension period which rolls out the program to a new site - Novgorod. The first assessment trips to Novgorod have already been made by CHF experts, and initial meetings with homeowners associations took place during the trip.

Commercial banks. Using a small amount of capital (\$25,000), CHF secured commitments for three times this much additional capital from local sources, including local Administration, Bank Menatep, one of the largest and financially strongest private commercial banks in Russia.

Developers. CHF has trained Tver housing developers on forming and registering condominium associations in new developments, as well as how to construct loan applications for construction financing using sophisticated market and cash flow analysis techniques. CHF staff have become intimately familiar with the local real estate market and the economics of residential development.

Activity Contributions to Targets

This activity contributes principally to Strategic Objective 1.4, *a robust and market-supportive financial sector*. CHF's work should contribute IR 1.4.3 *to the development of the home improvement lending and construction finance loan markets*. The CHF activity also contributes to Strategic Object 2.1, increased, better informed citizen's participation in political and economic decision making, by helping housing NGOs to advocate more effectively for their members' needs (IR 2.1.3.1).

Major Issues or Problems

- Lack of Law on Mortgage makes it difficult to finance home improvements and new construction;
- Neither Ministry of Construction nor local building inspection authorities have adopted codes and standards which allow for conventional western lightweight style home construction techniques, thus keeping the cost for construction high, and making homes unaffordable to many middle-income families;
- City Administrations continue to subsidize heavily the cost of residential utilities (water, heat, gas) and maintenance. Faster elimination of subsidies would encourage energy conservation and energy saving improvements, which CHF is willing to finance through the loan program for housing associations, i.e. cooperatives and condominiums.

Upcoming Outreach Opportunities/Plans for Next Period

Close collaboration with HSRP II's housing finance team to implement a viable home improvement lending program for banks, continued work with NGOs to develop a market for such loans and roll out of the demonstration to at least four other cities are planned. Continuation of homeimprovement lending program. Rolling out the program to the city of Novgorod.

MRS ID: 1000081-RUS-CHF1001 (8)
Award No: CCM-0008-A-00-4105-00
Date Report Prepared: October 23, 1997

Russian - US Bank Training

For the past three years, the activity has supported the operation of two regional bank training centers for Siberia and the Far East. During this period contractor KPMG Barents Group delivered an international standards program of commercial bank training. The Centers, supported by regional banks, are now forming strategic alliances with the Moscow-based Academy of the National Economy (ANE) and the Russian-American Institute of Banking (RAIB), to achieve complementary goals.

The activity provides:

- *seminars on special topics in banking which reflect current demand in the market,*
- *degree programs through the Academy with options for certificates or full diploma,*
- *bank manual synthesizes market practices and principles of banking in seminars and degree programs,*
- *training of trainers: challenges all participating organizations to work with the Central Bank of Russia to deepen training specializations and increase the number of trainers in banking.*

Start: September 1997
Completion: June 1998

Russian Partners:

Siberian Bank Training Center; Far East Bank Training Center; Academy of the National Economy; Russian-American Institute of Banking (RAIB)

Activity Manager:
William Gould

Major Implementation Accomplishments

Seminars. Conducting seminars for bankers and other professionals in the financial markets on more than 30 subjects for which information and training are in current demand. Instructors are regional, national and international specialists provided by the Training Centers themselves or through the Moscow-based Russian-American Institute of Banking (RAIB) and the Academy of the National Economy. The seminars are also offered by ANE and RAIB in Moscow and other cities of European Russia.

Degree Programs. Course work is provided in all fundamental and many advanced topics of banker education and is structured flexibly to permit: (a) the award of a Certificate in individual subjects; or (b) retraining for a Second Higher Education Degree. Instruction is provided through ANE's Banking Institute full or part-time on a day-time, evening or correspondence basis.

Bank Manual. Following publication of the first edition of the Manual in both book and electronic form in November, 1997, the program will seek to evolve its thematic synthesis into a continuously updated source of information on Russian banking practices and standards. In electronic form, the Manual is conceived as including a detailed presentation and commentary on CBR Regulations and Instructions, and also on pending legislation and CBR actions to restructure the Russian banking system.

Training of Trainers (TOT). Through a seminar/independent study arranged by USAID's Department of Information and Human Resources (DIHR), with the Academy for Educational Development (AED) as Contractor, participants from ANE, FEBTC, RAIB and SBTC joined an inter-departmental group from the CBR led by its Training Department this October at a four-week workshop in Washington, DC. The seminar, Master Bank Trainers, was taught by the faculty of George Washington University, and focused on team solutions to TOT with distance learning as an integrating tool.

Activity Contribution to Targets

The activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector*, by setting standards for banker education and, indirectly, for operating controls set by bank managements. Also to 1.4.2, *strengthened training institutions for the financial sector*.

Major Problems and Issues

Participating organizations and the staff of the Manual represent a new configuration of services and providers. They will require modest additional support by USAID beyond 1997 for limited participation by US experts in bank degree programs, training of trainers and financial publication.

Upcoming Outreach Opportunities/Plans

The current, second phase of this activity links organizations with complementary comparative advantages in the production and distribution of bank training services and professional education for bankers. Beginning in the 1997-98 academic year, the Degree Programs will be offered on the correspondence basis throughout Siberia and the Russian Far East. Moreover, distance learning techniques will be employed and further developed to permit the SBTC and FEBTC to deliver the Degree Programs by Internet throughout their vast service areas.

MRS ID:
Award No: (9)
Date Report Prepared: October 27, 1997

Loan Portfolio Guarantee Program (LPG)

This activity focuses on strengthening the ability of Russian commercial banks to offer financial services to small and medium sized businesses in the emerging private sector. Specifically, it aims to:

- *promote increased financing to small and micro business in Russia by providing a USAID guarantee for such financing to Russian partner financial institutions (2-3 financial institutions per region),*
- *train and consult Russian financial institutions' top management and lending officers on cash flow-based small business and micro lending methodology.*

U.S. Implementing Partner:
USAID/Global Bureau Micro and Small Enterprise Development (MSED)
Program; Coopers & Lybrand L.L.P. (C&L); Development Alternatives Incorporated (DAI)

Start: September 1997
Completion: September 2002

Russian Partners:
SBS-Agro (bank)

Activity Managers:
USAID/Global
Sandra Goshgarian,
USAID/Moscow -
Alexander Sarkisov

Major Implementation Accomplishments

Loan Guarantee Agreements. Loan guarantee agreements are signed with SBS-AGRO (Sep. 30, 1997 - Sept.30, 2002, Subsidy Cost \$280,500, Guarantee limit \$1.5 million, Max. Portfolio \$3 million, regions - Novgorod Oblast and the Russian Far East - Khabarovsk, Vladivostok).

Activity Contributions to Targets

This activity contributed principally to Strategic Objective 1.4, *robust and market-supportive financial sector.* Specifically, it helped to ensure that the *financial sector is supported by self-sustaining institutions* (IR 1.4.2) and that *efficiently operating financial markets meet the needs of market participants* (IR 1.4.3). It also contributes to the Regional Investment Initiative announced by Vice President Gore and Prime Minister Chernomyrdin in 1997, to be focused initially in Novgorod Oblast, Russian Far East and Samara

Major Issues or Problems

None

Upcoming Outreach Opportunities/Plans

In the nearest future USAID is going to sign LPG Commitment with 2 more Russian partner banks in Novgorod Oblast and 2-3 more banks in the Russian Far East.

MRS ID:
SBS-Agro Project No.: 936-4222.16, Guar. Commitment: 118-7G-01A (10)
C&L Contract No: PCE-Q-820-93-00031-00 Delivery Order No. 820
DAI Contract No.: PCE-C-00-95-00007-00 Mod. No. 6
Date Report Prepared: October 23, 1997

Regulatory and Administrative Support

This activity supports the development of the capacity of the Federal Commission on the Securities Markets (FCSM) to function as a federal securities regulator. This activity has been organized to achieve the following outcomes:

- *procurement of office, computer and communications equipment for the FCSM, as well as providing administrative support staff for the Resource Secretariat, an office housing advisor to the Commission funded both by USAID and by other organizations and donors.*

U.S. Implementing Partner:
Price Waterhouse (PW)

Start: July 1994
Complete: September 1997

Russian Partners:
The Federal Commission
on the Securities Market
(FCSM)

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

Administrative Unit. PW successfully moved the Resource Secretariat facility from Gazetny per., 5 to Ul. Stassovoy, 4 providing operational capacity for 200 people and equipping an enhanced training room within two weeks of the move. PW also finished the implementation of the electrical, phone and LAN wiring for the new location, installed Internet services for the Resource Secretariat and provided continuing administrative and information technology support to the facility. Provided training for the FCSM at Leninsky 9, on the operations of the network system. PW continued close-out activities including preparation of the disposition plan, cancellation of service contracts.

Activity Contributions to Targets

This activity contributed to the strategic objective 1.4, *a robust and market supportive financial sector*, IR 1.4.1, *legal and regulatory framework for the financial sector established and strengthened*, IR 1.4.1.2, *regulatory bodies for financial sector established*. This activity contributed to promotion of establishment of market operating infrastructure and will result in a range of professional capital market participants who are licensed and operate in compliance with current legislation.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 11000053-RUS-PRWH029 (11)
Award No: 118-0005-C-00-6157-00
Date Report Prepared: October 24, 1997

Regionalization of the Russia Federation Commission on the Securities Market

This activity is aimed at building the regional capacity of the Federal Commission on the Securities Market (FCSM). Regional offices of the FCSM will promote national market practices and establish and enforce national regulatory standards. Specifically, the activity will establish the FCSM in 15 selected regions, assuring that each office:

- *has well-designed operational procedures and information management systems to maximize efficiency,*
- *is able to exercise appropriate internal controls over local decision making, and*
- *is integrated in terms of communications so that the FCSM can operate as an effective and unified federal agency.*

U.S. Implementing Partner:
Carana Corporation

Start: September 1996
Complete: March 1998

Russian Partners:
FCSM

Activity Manager:
Natasha Usoltseva

Major Implementation Accomplishments

Materials. Carana Corporation provided draft regulations needed to establish the legal and organizational basis for 15 FCSM Regional Offices (ROs). Regulations for each RO were subsequently developed and approved. Carana also prepared a manual which provides reliable background guidance for the operations of the ROs.

Training. Carana Corporation assessed the training needs of Regional Office personnel and suggested a training program. Carana is now providing training in the administrative as well as functional spheres. Carana has already conducted 26 seminars on enforcement and administrative issues. More than 500 employees have been trained. Carana also coordinates training efforts of other Capital Markets contractors to ensure access of the regional staff to all the training events and information on securities issues, helping to ensure professional growth of the ROs' personnel as well as their capacity to exercise appropriate internal controls in their day-to-day operations. This effort is particularly important; because, some people hired for the ROs have only limited knowledge about securities circulation regulation.

Equipment. Carana Corporation developed specifications and purchased office automation equipment and communication systems necessary to make the ROs fully operational as well as ensure connectivity between ROs and the FCSM.

Activity Contributions to Targets

The activity contributes to the Strategic Objective 1.4, *a robust and market-supportive financial sector*, by supporting actions which will lead to IR 1.4.3, *an efficiently operating financial sector meeting the needs of market participants*. The ROs, once fully functional, will facilitate operational actions such as enforcement, registration of share issues and broker/dealer licensing across the country.

Major Issues or Problems

Some legal acts and regulations necessary for operations on the securities market and for the regulatory function of the ROs in particular are still to be approved or developed. The present salary levels for the Russian Federation civil servants do not attract experienced professionals to the work in the FCSM. This situation has increased the priority given to educational programs for the personnel.

Upcoming Outreach Opportunities/Plans

Carana Corporation will continue its efforts in making the offices fully equipped and operational in accordance with the approved work plan.

MRS ID: 11000055-RUS-CCOR008 (12)
Award No: EPE-0014-1-00-5069-00 TO #5
Date Report Prepared: October 24, 1997

Capital Markets Infrastructure

This activity is intended to develop a viable capital market through the creation of the organizational and human resource infrastructure necessary to support functional and efficient market participants. The major outcomes of the activity are to be:

- *organization of an inter-regional self-regulatory organization (SRO) of brokers and dealers,*
- *founding and continued development of the Russian Trading System (RTS) and the Technical Corporation to support, and*
- *developing and defining clearing and settlement organizations capable of providing reliable, rapid, and regionally-dispersed services.*

U.S. Implementing Partner:
KPMG Peat Marwick

Start: May 1994
Completion: March 1997

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

Inter-regional SRO. In January 1996, a national self-regulating organization was established as the National Professional Association of Market Participants (NAUFOR). Candidates from regional broker-dealer organizations and professional associations were elected to the Trading, Listing, Information, Disciplinary, Financial/Operation, Membership, and Regulatory committees. The Association approved national trading rules derived from regional rules and KPMG advice. NAUFOR, as the first united regional SRO, now is a genuinely national body with 410 members. KPMG carried out training seminars on the SRO and firm level regarding compliance with regulations, as well as assisting in the hiring of compliance personnel in SROs and many firms.

Russian Trading System (RTS). The RTS is now completely self-sufficient and is the leading trading system for corporate shares in the Russian Federation. Nine telecommunication hubs have been established in the Volga region, Southern Russia and the Russian Far East. By the end of this activity, approximately 190 new participants were added to the RTS. Daily volume of trade handled on the RTS is estimated to comprise 25 to 40 percent of the market. RTS now disseminates reported trading and quotation information widely. With the assistance of the project team, the RTS established international agreements with Reuters, Bloomberg, Telerate and other international information providers. In addition, Barents has worked with RTS to install a World Wide Web server that will provide on-line information about NAUFOR and will track market quotations with a 15 minute delay. In the beginning of 1997, a second tier market for smaller and regional issues was created, using the existing RTS network and methodology.

Depository Clearing Company (DCC). KPMG worked to turn DCC into an operational depository, with the strong support of shareholders, staff, the financial community, and the securities market regulators.

Activity Contributions to Targets

This activity contributed to Strategic Objective 1.4, *a robust and market-supportive financial sector*, focusing particularly on 1.4.2 *the financial sector is supported by self-sustaining professional institutions*, and ensuring market transparency and liquidity.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 1100053-RUS-KPMG093 (13)
Award No: EPE-0005-1-00-5039-00 TO #1
Date Report Prepared: October 30, 1997

Communications and Training in Capital Market Development

This activity supports the development of Russia's capital markets by providing information to market participants and the general public and training the staff of the Russian Federation Commission on the Securities Market (RFCSM). Elements of the program include:

- *development and dissemination of material relevant to Russia's capital markets,*
- *maintaining a two-way flow of information between capital market participants and the RFCSM, and*
- *building national, regional and international communications networks (by doing media relations and media monitoring) for the Commission.*

U.S. Implementing Partner:
Burson-Marsteller

Start: September 1995
Completion: March 1997

Russian Partners:
Russian Federation
Commission on Securities
Markets (RFCSM)

Activity Manager:
Katya Mekhovshchikova

Major Implementation Accomplishments

Materials. Burson launched a Web page for the RFCSM in 1996 -- making it the first Russian government agency to hit the World Wide Web. In February 1997, 6,000 people visited the page each week. Burson also increased electronic distribution of Commission materials by creating an information page on Reuters Market 2000, a comprehensive business news service, and subscribing, on behalf of the Commission, to the Reuters Business Briefing Service and Bloomberg's financial news services. The Commission's own publication, the *Vestnik*, was issued on a regular basis. Burson also continued to publish the Commission's Russian language bulletin in Russian business publications, *Delovoy Express* and *Economics and Life*.

An emphasis on foreign participants in Russia's capital markets. Burson surveyed of 174 asset managers in the US, France, Germany and the UK to measure the attitudes of Western asset managers with emerging markets specializations regarding their views on investing in Russian securities. The RFCSM distributed the results of the survey as a research report and is using the findings in developing future communication strategies.

Media relations and media monitoring. In addition to establishing and maintaining the Commission's new library, Burson handled all planning for press conferences and continued to monitor Russian and Western press about the Commission.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector*. It both supports the regulatory framework for the securities market (IR 1.4.1) and provides the information needed for specific, new financial markets to grow and function efficiently (IR 1.4.3).

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 11000054-RUS-BUMA001 (14)
Award No: EPE-0005-1-04-5028-00
Date Prepared: October 30, 1997

Strengthening Broker-Dealer Back Office Management and Custodial Services

This activity strengthens Russian brokerage firms and securities custodians to enable them to produce reliable information needed to manage their business and comply with securities regulations. Five major outcomes are expected:

- *operational "back office" processes for brokers: accounting, risk management and financial reporting,*
- *recommendations to the FCSM on guidelines, reporting and examination practices in management and financial accounting,*
- *credible and effective methods of work for domestic custodians providing investor services,*
- *a reliable system for reregistering securities' ownership rights, and*
- *recommendations to the FCSM regarding the system of accounting for ownership rights to government securities.*

U.S. Implementing Partner:
Arthur Andersen (AA)

Start: January 1995
Completion: June 1997

Russian Partners:
The Federal Commission for the Securities Market (FCSM), Resource Secretariat, the National Professional Association of Market Participants (NAUFOR), PAUFOR member-firms

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

Back office processes. A back-office procedures binder was prepared and consistently updated and is made available through the National Professional Association of Market Participants (NAUFOR) and the Professional Association of Market Participants (PAUFOR) to all broker dealer member organizations. AA consultants essentially served as a "hot-line" accessible to any broker dealer that needed assistance or information on any aspect of broker-dealer development.

Regulatory capacity. Continued providing technical assistance to the FCSM and NAUFOR. AA consultants together with the FCSM experts participated in the discussion and development of new Commission documents and regulations.

Custody Development Program/Cash Settlement. Continued the work on developing operational procedures for the depository department of the first Moscow-based custodian, the First Russian Specialized Depository (FRSD). An AA team also began working with a second pilot organization, the Stolichny Bank of Savings (SBS) to analyze documents provided by the SBS.

Government Securities/ Special tasks. AA experts remained involved with the Duma's working group on government securities and continued developing requirements for licensing stock and other financial exchanges.

Activity Contributions to Targets

This activity directly relates to SO 1.4, *a robust and market-supportive financial sector*. It specifically contributes to the development of a financial sector which is supported by self-sustaining professional institutions (IR 1.4.2).

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 11000053-RUS-AAAC005 (15)
Award No: EPE-0005-1-01-5041-00
Date Report Prepared: October 30, 1997

Professional Training in the Securities Market

This activity is aimed at developing the ability of Russian private financial institutions to respond to corporate finance needs of commercially viable enterprises through the use of equity instruments – by working with the National Association of Professional Market Participants (NAUFOR) on two areas:

- *establishing an educational unit to assure that the pool of trained and knowledgeable Russian professional market participants is continuously expanded, and*
- *developing a core set of educational materials which can be used to disseminate investment banking “know-how” to regional brokerage companies.*

U.S. Implementing Partner:
Center for
Financial Engineering and
Development (CFED)

Start: September 1996
Complete: July 1997

Russian Partners:
National Association of
Professional Market
Participants (NAUFOR)

Activity Manager:
Natasha Usoltseva

Major Implementation Accomplishments

Educational Unit. The NAUFOR Education Unit was established and its on-going development was supported. A report of the needs assessment for the education unit training services was provided to NAUFOR and USAID. The needs assessment included the gathering of pertinent data through interviews, document reviews, and survey of the educational needs and preferences of NAUFOR personnel. The findings were used to assist in developing the prototype course for the newly established NAUFOR Information and Analytical Center. On the basis of the high-priority needs identified in the needs assessment phase the prototype course “Basics of Corporate Finance” was created and successfully conducted in the State Services Academy, Moscow. The course was attended by 44 participants. The course objective was to equip NAUFOR member firm personnel with the basic knowledge and skills required to serve institutional investors and corporate issuers of securities on a highly professional basis and to built up the capability of the NAUFOR Educational unit to offer an appropriate array of educational and informational services to its members and clients. Equipment and literature necessary to make the NAUFOR educational unit self-sustainable was purchased.

Materials. Two comprehensive participant manuals were created in advance of the course. One manual was dedicated to the laws applicable to corporate finance activities. The second manual was comprised of the following components: legislation on securities issues; methods of evaluation and profitability computation; capital structure and financing and other corporate finance issues. Copies of these manuals were made available to USAID, NAUFOR Education unit and the Federal Commission on Securities Markets (FCSM).

Activity Contributions to Targets

This activity contributed to Strategic Objective 1.4, *a robust and market-supporting financial sector* by meeting the needs of market participants (IR 1.4.3) by developing the capacity of a major, national, self-sustaining professional association, the Russian Broker-Dealers Professional Association (NAUFOR), to assure that its members are appropriately trained in corporate finance.

Major Issues or Problems

None.

Upcoming Events

None. Completed July 15, 1997 pending the final voucher submission and approval.

MRS ID: 11000052-RUS-CFED004 (16)
Award No: EPE-0005-1-00-5055-00 TO #2
Date Report Prepared: October 24, 1997

Mutual Funds

The principal goal of this Task Order is to complete work supporting the establishment of three pilot mutual funds, a new vehicle in Russia for mobilizing small investor capital. The activity also supports the development of high standards for the mutual industry infrastructure in Russia while at the same time providing the Russian Federation Commission on Securities Markets (FCSM) with technical assistance in the area of the mutual funds industry infrastructure.

U.S. Implementing Partner:
Price Waterhouse (PW)

Start: May 1996
Complete: May 1997

Russian Partners:
The Federal Commission for the Securities Market (FCSM). Three private pilot mutual funds (Pioneer/First Voucher, AVO capital and Investitionny Capital)

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

Pilot fund development. PW provided extensive technical operational assistance to three private mutual fund management companies – AVO Capital, Investitsionny Capital and Pioneer/First Voucher – related to their management company operations, controls, fund accounting, systems, and custodial and transfer agent procedures, among other matters. As a direct result of this support, Pioneer/First Voucher initiated operations of its open unit investment fund (UIF) in November 1996, and completed the fund's initial distribution of units to investors in early February 1997. PW also provided extensive assistance to pilot companies regarding their relations with the FCSM and with custodial/transfer agent service providers.

Development of industry standards. PW advisors provided extensive recommendations and advice to Federal Commission representatives and legal experts regarding a number of operational and regulatory issues, particularly concerning fund reporting and accounting, NAV certificate and service provider procedures and systems. Advisors sought, reviewed and analyzed industry comments to possible recommendations regarding fund reporting. These recommendations will probably become part of amended Federal Commission unit investment fund regulations.

FCSM development. PW organized and delivered training to Federal Commission staff, including "on-site" visits for Federal Commission personnel to a management company (November 5) and a registrar (November 15), and the preparation of written "case studies" of the UIF (mutual fund) industry and the development of the pilot fund management company Pioneer/First Voucher (December 11). PW then designed and started implementation, testing, and installation of enhanced functional requirements for the Federal Commission's unit investment fund licensing database and system, which were agreed-upon with the Federal Commission and its information technology advisors.

Activity Contributions to Targets

This activity contributes to SO 1.4, *the robust and market-supportive financial sector*, IR 1.4.3, *efficiently operating financial markets meet the needs of market participant*, 1.4.3.1, *successful pilots innovate new financial products for market participants* with 14 mutual Investment funds licensed.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 11000053-RUS-PRWH028 (17)
Award No: EPE-0005-1-00-5043-00 TO #7
Date Report Prepared: October 30, 1997

Regional Mutual Funds Support

This activity provides technical assistance the Russian Federal Commission for the Securities Market (FCSM) in the area of mutual funds in at least three regions.

The main emphasis is done on:

- *enchancing the capabilities of Russian brokerage companies and investment funds by building an efficient, innovative, and competitive capital market which reflects the needs of the industry, protects shareholder rights, enjoys the confidence of domestic and foreign investors, and facilitates expanded capital ownership and reallocation of financial resources among corporations and industries,*
- *assisting Collective Investment Centers in collecting financial information for disclosure to investors by creating a financial information database,*
- *developing analytic standards for CIC personnel, hiring analytic staff and overseeing work product,*
- *promoting the capital formation activities of corporations and municipalities by holding regional financial conferences.*

U.S. Implementing Partner:
Pragma

Start: January 1997
Complete: March 1998

Russian Partners:

The Federal Commission
for the Securities Market
(FCSM), Resource
Secretariat, The Institute
for Law Based Economy

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

Regional Financial Conferences. At the end of May 1997 a modification to the Regional Mutual Funds Support Task Order reflecting the reordered FCSM priorities was approved. Under the new Scope of Work the Pragma Team has conducted two large-scale financial conferences in Russia. The first conference called *Eurobonds: Mobilizing Corporate Capital in Russia* took place in Moscow in June 1997. This conference was attended by 131 representatives from the second tier corporates, from regions all over Russia. To measure how likely it was that corporate attendees might issue Eurobonds as well as measure the effectiveness of the conference, a diagnostic questionnaire was developed and distributed to the participants. 44 people chose to respond. Analysis showed that 45% of the respondents indicated an interest in issuing Eurobonds while 36% were undecided. In September the Pragma Team conducted the Municipal Bonds conference in Ekaterinburg which was attended by 151 representatives from local authorities from 46 regions. The conference was very successful and received a wide coverage in the local press and on TV. Currently the Pragma Team is finalizing the White Paper on the results of the Municipal Bond Conference. Both conferences were attended by the Chairman of the FCSM, Mr. D. Vassiliev who gave the keynote address and a press briefing.

Assisting the Collective Investment Centers. The Pragma Team took active part in discussing and elaborating the guidelines for the CIC development. A model library for inclusion at CIC's was created by Pragma. The Pragma team has also developed a manual for CIC analysts as well as data base collection format for CIC analytic use. The Pragma team continued monitoring and weekly distribution of performance results of Russian State Eurobond issues.

Activity Contributions to Targets

This activity contributes to SO 1.4, *the robust and market-supportive financial sector*, IR 1.4.3, *efficiently operating financial markets meet the needs of market participants.*

Major Issues or Problems

Currently, there are no unsolved issues or problems.

Upcoming Outreach Opportunities/Plans

The Pragma Team will continue providing support in development of the Collective Investment Centers. Currently, Pragma is planning to conduct a seminar for regional CIC analysts.

MRS ID: 11000053-RUS-PRAG001 (18)
Award No: EPE-0005-1-00-5040-00 TO #1
Date Report Prepared: October 24, 1997

Regional Communications and Training on Collective Investment Vehicles

This activity promotes the development and effective regulation of collective investment vehicles in Russia by providing information and training both to the staff of the Russian Federal Commission for the Securities Market (RFCSM) and to the general public on mutual funds (or unit investment funds). The results of this activity will include:

- *regular publication of material to inform the public about means for enhanced protection for investors' rights,*
- *a multi-tier system of investment education outreach centers for the public designed to bolster small investor confidence in the collective investment markets.*

U.S. Implementing Partner:
DevTech

Start: September 1996
Complete: December 1997

Russian Partners:
Russian Federal
Commission for the
Securities Market

Activity Manager:
Katya Mekhovshchikova

Major Implementation Accomplishments

Publication of information. Journalists' training seminars have been held in both Omsk and Moscow. A press-kit for participants was produced and distributed which included, among other information, *Information on the Operation of UIFs (Unit Investment Funds)*, list of books, brochures, press clippings about UIFs, and a selection of the best publications about UIFs. DevTech has also taken over the publication of a popular book which uses cartoon-like figures to introduce young people to investment concepts. A contract was concluded to publish the book – called *Money - Wild and Tame* – after the illustrations were improved as recommended by USAID. A regional radio program script based on book was also developed. A contract is currently being negotiated with a subcontractor to produce and place the radio spots. 200 regional newspapers are monitored on a daily basis with reports being produced for RFCSM every two days. Relevant articles from national newspapers are also included in the monitoring, helping the RFCSM to track the information available to the public about investor rights and capital market development.

Information Support to the Regional Collective Investment Centers. A brochure *Seven Steps of Investing* was produced on the occasion of inauguration of the Moscow Center for Collective Investment. Also brochures *How to Select an Investment Fund* and *Selected Laws and Regulations* were produced.

Eighteen regional media liaisons, who will work out of the Collective Investment Centers, have been identified and are being trained at regional seminars. Regional information consultants have also been identified. DevTech consultants have developed training modules and are currently "training the trainers" who will present the materials in conjunction with journalist training seminars.

Information Support to RFCSM's Regional Offices. Negotiations were held to finalize a contract to publish a brochure on collective investment for the deputies of the Federal Assembly and regional legislative assemblies. The RFCSM's own Regional Offices will assure distribution of this outreach material.

Activity Contributions to Targets

By upgrading investor knowledge and awareness of the general public about various types of collective investment vehicles being created in Russia, bolstering public confidence in the regulated collective investment markets and enhancing investor rights protection, this activity will contribute to SO 1.4, *a robust and market-supportive financial sector*, IR 1.4.3, *efficiently operating financial markets meeting the needs of market participants*, and 1.4.3.3, *increased public knowledge of and confidence in financial markets increases participation*.

Major Issues or Problems

Placement of regional personnel has been delayed due to the postponement of the openings of many of the regional Collective Investment Centers.

Upcoming Outreach Opportunities/Plans

Journalist Training Program. Seminars were held at the end of March in Ekaterinburg and Kazan. These seminars were also trained regional media liaisons.

National and Regional Television. Programs were produced and placed once contractor has been selected.

Regional Radio Program. Programs were produced and placed once contract was finalized. *Wild and Tame.* Book were distributed upon publication.

MRS ID: 11000093-RUS-DET001 (19)
Award No: EPE-0005-1-00-5034-00 TO #1
Date Report Prepared: October 30, 1997

Training for Collective Investment

This activity is part of a cluster of programs supporting the development of Russia's capital markets. Specifically, this activity follows the Mutual Funds work initiated by Price Waterhouse in collaboration with the Russian Federal Commission for Securities Markets (FCSM) and pilot private mutual fund managers.

This activity prepares and conducts regional seminars and training for both mutual funds managers and retail investors based on the practices and procedures developed through the pilot projects and by the Commission.

U.S. Implementing Partner:
Intrados

Start: September 1995
Completion: December 1996

Russian Partner:
Russian Federation
Commission on Securities
Markets (RFCSM)

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

Training seminars. Starting in October 1996, ten seminars were held in different cities of Russia to introduce the concepts associated with mutual funds (or Unit Investment Funds). UIFs are completely new instruments in Russia, but promise to be an effective vehicle for mobilizing savings of small investors for corporate finance. Each participant was given the set of documents, which included all legislation, a manual for the course, and a book on "Unit Investment Funds" by V. Milovidov. Based on participants' feedback, the overall rating given to the seminars was excellent. The seminars received very positive local mass media coverage. Intrados also carried out Training-of-Trainers seminars.

Activity Contributions to Targets:

This activity contributes to the achievement of SO 1.4, *a robust and market-supportive financial sector*, IR 1.4.3, *licensed mutual funds in operation* as an informed investor population will take advantage of UIFs.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 11000055-RUS-ITDS005 (20)
Award No: EPE-0005-1-01-5042-00
Date Prepared: March 11, 1997

New Issues: Regulatory Development through Pilot Issues

This activity seeks to develop regulations and training materials for the promotion of initial public offerings (IPOs) or new issues as a means for securing funds for corporate investment. It follows a pilot approach, working closely with firms interested in raising capital through the IPO mechanism, on the one hand, and with the Russian Federation Commission on Securities Markets (FCSM) on the other, to develop regulations and procedures which are sufficiently pragmatic and rigorous to result in successful new issues. The facilitation of pilot new issues includes the corporate financial planning process as well as the placement of the shares.

U.S. Implementing Partner:
Price Waterhouse

Start: September 1994
Completion: December 1996

Russian Partners:
The Federal Commission
for the Securities Market
(FCSM)

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

As a result of both market and corporate surveys and initial work with a number of companies, the Price Waterhouse team in the period covered by this Task Order focussed on the completion of two pilot IPOs.

Polygrafoformlenie, St. Petersburg. The company continued negotiations with the international investors identified in early efforts to feel out the market. Ultimately, it is expected that this will not be a public offering, but will, instead, be a private placement.

Roltom. On January 23, the company and the investor signed a memorandum of understanding. The final negotiations, upon completion of due diligence by the investor, are scheduled for March 1997.

An additional advisory activity was added late in the Task Order at the request of the FCSM. *Manezhnaya Ploschad.* Price Waterhouse provided technical assistance to a Russian JSC "Manezhnaya Ploschad", the company which owns and is constructing a well-known shopping plaza at Kremlin. Following an unsuccessful public offering, the Company sought advice on restructuring its offering to attract greater external investment, Price Waterhouse assisted "Manezhnaya Ploschad" in preparing information for potential investors in accordance with requirements adopted recently by the Federal Commission on Securities Market.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector.* It specifically focuses on the development of the legal and regulatory framework (IR 1.4.1) for new issues and on demonstrating how this particular primary market can function efficiently and transparently (IR 1.4.3).

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 11000053-RUS-PRWH027 (21)
Award No. EPE-0005-1-00-5079-00 TO #5
Date Report Prepared : March 11, 1997

Corporate Governance Training

This activity aims to enable Russian joint-stock company managers to comply with new legal and regulatory requirements governing an enterprise's ability to obtain corporate financing for restructuring and expansion. Specific outcomes are expected to be:

- *training materials relevant to the issues of corporate governance,*
- *Regional Advisory Teams capable of designing and implementing training courses on corporate governance and corporate finance for enterprises and local professionals trained and operating.*

U.S. Implementing Partner:
Center for
Financial Engineering and
Development (CFED)

Start: September 1996
Complete: July 1997

Russian Partners:
Federal Commission on
Securities Markets
(FCSM);
Russian Federation
Chamber of Commerce
and Industry

Activity Manager:
Natasha Usoltseva

Major Implementation Accomplishments

Materials. (i) CFED produced a training manual that focuses on the corporate governance and regulatory environment for Joint Stock Companies (JSCs). This manual enhanced the management skills and capabilities of Russian JSC managers and is in compliance with the JSC Law, which became effective in January, 1996, and the Securities Law, which became effective in April 1996. The manual accompanied the training courses as a training resource and subsequently serve as a stand-alone reference guide. A press kit for journalists was also developed with the aim of improving their understanding of corporate governance issues. (ii) CFED produced "Potential Sources of Financing for Russian JSC" document for JSC managers and executives. All these materials were made available to the seminars participants; Moscow and regional offices of the FCSM; Moscow and regional offices of the Chamber of Commerce and Industry of the Russian Federation; members of regional advisory teams in the four cities; USAID and other USAID contractors. (iii) CFED team also worked with four JSC in each of the four cities the training seminars had been conducted to help them prepare Information Memorandums for investors. The JSC were chosen by the FCSM and are as follows: "Lakokraska" - Nizhny Novgorod; "Zarya" - Kazan; "Usolyehimprom" - Irkutsk; and "Dalenergo" - Vladivostok.

Training. Regional Advisory Teams were established, and as well as Moscow-based team, successfully conducted four training courses in the following regions: Nizhny Novgorod, Kazan, Irkutsk and Vladivostok. These courses were attended by 127 managers and 53 journalists/media professionals. This number exceeded the Task Order project benchmarks. It was noted at the press conferences which followed all four seminars, that the training courses improved the managers' understanding and appreciation of corporate governance issues.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.4, *a robust and market-supportive financial sector in Russia*, specifically by contributing to development of efficiently-operating financial markets meeting the needs of market participants (1.4.3) by facilitating companies' abilities to meet capital investment needs through sales of equity.

Major Issues or Problems

None.

Upcoming Events

None. Completed July 26, 1997 pending the final voucher submission and approval.

MRS ID: 11000052-RUS-CFED003 (22)
Award No: EPE-0005-1-00-5055-00 TO #1
Date Report Prepared: October 24, 1997

Standards for Corporate Financial Disclosure

This activity supports the Russian Federal Commission on the Securities Market (FCSM) in the development of standards and practices for the disclosure of non-accounting information by the issuers of publicly traded securities. It focuses on:

- *promoting the definition and broad acceptance by Russian capital market participants as well as regulators of improved standards for disclosure,*
- *educating regulatory staff, both of the FCSM and in market-based organizations, to understand the importance, access, and quality of various types of non-accounting information, and*
- *advising on the future development of disclosure requirements and establishment of oversight operations by the regulatory bodies that will be responsible.*

U.S. Implementing Partner:
Pragma

Start: September 1996
Complete: December 1997

Russian Partners:
The Federal Commission
for the Securities Market
(FCSM)

Activity Manager:
Olga Stankova

Major Implementation Accomplishments

Educating Regulatory Staff of the FCSM and Market Participants.

The Pragma team has developed the training course book and delivered seminars in Moscow, Ekaterinburg, Novosibirsk and Vladivostok for the regional and head office FCSM staff. In coordination with the US Securities and Exchange Commission the Pragma team designed and conducted a US based training program for regional and head-office staff of the FCSM, and consultants to the FCSM on issues related to disclosure and the review and registration of share issues. The Pragma organized and conducted Seminars for the Issuers in Moscow (attended by 58 companies) and Oryol (202 participants).

The Pragma Team has developed various electronic formats and programs which are being used by the issuers for reporting purposes and by the FCSM the data collection.

Advising on development of standards. The Pragma team is constantly reviewing and providing comments on the new stock and bond issues, prospectuses and other documentation related to new issues. The Pragma consultants together with officers from the FCSM and other advisors are involved in the process of enhancing the existing financial disclosure regulations for issuer registration by the FCSM. One of the Pragma experts is directly involved in answering questions from issuers concerning their applications and type of information that should be disclosed in the issuers documentation.

Activity Contributions to Targets

This activity contributes to SO 1.4, *the robust and market-supportive financial sector*, IR 1.4.3, *efficiently operating financial markets meet the needs of market participants*, 1.4.3.3, *increased public knowledge of and confidence in financial markets increases participation*. This activity will develop the capacity of the capital markets to provide financing for Russian enterprises by promoting the establishment of improved standards of market transparency for issuers whose securities are, or likely to be, traded in public markets.

Major Issues or Problems

There are no problems or issues needing resolution at the present time.

Upcoming Outreach Opportunities/Plans

The Pragma Team will implement three in-country training programs for the staffers of the FCSM regional offices and one US based training program for the regional offices' Chairman.

MRS ID: 11000053-RUS-PRAG002 (23)
Award No: EPE-0005-1-00-5040-00 TO #2
Date Report Prepared: October 24, 1997

SO 1.5 A More Economically and Environmentally-Sound Energy System

- IR 1.5.1 Market and competitive forces introduced in the power sector*
IR 1.5.2 Increased local and foreign capital investment in the energy sector
IR 1.5.3 Improved energy efficiency and demand side management programs developed and replicated in sectors
IR 1.5.4 Improved natural resources and environmental management techniques in the energy sector

Key Activities Being Implemented as of November 15, 1997

1. Joint Electric Power Alternatives Study (JEPAS)/Final Report, Hagler-Bailly Consulting, Burns, Roe Enterprises
2. Joint Electric Power Alternatives Study (JEPAS)/Follow-on Activity, Burns and Roe Enterprises
3. Joint Electric Power Alternatives Study (JEPAS)/Follow-on Activity # 2, Burns and Roe Enterprises
4. JEPAS Regional Follow-on Activities, Hagler Bailly Consulting
5. JEPAS Regional Follow-on Activities # 2, Burns and Roe Enterprises
6. Privatization Transition in the Power Sector, Hagler Bailly Consulting, Price Waterhouse
7. Financial Review of RAO UES Joint Stock Company, Price Waterhouse
8. Energy Training, Institute of International Education (IIE)
9. Energy and Environment Commodity Import Program (EECIP), Burns and Roe, Competitive American businesses
10. Program on Natural Monopolies (PNM), University of Maryland (IRIS)
11. Program on Natural Monopolies (PNM)/SEGIR, University of Maryland (IRIS)

Joint Electric Power Alternatives Study (JEPAS)/Final Report

This activity resulted in an objective assessment of Russia's energy alternatives and developed time-phased action plans for the period 1994-2000. The activity was requested by Prime Minister Chernomyrdin and Vice President Gore and was to be ready for discussion at the 1994 G-7 summit. It was completed in 1995.

U.S. Implementing Partners:
Hagler-Bailly Consultants,
Inc.; Burns and Roe
Enterprises, Inc.

Start: February 1994
Completion: June 1995

Partners & Counterparts on the
Russian side:

Ministry of Fuel and
Energy; Ministry of
Atomic Energy; Ministry
of Economy; State Atomic
Energy Inspectorate; State
Electric Power Company
(RAO EES Rossii); State
Nuclear Power Company
(RosEnergoAtom);
Russian Academy of
Science

Other U.S. entities:

Department of State;
Department of Energy;
Nuclear Regulatory
Commission; EPA.

Activity Managers:
Ron Leasburg

Major Implementation Accomplishments

The JEPAS analysis priority-ranked sectoral reforms and gave shape to a critical Russian policy debate -- with global implications for both investment and nuclear safety concerns. The priorities for meeting Russia's future electricity demand reliably, economically, and in ways consistent with environmental and safety standards are: (1) improvements in the efficiency of electricity end-use; (2) nuclear safety upgrades, particularly for first-generation nuclear power reactors; (3) development of the Integrated Power System through the expansion and strengthening of inter-regional and intra-regional transmission and the modernizing of control/dispatch centers; (4) fossil thermal plant modernization and rehabilitation using improved technology; (5) completion of those nuclear power plants that are in advanced stages of construction; (6) construction of new gas-fired simple cycle and combined cycle plants; and (7) completion of the detailed design for new generation nuclear power plants to enable their certification by regulatory authorities.

Activity Contributions to Targets

JEPAS is a key element of USAID's contribution to Strategic Objective 1.5 as it provides the basic analytical structure for Russia's development of *a more economically and environmentally sound energy system*. Implementation of the recommendations must follow. It has provided support for the achievement of all Intermediate Results associated with this Strategic Objective.

Major Issues or Problems

None .

Upcoming Events

None, completed 6/95. This report is included here because it provides necessary context for other reports.

MRS ID:1100022-RUS-HBAC004 (1)
Award No.
Date Report Prepared: March 7, 1997

Joint Electric Power Alternatives Study (JEPAS)/Follow-On Activity

This activity implements one area of recommended actions resulting from the JEPAS. It contributes to the completion of a major feasibility study for a 900 MW Combined Cycle Power Plant in the Krasnodar Region expected to be funded, in part, by a World Bank loan. USAID funding for this activity covers:

- *the least-cost study, and*
- *the formation of documents such as the power Purchase Agreement, Fuel Purchase Agreements and Owners' Agreements.*

U.S. Implementing Partner:
Burns & Roe Enterprises,
Inc.

Start: June 1995
Completion: TBD

Russian Partners:
RAO UES, Ministry of
Fuel and Energy, Federal
Energy Commission

Activity Manager:
Gene George

Major Implementation Accomplishments

The JEPAS analysis, completed in June 1995, resulted in an objective assessment of Russia's energy alternatives and developed time-phased action plans for the period 1994-2000. The Krasnodar feasibility study is the first concrete follow-on action from the Joint Electric Power Alternatives Study (JEPAS). The Krasnodar region was identified in the JEPAS as particularly deficient in electric power and, therefore, as a high-priority region for new power generation facilities. Burns and Roe brought together several Russian contractors and agencies at both the regional and federal levels to complete the portions of the feasibility study with which it was tasked. The least-cost study was completed in December 1995, and confirmed the location and size of planned expansion in the North Caucasus. The Krasnodar Project has attracted significant U.S. commercial interest. Amoco Energy earlier indicated a willingness to take an equity position, and negotiated twenty six percent ownership and with an interest in additional equity. This has proved unacceptable to the Russian side.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.5, *a more economically and environmentally sound energy program*. The feasibility study is critical to increasing foreign and local capital investment in power sector (IR 1.5.2). When complete, \$300 million will be invested by the Russian private sector in the plant, over \$70 million will come from foreign private capital and a \$500 million World Bank loan will be in effect.

Major Issues or Problems

Project is awaiting agreement between World Bank and UES/Owners Group. Unfortunately, it is deemed that the new RAO UES management does not view new investment projects as a priority versus already partially committed. Bank schedule for Loan Approval is December 1997.

Upcoming Events

When the loan is approved, this power plant will be a major opportunity for investment promotion activities.

MRS ID: 1100022-RUS-BREI002 (2)
Award No: CCN-0002-C-00-3153-00
Date Report Prepared: October 20, 1997

**Joint Electric Power
Alternatives
Study(JEPAS)/Follow-On
Activity # 2**

JEPAS has identified the North-West Region as energy deficient region in the near future. This activity involves a study to identify additional capacity that could be provided to the North-West from the Center, by reinforcing the electric transmission entities. The North-West is also of interest because of the significant number of nuclear plants in the region and the upcoming decommissioning of several nuclear power plants in the years 2002-2003 and beyond.

U.S. Implementing Partner:
Burns & Roe Enterprises,
Inc.

Start: June 1997
Completion Date: June 1998

Russian Partners:
Ministry of Atomic
Energy, Ministry of Fuel
& Energy RAO UES

Activity Manager:
Gene George

Major Implementation Accomplishments

The Nuclear Safety Account (NSA) of the EBRD has agreed with the Russian Government to conduct an analysis of the energy investment alternatives to continued operation of nuclear plants in the Center and North-West Regions in accordance with Section 2.01 of the Agreement between the Government of Russia and the EBRD relating to the NSA. The Government of Finland and USAID have agreed to finance the work of the international experts, along with certain work to be done by Russian entities. A meeting was held in Moscow during March 24, 25, 1997, and attended by number of interested parties in the development of Russia's power sector and particularly the North-West region. The technical aspects will be performed by a technical project team (Technical Committee) headed by Burns and Roe Enterprises, Inc. (BREI) and supported by Russian entities and the Finnish consultant, Finnish Energy Conservation Group (FECG). The overall management and coordination will be performed by the Steering Committee, comprised of the representatives of EBRD, US, Finnish, and Russian Government agencies.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.5, *a more economically environmentally sound energy system*. Specifically, it supports IR 1.5.2, *increased foreign and local capital investment in power sector*, which is supported by IR 1.5.2.1, *private and public financing mobilized for specific investment projects in the energy sector* will be significantly impacted from this activity. When successful, it will update the JEPAS findings and recommendations with regard to the North-West region, to prepare a Power Sector Investment Plan for the North-West Region of Russia, and more importantly identify a prioritized list of projects of potential interest to public and private financial institutions.

Major Issues or Problems

None of the Russian Steering Committee members could attend a session on October 2, 1997. There are certain difficulties with subcontracting of Russian entities and experts involved due to sole source of services available.

Upcoming Events

When current subcontracting issues are resolved, the project will be evolve according to the developed work plan. A tentative date for the next Steering Committee meeting proposed for January 15, 1998, in Moscow, subject to availability of all Steering Committee members.

MRS ID: 11000022-RUS-HBAC004 (3)
Award No: CCN-0002-Q-00-3152
Date Report Prepared: October 20, 1997

JEPAS Regional Follow On Activities

This activity involves two components of a major feasibility study for a 900 MW Combined Cycle Power Plant in the Krasnodar Region for delivery to the World Bank. The World Bank plans to consider this project at their December, 1997 Board meeting. USAID funding for this activity covers the least-cost study and the formation of documents such as the power Purchase Agreement, Fuel Purchase Agreements and Owners Agreements.

U.S. Implementing Partner:
Hagler Bailly Consulting,
Inc.

Start: June 1995
Complete: The feasibility study was completed in December 1995.
The World Bank loan has not been approved yet.

Russian Partners:
RAO UES, Kubanenergo,
Gazprom

Activity Manager:
Gene George

Major Implementation Accomplishments

Under this activity, a major feasibility study was completed and delivered to the World Bank for financing a 900 MW Combined Cycle Power Plant in the Krasnodar Region. The World Bank plans to consider this project at their December 1997 board meeting. Thus, even though USAID's contribution to this activity was actually completed in 1995, activity managers in USAID continue to monitor the progress of the larger project.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.5, *a more economically environmentally sound energy system*. Specifically, it supports IR 1.5.2, *increased foreign and local capital investment in power sector*, which is supported by IR 1.5.2.1, *private and public financing mobilized for specific investment projects in the energy sector* will be significantly impacted from this activity. When successful, \$300 million will be invested from the private sector, over \$70 million from foreign capital and a \$500 million loan will be achieved for the energy sector. If this happens, it will be a significant accomplishment.

Major Issues or Problems

The Russian owners group had significant problems getting established. GazProm has been informed that they must settle their participation by March 15, 1997 or RAO will seek participation by other equity partners. The RAO plan is to offer the GazProm share to AMOCO if GazProm drops out.

Upcoming Events

When the World Bank loan is approved, there should be significant interest in other projects.

MRS ID: 11000022-RUS-HBAC004 (4)
Award No: CCN-0002-Q-00-3152
Date Report Prepared: October 20, 1997

JEPAS Regional Follow On Activities # 2

JEPAS has identified the North-West Region as energy deficient region in the near future. This activity involves a study to identify additional capacity that could be provided to the North-West from the Center, by reinforcing the electric transmission entities. The North-West is also of interest because of the significant number of nuclear plants in the region and the upcoming decommissioning of several nuclear power plants in the years 2002-2003 and beyond.

U.S. Implementing Partner:
Burns & Roe Enterprises,
Inc.

Start: June 1997
Completion Date: June 1998

Russian Partners:
Ministry of Atomic
Energy, Ministry of Fuel
& Energy RAO UES

Activity Manager:
Gene George

Major Implementation Accomplishments

The Nuclear Safety Account (NSA) of the EBRD has agreed with the Russian Government to conduct an analysis of the energy investment alternatives to continued operation of nuclear plants in the Center and North-West Regions in accordance with Section 2.01 of the Agreement between the Government of Russia and the EBRD relating to the NSA. The Government of Finland and USAID have agreed to finance the work of the international experts, along with certain work to be done by Russian entities. A meeting was held in Moscow during March 24, 25, 1997, and attended by number of interested parties in the development of Russia's power sector and particularly the North-West region. The technical aspects will be performed by a technical project team (Technical Committee) headed by Burns and Roe Enterprises, Inc. (BREI) and supported by Russian entities and the Finnish consultant, Finnish Energy Conservation Group (FECG). The overall management and coordination will be performed by the Steering Committee, comprised of the representatives of EBRD, US, Finnish, and Russian Government agencies.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.5, *a more economically environmentally sound energy system*. Specifically, it supports IR 1.5.2, *increased foreign and local capital investment in power sector*, which is supported by IR 1.5.2.1, *private and public financing mobilized for specific investment projects in the energy sector* will be significantly impacted from this activity. When successful, it will update the JEPAS findings and recommendations with regard to the North-West region, to prepare a Power Sector Investment Plan for the North-West Region of Russia, and more importantly identify a prioritized list of projects of potential interest to public and private financial institutions.

Major Issues or Problems

None of the Russian Steering Committee members could attend a session on October 2, 1997. There are certain difficulties with subcontracting of Russian entities and experts involved due to sole source of services available.

Upcoming Events

When current subcontracting issues are resolved, the project will be evolve according to the developed work plan. A tentative date for the next Steering Committee meeting proposed for January 15, 1998, in Moscow, subject to availability of all Steering Committee members.

MRS ID: 11000022-RUS-HBAC004 (5)
Award No: CCN-0002-Q-00-3152
Date Report Prepared: October 20, 1997

Privatization Transition in the Power Sector

This activity is Phase III of a larger effort to restructure and privatize the Russian electric power industry. Phase I developed a framework for industry reform and a market-based structure for the Russian power sector and proposed a draft plan. Phase II tasks included:

- *finalizing the Phase I report,*
- *investment promotion,*
- *tariff reform and the creation of a wholesale market,*
- *pilot development of Energo accounts using International Accounting Standards (IAS),*
- *modification of the federal regulatory system, and*
- *training.*

Original Phase III tasks included:

- *establishment of competitive markets,*
- *commercialization of selected sector enterprises, and*
- *investment promotion.*

Current Phase III tasks include:

- *on-going activities on the development and implementation of the competitive Wholesale Electric Power Market,*
- *the commercialization program with focus on two pilot Energos, with the intention to spread the experiences to other regions.*

U.S. Implementing Partners:
Hagler Bailly (HB),
Price Waterhouse

Start: October 1993
Completion: September 1998

Russian Partners:
RAO UES, Ministry of
Fuel and Energy, Federal
Energy Commission,
regional power utilities
(AO Energos), power
plants

Activity Manager:
Gene George

Major Implementation Accomplishments

The program originally developed for Phase III addressed the transition through the establishment of competitive markets, commercialization of selected sector enterprises through introduction of financial reporting and management systems, and promotion of foreign and domestic investment. These three areas were identified by the previous senior management of RAO UES as priority topics to be addressed by the USAID financed contractor. Hagler Bailly has assisted RAO UES and other government entities as appropriate in the development and implementation of the competitive Wholesale Electric Power Market.

The contractor also performed the diagnostic work in several Energos and power plants. In the spring of 1997, major management changes occurred in RAO EES Rossii at the senior management level. The new management decided that Hagler Bailly would shift the emphasis from the formulation of the wholesale electric power market to working with the primary implementors, Central Dispatch Administration (CDA) and Unified Dispatch Administrations (UDAs). Under the commercialization program the contractor will focus on two pilot Energos, with the intention to spread the experiences to other regions. One significant change is to delete in its entirety the task dealing with investment promotion. RAO EES Rossii management have decided to directly engage a firm to advise the company on investment approaches.

Activity Contributions to Targets

This activity supports the achievement of Strategic Objective 1.5, *a more economically and environmentally sustainable energy program*. It introduces market and competitive forces to power sector managers (IR 1.5.1) and seeks to increase the availability of local and foreign capital investment in the sector (IR 1.5.2).

Major Issues or Problems

The new concept of wholesale markets has moved from the basic development and formulation stage to one of implementation. The tasks to be undertaken are many and diverse. The goal is to develop a process that will permit a competitive environment for generating companies and entities to sell energy. In the near term, the form of this competition may vary from region to region, primarily because the Russian power sector did not evolve on solid economic principles. The tasks assigned to Hagler Bailly have been altered to reflect the revised program as developed by the new RAO EES Rossii management and the other pertinent GoRF ministries and departments.

Upcoming Events

The activity will focus on two tasks for the remainder of the project:

- the development and implementation of the competitive Wholesale Electric Power Market
- the commercialization program with focus on two pilot Energos, with the intention to spread the experiences to other regions.

MRS ID: 11000022-RUS-HBAC004 (6)
Award No. CCN-0002-Q-02-31520 and 08-31520
Date Prepared: October 20, 1997

Financial Review of RAO UES Joint Stock Company

This activity concentrated on performing a "limited review" of the financial statements of the privatized electric power company, RAO UES, providing advice on how accounting operations might be modified to deal with the divergences between Russian Accounting Regulations (RAR) and International Accounting Standards (IAS). The activity included six major elements:

- *information on the ownership structure of RAO UES,*
- *description of the accounting and financial management information systems,*
- *detailed description of the identified divergences of the RAR from the IAS and information on adjustments to be introduced to reconcile these differences,*
- *requirements to prepare RAO UES for audit,*
- *preparation of the RAR financial statements for the period ending January 1, 1995. By using IAS formats, this work will result in pro-forma IAS consolidated financial statements, and*
- *issuance of a report of the findings of the limited review.*

U.S. Implementing Partner:
Price Waterhouse

Start: October 1995
Completion: July 1997

Russian Partner:
RAO UES (or EES)
Rossii

Activity Manager:
Gene George

Major Implementation Accomplishments

Price Waterhouse identified the more than 140 entities that constitute the RAO UES (RAO EES Rossii) Joint Stock Holding Company. About half of these are the regional distribution companies (AO-Energos) and regional Power Generation Units. Consolidated financial information was requested from all entities and returned from about seventy percent. The contractor has prepared programs to perform consolidation when all information has been returned.

Activity Contributions to Targets

This activity contributes to Strategic Objective 1.5, *a more economically and environmentally sound energy system*, specifically by making it possible to increase local and foreign capital investment in the energy sector (IR 1.5.2) once the accounts for the entities in the sector can be understood in internationally-accepted financial terms.

Major Issues or Problems

The fifth element of this activity was not completed. In the course of the work, it became clear that receipt of financial statements based on IAS was not a priority to RAO UES management. They wanted to first thoroughly understand the conversion process and reporting options. Management also wanted to participate in the actual consolidation procedures so that they could replicate them in the future. While this considerably reduces the prospects for this activity's contributing to IR 1.5.2 as planned, the contract was modified according to the request.

Upcoming Events

As a follow-on of the "limited review" development, Price Waterhouse was awarded a contract for a full scale audit of RAO UES in May, 1997.

MRS ID: 11000022-RUS-PRWH001 (7)
Award No: EPE-0014-I-03-5079-00
Date Report Prepared: October 20, 1997

Energy Training

This activity was to address training needs in all subsectors of the energy sector — oil, gas, coal and electric power. Improved operation of the energy sector is vital to the economic and social welfare since the sector provides a critical input to all industrial, commercial and public enterprises and to every household in Russia; is a major producer of environmental emissions; and generates about 50 percent of the country's foreign exchange earnings. All subsectors are in the process of restructuring and/or privatization. Successful privatization will depend to a large extent on the early training of a critical mass of energy sector employees in the operation of the sector in a market economy.

U.S. Implementing Partner:
Institute of International
Education (IIE)

Start: August 1993
Completion: January 1997

Russian Implementing Partners:
Ministry of Fuel and
Energy & RAO EES Rossii

Activity Manager:
Ron Leasburg

Major Implementation Accomplishments

By the time the needs assessments were completed and the early training programs conducted, budget limitations caused the program to focus only on the electric power sector. IIE developed a series of courses which were given each year in the Moscow area and in one of the regions. Completion of one of these courses became a requirement for taking U.S.-based training through the NIS Exchanges and Training (NET) project. IIE used a "training-of-trainer" (or TOT) concept which was reinforced by the NET component of the program. The contractor developed the training courses and all associated material in both English and Russian. These materials form the basis for turning the program over to the power sector and their respective training institutions.

More than 500 participants attended courses conducted by IIE. Courses included: Economics of Power Plant Repair; Management of a Local Electric Company; Managing a Generation Company in a Competitive Environment; Corporate Management of Electric Utilities; Economic Dispatch Principles and Operation of a Transmission Company; Financial Markets; Distribution System Operation in a Privatized Electric Sector; Transmission System Operation in a Privatized Electric Sector; Managing a Generation Company in a Competitive Market; Regulatory Systems for the Electric Power Sector; Private Power Project Financing; Regional Air Quality Monitoring; Produced Waste Water Treatment; Tariff Structure, Rate Making and Electricity Pricing; Economic Financial Analysis of Power Projects; Coal Marketing and Coal Products; Environmental Management for the Russian Oil & Gas Firm; General Economics & Management of Power Companies; Study Tour in United States on Human Resource Management.

Activity Contributions to Targets

This training activity contributes to all Intermediate Results of Strategic Objective SO 1.5, *a more economically and environmentally sound energy system.*

Major Issues or Problems

None.

Upcoming Events

None.

MRS ID: I1000021-RUS-IOIE001 (8)
Award No: CCN-0002-A-00-3133-00
Date Report Prepared: March 7, 1997

Energy and Environment Commodity Import Program (EECIP)

This activity is intended to introduce American-made energy- and environmentally-efficient technologies to Russia users. Key criteria for eligible imports include: length of time necessary to install and utilize the equipment, visibility of the equipment utilization enhancing demonstration value and promoting of the equipment to the Russian market, evaluation whether the similar equipment is wide spread in Russia and whether it will have a reasonable commercial marketing or investment potential.

The essential outcome of this program lies in successful demonstrations of the imported technology and in their replication using commercial financing.

U.S. Implementing Partner:
Competitive American
businesses, Burns and Roe

Start: December 1993
Completion: March 1998

Russian partners:
Cooperating Agency,
Bureau of International
Humanitarian Aid and
Technical Assistance
(BIHATA), Russian
importers

Activity Manager:
Galina Krivova

Major Implementation Accomplishments

EECIP has completed two key phases, allocations and awards, and is in process of completing its final stage, equipment arrival and installation.

63 contracts for various energy/environment technologies were negotiated between US suppliers and Russian importers. Of the total of approximately \$53 million of purchased equipment, all equipment has been delivered, equipment for about \$49.3 million have already arrived to final destinations and equipment worth about \$20.5 million have been installed.

With the arrival of each piece of equipment, technology is being introduced to Russia for the first time and the usefulness of that technology demonstrated. The demonstration of more energy-efficient lights for urban Moscow has resulted in an additional \$500,000 procurement from GE. The demonstration of Honeywell controls for district heating has led to the initiation of an additional \$2.5 million procurement by the City of Murmansk. Seminar on environment monitoring took place in early summer to demonstrate the technologies delivered under EECIP to all interested entities.

The database reflecting the progress of the EECIP, as well as the names of importers and supplier is attached.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 1.5, *a more economically and environmentally sound energy system*. The equipment imported will result in improved energy efficiency and demand side management developed and replicated (IR 1.5.3) and in improved natural resources and environmental management techniques in the energy sector (IR 1.5.4).

Major Issues or Problems

This activity has been subject to budget rescission on the U.S. side and is being completed at only at only 66% of the expected \$90 million level.

The major problem of the current stage continues to be a situation with Russian Customs. Stipulated in the Grant Agreement duty and tax free entry of commodities under EECIP requires a lot of effort from Importers, Secretariat and USAID and sometimes takes a long time. In view of ongoing changes in Russian policy on Humanitarian Aid and Technical Assistance even more serious problems may arise with a few deliveries of spare parts which are still to arrive.

Upcoming Outreach Opportunities/Plans

Implementation stage of the program is soon to be completed while the assessment phase is mostly yet to be done. End-use checks of installed equipment are being carried out and will be continued through the fall of 1997 and winter of 1998. Two seminars on energy efficiency will take place coming winter. Impact studies of a few identified projects carried out to be completed in winter 1998.

MRS ID: 110000131-RUS-BREI001 (9)
Award No. 118-I-601
Date Prepared: October 23, 1997

Program on Natural Monopolies (PNM)

This activity supports the Russian government's development of economic policies and regulatory institutions in the infrastructure industries traditionally considered to be natural monopolies (electric power, natural gas and oil pipeline transport, and rail transport). The work emphasizes:

- *the establishment of regulatory mechanisms which are market-responsive,*
- *development of policy and supporting legislation for determining tariffs and access policies for the regulated activities in these industries, and*
- *developing proposals for enterprise restructuring to increase the scope for competition.*

U.S. Implementing Partner:
NIS Market Environment
Project Consortium, led by
Institute for Reform and the
Informal Sector (IRIS),
Univ. of Md

Start: August 1994
Completion: August 1998

Russian Partners:
Ministry of Economy,
Federal Energy
Commission, Regional
Energy Commissions

Activity Manager:
Galina Krivova

Major Implementation Accomplishments

Market-responsive regulatory agencies. PNM has continued to provide the Federal Energy Commission (FEC) with a wide range of legal and economical advice including drafting revised Charter of FEC, and identifying legal issues and deficiencies in the draft legislation "On Federal Energy Systems". PNM has continued to work on establishment of Regional Energy Commissions as functioning entities and created two model regional commissions in the Republic of Karelia and in Saratov that can be widely replicated in other parts of Russia.
Policy. Draft concept document on monopoly reform produced by PNM in cooperation with MOE and Yasin Commission became the basis of Presidential Decree 426 "On Main Provisions of Structural reform in the Spheres of Natural Monopolies" issued on April 28, 1997. At the request of GORF, the PNM has drafted a comprehensive set of proposed amendments to the existing "Law on Natural Monopolies" (1995) emphasizing strengthening of regulatory authority with respect to investment policies of the regulated monopolies and encompassing water supply and communal services previously not included.
Restructuring. PNM has continued to work with World Bank on restructuring of electric power monopoly RAO EES Rossii including a review of the company's revised 1996 Charter, and advise on matters relating to the Annual Meeting of Shareholders held on May 30, 1997. PNM has been advising on several aspects of implementation of the Gazprom's action plan for restructuring developed in cooperation with the Yasin Commission. On behalf of MOE, the PNM is undertaking research to identify international experience of restructuring and introduction of competition in the electric power and natural gas sectors to be eventually disseminated to various interested parties.

Activity Contributions to Targets

This activity contributes to SO 1.5, in that the energy sector restructuring work will lead to the introduction of market and competitive forces in the power sector (IR 1.5.1). It also contributes to Strategic Objective 1.3, accelerated development and growth of private enterprises, through drafting regulations and legislation to implement policies conducive to broad-based competition and private sector growth (IR 1.3.1).

Major Issues or Problems

Political clout of major monolithic enterprises (Gazprom, RAO EES Rossii) has delayed implementation of the GORF's 1996 PFF commitments and delayed the implementation of plans to separate the "competitive" and "natural monopoly" segments of those two enterprises.

Upcoming Outreach Opportunities/Plans

Assistance to regional energy commissions is continued to be emphasized, as FEC further delegates responsibilities to that level. Created two model regional commissions will be replicated in other parts of Russia. Legal assistance to Russian counterparts intended to develop and implement a market failure-correcting and procompetitive structure and regulatory system for the country's natural-monopoly of infrastructure service industries will be continued to include such sectors as water supply, sewage and district heating.

MRS ID: 1100052-RUS-UMCP001 (10)
Award No: CCN-0009-C-00-4026-00
Date Report Prepared: October 23, 1997

Program on Natural Monopolies (PNM)/SEGIR

This activity supports the Russian government's development of economic policies and regulatory institutions in the infrastructure industries traditionally considered to be natural monopolies (electric power, natural gas and oil pipeline transport, and rail transport). The work emphasizes:

- *the establishment of regulatory mechanisms which are market-responsive,*
- *development of policy and supporting legislation for determining tariffs and access policies for the regulated activities in these industries, and*
- *developing proposals for enterprise restructuring to increase the scope for competition,*
- *training of regulatory officials*

U.S. Implementing Partner:

NIS Market Environment
Project Consortium, led by
Institute for Reform and the
Informal Sector (IRIS),
Univ. of Md

Start: September 1997

Completion: October 1998

Russian Partners:

Ministry of Economy,
Federal Energy
Commission, Regional
Energy Commissions

Activity Manager:

Galina Krivova

Major Implementation Accomplishments

This program extends and enhances the program for Natural Monopolies being carried out under Task Directive 7 of contract No. CCN-0009-C-00-4026-00.

Activity Contributions to Targets

This activity contributes to SO 1.5, in that the energy sector restructuring work will lead to the introduction of market and competitive forces in the power sector (IR 1.5.1). It also contributes to Strategic Objective 1.3, accelerated development and growth of private enterprises, through drafting regulations and legislation to implement policies conducive to broad-based competition and private sector growth (IR 1.3.1).

Major Issues or Problems

N/A at this stage

Upcoming Outreach Opportunities/Plans

The PNM will provide policy analysis and technical advice to the Ministry of Economy on a full range of anti-monopoly and related regulatory issues.

PNM will provide technical support and advise to the Federal Energy Commission (FEC) on the development and implementation of a regulatory framework for the energy sector including development refinement and implementation of a Regulatory Financial Information System (RFIS) appropriate to FEC's mandate.

PNM will support selected Regional Energy Commissions and establish model regulatory framework and procedures for the regional level.

Report on problems, needs, and recommendations with respect to municipal services regulation will be submitted to USAID.

On the request of MOE, or other clients designated by USAID/Russia PNM will expand and continue participation in and contribution to work of task forces or interagency working groups (e.g. the Yasin Commission) on infrastructure industry restructuring.

PNM will provide a number of training sessions/workshops in the areas of natural monopoly regulation for regulatory officials of federal and regional level.

MRS ID: 1100052-RUS-UMCP001 (11)
Award No: PCE-I-800-97-0042-00
Date Report Prepared: October 23, 1997

SO 2.1 Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making Nationally and Locally

- IR 2.1.1 Free and Fair Elections Administered*
IR 2.1.2 Increased Public Access to Information which is Needed for Informed Political and Economic Choices
IR 2.1.3 NGO Sector Provides Alternative to Ballot Box for Participating in Economic and Political Decision-Making

Key Activities Being Implemented as of November 15, 1997

Political Process

1. Electoral System Development, International Foundation for Electoral Systems (IFES)
2. Political Participation: Parties and Local Governments, National Democratic Institute
3. Political Institutions in a Democratic Society, International Republican Institute (IRI)
4. Development of a Democratic Political Culture, Moscow School of Political Studies (MSPS)
5. Eurasia Foundation/Crime and Corruption Prevention program, Eurasia Foundation
6. International Resource Cities Partnership Program (Regional Investment Initiative, Novgorod-the - Great), International City/Country Management Association (ICMA), City Administration of Hartford, CT

Independent Media

7. Independent Television, Internews
8. Media Development Program, Internews and NYU/Russian American Press and Information Center (RAPIC)
9. Media Viability Fund, Eurasia Foundation/Soros Foundation (Media Development Loan Fund)

NGO Sector Development

10. Civic Initiatives Program (CIP), Save the Children Consortium
11. Strengthening Environmental NGOs, ISAR (former Institute of Soviet American Relations)
12. Strengthening Human Rights NGOs, Freedom House
13. Support for Independent Unions, The Free Trade Union Institute
14. RAPSUDE, Regional Development in Nenets Okrug, United Way International (UWI)
15. Private and Voluntary Organization Initiatives in the NIS, World Learning
16. NIS-US Womens' Consortium Winrock/Russia, Winrock International
17. The Eurasia Foundation, Grantmaking Institution in the NIS, Eurasia Foundation
18. Community Involvement Grants and NGO Support Center Program (Regional Investment Initiative, Novgorod-the-Great), Eurasia Foundation
19. National Press Institute (formerly RAPIC, Russian-American Press and Information Center), New York University's Center for War, Peace, and the News Media
20. Partnerships for Civil Society and Economic Development Program (PCSED), International Research and Exchanges Board (IREX)
21. Sustaining Partnerships into the Next Century (SPAN), International Research and Exchanges Board (IREX)

Electoral System Development

This activity strengthens the capacity of the Russian Central Election Commission (CEC) and Subject Election Commissions (SECs) to administer free and fair elections, by providing support which fosters:

- *openness and transparency in the electoral process,*
- *better administration of and compliance with election law and regulations,*
- *stronger voters' rights, and*
- *more informed voters.*

U.S. Implementing Partner:
International Foundation
for Electoral Systems
(IFES)

Start: June 1994
Completion: December 1997

Russian Partner:
Central Election
Commission (CEC) of the
Russian Federation;
Subject Election
Commissions (SECs) and
Territorial Election
Commissions (TECs);
Center for Electoral
Technologies (CET); New
Perspectives Foundation
(NPF)

Activity Manager:
Ken Duckworth

Major Implementation Accomplishments

Openness and transparency. IFES increased transparency of the election process by encouraging the CEC to monitor the actions of SECs and to verify the accuracy of SEC protocols; adopt administrative mechanisms for grievance adjudication and remedy; exert pressure to post aggregate results; and foster interaction between official and non-official structures, such as political parties, civic organizations and the mass media.

Administration and compliance. At the Federal level, IFES worked with the CEC to provide legal commentaries and recommendations on the reform of Russia's basic electoral law. The new Law "On the Basic Guarantees of Voters' Rights", passed by the Legislative Assembly and signed by President Yeltsin contained, 55 IFES recommendations. At the regional level, IFES assistance reaches all 89 SECs. IFES's Model Election Law Package presented options for the adoption of various representational models and maintaining standards of transparency and accountability, while the Model Regional Election Official Training and Development Package supported the professionalization and independence of regional election officials.

Voters' rights. IFES advised the CEC on issues of legal and regulatory reform ranging from candidate registration and campaign ethics to adjudication of grievances and campaign finances. Strengthening the legal foundation for elections is essential not only for the integrity and sustainability of the post-Soviet electoral system, but more specifically for the legal protection of voter's rights and the rights of all political participants in democratic electoral and political processes.

Voter education. IFES public information efforts and election resource center, in conjunction with the CEC's federal program, serve 89 SECs and 2,700 TECs, increasing public awareness about Russia's post-Soviet electoral process and the attitudes of the Russian electorate during the transitional period. IFES's work with the NPF has increased electoral participation of women and youth in 55 regions. IFES service agreements support voter education and get-out-the-vote activities of NPF regional affiliates and support NPF's organizational development.

Activity Contributions to Targets

The IFES activity contributes to Strategic Objective 2.1, *increased, better informed citizens' participation in political and economic decision making* by helping to ensure that *free and fair elections are administered nationally and locally* (IR 2.1.1).

Major Issues or Problems

The new Law "On Basic Guarantees of Voters' Rights" requires a reworking of all Russian election laws, including laws providing for the election of the State Duma and President. New laws on campaign finance, political activity, and election reporting have been introduced. The Presidential administration actively seeks to change the system for election of the State Duma. Conflict between the President and State Duma heighten the prospect of early elections.

Upcoming Outreach Opportunities/Plans

USAID funding for IFES will end in December 1997. USAID may fund IFES for an additional four months of program work, through February 1998.

MRS ID: 11000071-RUS-IFES001 (1)
Award No: CCN-0007-A-00-4081-00
Date Report Prepared: October 22, 1997

Political Participation: Parties and Local Governments

This activity is broadly aimed at increased citizen involvement both in the electoral process and in governance through strengthening political parties and citizen links to them. The activity principally emphasizes three outcomes:

- *encouraging fledgling political parties to structure genuine political competition by identifying and aggregating the interests of citizens and by presenting and clarifying political choices,*
- *enabling civic organizations to promote the openness and accountability of governmental institutions, and*
- *fostering communication and consensus building among various political groups, thereby enhancing the capacity of representative institutions to make decisions which reflect citizens' interests.*

U.S. Implementing Partner
National Democratic
Institute (NDI)

Start: June 1994¹
Completion: December 2000

Russian Partners:
Reform political parties
(YABLOKO, Russia's
Democratic Choice, Our Home
is Russia), local governments
and civic advocacy
organizations in target cities.

Activity Manager:
Ken Duckworth

¹
Regional CA: 6/94 - 6/97
Bilateral CA: 7/97 - 12/00

Major Implementation Accomplishments

Political parties. NDI has developed and nurtured contacts within the democratic parties that have allowed them to provide training and technical assistance to decision-makers at the national, regional, and local levels. NDI helps political parties strengthen their long-term organizational capacities. Training courses covering diverse topics such as developing platforms; leadership recruitment and preparation; membership and volunteer recruitment; the role of parties in local government; forming coalitions; communications; outreach; fundraising; and organizational management, have reached 1400 political party activists.

Civic Organizations. NDI has created a niche for itself by being the bridge between civic activists and political parties. NDI's goal is to enhance citizens' ability to participate in politics. NDI helps NGOs learn to advocate their interests through cooperation with political parties. NDI's civic trainers have reached more than 875 civic activists in its six target cities, increasing their understanding of the Russian governmental and political structure and building their advocacy skills.

Local governance. Drawing on the strengths of its previous work in local government and in civic advocacy, NDI developed a model to bridge the gap between local government officials and civic activists. This model establishes community boards to identify community strengths and to develop and implement community development plans. Dzerzhinsk, in N. Novgorod Oblast, successfully tried this model. NDI also implemented the model in Dzerzhinsky, Moscow Oblast; and in Nizhny Novgorod. NDI local government programs have reached 400 local government officials.

Outreach. NDI's newsletter *Vestnik* and other mailings reach more than 4,500 civic and political activists and elected officials from across Russia with news on democracy developments and practical information on topics such as municipal finance, electioneering strategies and press relations.

Activity Contributions to Targets

This activity contributes to SO 2.1, *increased better informed citizen's participation in political and economic decision making*, by supporting the development of political parties (IR 2.1.1.2); building linkages between civic organizations and political parties that enable NGOs to be more effective advocates of peoples' needs (IR 2.1.3.1); and establishing community development boards to increase citizen participation in local government (IR 2.1.4.4).

Major Issues or Problems

On-going challenges to NDI's party building work include: parties are personality driven, and are not organized around platforms or ideologies; have weak organizational structures, poor linkages between their organizations and their factions in the State Duma and in regional dumas; few candidates readily identify with a party or seek its support. Citizens remain suspicious of parties and party identification among voters remains weak.

Upcoming Outreach Opportunities/Plans

NDI will conduct the following programs for political parties and civic activists and organizations in Fall 1996: Curriculum Development for Party Training Programs; Regional Party Planning Seminars; Coalition Building; and Civic Cooperation with Parties.

Political Institutions in a Democratic Society

This activity supports sustainable development of political institutions essential to democracy, focusing on political party development and campaign training, parliamentary training, and increasing the role of women and youth in politics and the political process. Three election observation delegations were added to the activity – one for the December 1995 Parliamentary elections, one for the first round of Presidential elections on June 16, 1996 and one for the final round of Presidential elections on July 3, 1996.

U.S. Implementing Partner:
International Republican
Institute (IRI)

Start: June 1994²
Completion: October 2000

Russian Partners:

Reformist political parties (Our Home is Russia and YABLOKO) ; independent regional organizations in various target cities (Moscow - Moscow School for Political Studies, Russian Association of Political Consultants, Fund for Development of Parliamentarianism in Russia; St. Petersburg - Coalition of Independent Women and Nevsky Research Foundation; Arkhanglsk - Committee for Free and Fair Elections; Rostov - Don Center for Political Technologies; Voronezh - United Democratic Center; Perm - Center for Electoral Technologies; Yaroslavl - International Investment Center.)

Activity Manager:
Ken Duckworth

Major Implementation Accomplishments

IRI's strength has been its collaborative work with Russian partners.

Political party development. The major reform parties in Russia have moved to establish strong regional organizations and local party chapters. Yabloko now has regional chapters in 70 of Russia's 89 regions and "Our Home is Russia" (NDR) 88. IRI's Local Party Leaders' Academy (LPLA) has trained 207 regional and local Yabloko and NDR leaders from across Russia to help them build and strengthen local party chapters. IRI has actively pursued partnerships with Russian NGOs capable of sustaining their party training work. These NGOs have assumed a greater role in IRI's party training programs, and IRI support is tied the development of these NGOs' management capacity and funding sources.

Parliamentary training. In conjunction with the national political parties, IRI conducts training for parliamentarians at the regional and local level. Training focuses on making newly elected deputies more effective legislators, covering topics like constituent outreach. IRI works with the Yabloko and NDR factions in the State Duma to train personal and committee staff, and conducts roundtable discussions and seminars designed to strengthen the ties between the Duma factions and their party organizations.

Women and youth. IRI's separate programming for Women and Youth ended in June 1996. However, program participants continue to participate in party training activities through LPLA. Former IRI partners have become institutionally strengthened. The St. Petersburg Independent Coalition of Women has become the League of Women Voters of Russia, and has plans to transform itself into an All-Russia organization. The League promotes womens' participation in politics and actively participates in the electoral process, organizing and hosting candidate debates, serving as a voters' rights advocate and candidate watchdog.

Activity Contributions to Targets

The IRI activity contributes to SO 2.1, *increased, better informed citizens' participation in political and economic decision-making*, by ensuring that national and regional political parties' infrastructure is better developed (IR 2.1.1.2), that key groups (women and youth) are included, and that the resulting elections are truly free and fair (IR 2.1.1).

Major Issues or Problems

On-going challenges to IRI's party building work include: parties are personality driven, and are not organized around platforms or ideologies; have weak organizational structures, poor linkages between their organizations and their factions in the State Duma and in regional dumas; few candidates readily identify with a party or seek its support. Citizens remain suspicious of parties and party identification among voters remains weak.

Upcoming Outreach Opportunities/Plans

IRI programs in 1996: LPLA II; State Duma Roundtable Discussions; Constituent Outreach for Local Government Officials; Guide for New Legislators; Sub-grants to NGOs to support party building, campaign training, and party training and to promote institutional development.

MRS ID:11000071-RUS-IRIN001 (3)
Award No: 118-A-00-97-00158-00
Date Report Prepared: October 22, 1997

² Regional CA: 6/94 - 6/97
Bilateral CA: 4/97 - 12/00

Development of a Democratic Political Culture

This activity promotes the development of a democratic political culture among Russian politicians and policy-makers. It supports growing a network of democratically minded young Russian political, administrative, intellectual, and business leaders in Moscow and in the regions through intensive seminars that:

- increase their understanding of the workings of modern liberal political and economic systems,
- encourage discussion of how these systems can be best adapted to conditions in Russia,
- encourage closer and more durable cooperation between Russian public figures of different political persuasions, and
- encourage regular working exchanges between Russian and foreign public figures.

It also supports the broader understanding of democracy and democratic values among Russia's education establishment by providing for the publication of books on democracy and democratic theory.

Start: April 1996

Completion: June 1998

Russian Partner:

Moscow School of
Political Studies (MSPS)

Activity Manager:

Ken Duckworth

Major Implementation Accomplishments

Training program. MSPS has conducted seminars for over 1,000 Russian politicians, including State Duma deputies, representatives of the Presidential administration, political party activists, and representatives of local and regional administrations and assemblies. Topics include mass media and politics; church-state relations; conflict resolution; role of the armed forces in a democratic society; electoral politics; federal-regional relations; nationalism and national identity; human rights; international security; local government; and economic development.

Publishing. Four issues of the MSPS journal *Sapere Aude* ("Dare to Think") were published, including articles on the "Russian Economy in Transition" written by Russian and Western practitioners and politicians. Four books on democratic theory and practice and liberal economics by Western scholars were translated and published as part of the MSPS Library Series: *The Presidency* by Richard Neustadt; *Democratic Control Over Executive Power* by Alvaro Gil-Robles; *Geo-Economics* by Gen. Carlo Jean; and *The Transition to Market Society and Market Economy* by Jacek Rostowski. 12,000 copies were distributed to the State Duma, Presidential Administration, and governmental institutions, and to universities and libraries.

Activity Contributions to Targets

The MSPS activity contributes to Strategic Objective 2.1, *increased, better informed citizens' participation in political and economic decision making* by building a network of democratically minded leaders who will ensure that free and fair elections are administered nationally and locally (IR 2.1.1) and who work in the national and local political party infrastructures (IR 2.1.1.2).

Major Issues or Problems

Russia's weak democratic tradition is an impediment to democratization. Russian politicians do not yet seem bound to respect the positions of their opponents. The presidential campaign was marred by calls on one side to postpone the elections and on the other to punish "traitors." In some regions, governors and regional councils have disbanded popularly elected local governments and, in some cases, arrested popularly elected leaders.

Upcoming Outreach Opportunities/Plans

MSPS plans to continue its training programs at the national and regional levels to develop democratic political culture and practice among young Russian leaders. Efforts will be made to include representatives of all political factions in national and regional government in order to develop and deepen understanding among them and to promote a peaceful culture of political debate. Seminars will also include international representatives in order to "broaden the minds and extend the personal contacts of young Russian politicians." Publishing activities will continue to include *Sapere Aude*, the *Diary of the Moscow School of Political Studies*, and additional volumes in the Library Series. USAID plans to support MSPS with a targeted institutional development program to help it expand its funding base beyond international and governmental donors.

MRS ID: 11000071.RUS.MSPS001 (4)
Award No:118-0007-G-00-6103-00
Date Report Prepared: October 22, 1997

**Eurasia Foundation/
Crime and Corruption
Prevention program**

The purpose of this program is to conduct a small grants program with a number of Russian NGOs addressing issues of crime and corruption prevention.

U.S. Implementing Partner:
Eurasia Foundation

Start: September 1996
Complete: September 1998

Russian Partners:
Russian NGOs across the
Russian Federation

Activity Manager:
Patrick Murphy

Major Implementation Accomplishments

In the initial stages of this grants program, the Eurasia Foundation (EF) determined geographic regions where the grant competition would be held and developed the request for proposal sent to Russian NGOs. One competition was administered by the EF's Moscow office, and another by EF's Vladivostok office. EF selected the following geographic regions for the competition administered from its Moscow office: Moscow, St. Petersburg; for cities of the Urals region: Chelyabinsk, Yekaterinburg, Perm, Kurgan; Chuvashia, Mary El, Udmurtia. Grant writing/organizational seminars for prospective grant recipients were held for these regions. 120 proposals were received from the Moscow-administered target regions by April 15, 1997. The largest number of proposals was from the Sverdlovsk and Perm' Oblasts. Of the 120, 20 proposals were directed toward corruption prevention and 100 toward crime. Grants were awarded to 15 organizations from 7 regions; 8 of the 15 grantees are NGOs. Three deal with corruption issues--mostly transparency in local government--and most of the remaining 12 crime prevention projects deal with the social adaptation of at-risk groups--mostly "difficult" children and juveniles.

The Vladivostok-administered competition conducted an advertising campaign, training seminars and consultations, and by Aug. 1, 1997 had received 26 proposals. Eight proposals have been funded in an amount averaging \$12,500 per grant.

Activity Contributions to Targets

The activities of the Eurasia Foundation are contributing to the IR 2.1.2.3, *NGO Sector provides alternative "ballot box" for participating in economic and political decision-making.*

Major Issues or Problems

Since the program addresses politically sensitive issues, the Eurasia Foundation was not sure that all selected regions would respond positively to the invitation to participate in the competition. The government of Mary El (one of the regions selected for grant competition) declined the invitation saying that such a program would not improve the situation in the region. Thus the EF-invited training organization was barred by the local authorities in Mary El from conducting an advertising campaign, training seminars and consultations, due to resistance from the local authorities. The relative dearth of corruption-related applications from throughout the targeted regions is attributable to several factors. For example, average citizens are accustomed to feeling powerless to change officials or the state, and thus mechanisms to defend civil rights and transparent governmental management are only beginning to develop in Russia.

Upcoming Outreach Opportunities/Plans

The Eurasia Foundation has begun the disbursement of funds to the grantees selected under both the Moscow-administered and Vladivostok-administered programs.

MRS ID: 11000071-RUS-
Award No:118-0007-A-00-6206-00 (5)
Date Report Prepared: October 24,1997

International Resource Cities Partnership Program (Regional Investment Initiative, Novgorod-the-Great)

The overarching goal of the International Resource Cities Partnership Program is to assist Novgorod to pursue its top priority of attracting investment. This includes:

- *improving the effectiveness and efficiency of local government budgeting practices,*
- *improving the effectiveness and efficiency of local government public finance practices, and*
- *expanding public support for their initiatives, through engaging and responding to input of the citizenry and local business community.*

U.S. Implementing Partner:
International City/County
Management Association
(ICMA); City
Administration of
Hartford, CT

Start: September 1997
Complete: December 1998

Russian Partners:
Novgorod City
Administration

Activity Manager:
Angelina Gurkina

Major Implementation Accomplishments

The City of Novgorod has selected Hartford, CT as its partner for the International Resource Cities Partnership Program based on its strong, recent track record in promoting and attracting investment and its experience in municipal finance and budget management.

During the program with the specific objectives of improving municipal ICMA and the city of Hartford, CT will:

- assist Novgorod city officials to use the budget as a policy making tool which supports the development of a strategic plan, and will demonstrate to Novgorod how to make allocative decisions that will both maintain necessary municipal services/infrastructure and improve the environment for business investment;
 - assist municipal officials to identify/understand public finance practices that facilitate investment, by improving creditworthiness and ability to issue public bonds;
 - assist Novgorod city officials in their efforts to solicit input, provide feedback, and garner support from the community to define, develop, and implement the practices needed to attract investment.
- Activity has not yet commenced.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 2.1, *increased, better informed citizen participation in political and economic decision-making nationally and locally* and contributes to the achievement of Strategic Objective 2.3, *more effective, responsive and accountable local government in selected cities*. The activity also contributes indirectly to Strategic Objectives 1.3 and 3.2.

Major Issues or Problems

None

Upcoming Outreach Opportunities/Plans

The first visit of the ICMA team is planning for November 23, 1997. This will entail a diagnostic, whereby ICMA assesses city capacities and agrees on a specific program with Novgorod officials. Subsequently, detailed follow-up visits of Hartford officials will occur to implement the agreed upon work plan with Novgorod counterparts.

MRS ID:
Award No: PCE-Q-806-95-00002-00 Delivery Order #806 (6)
Date Report Prepared: October 20, 1997

Independent Television

This activity provides training, small equipment grants, and individualized consulting attention to address the particular problems of independent commercial television stations throughout Russia. The activity focusses on two outcomes:

- *developing technical capacity to produce news information in an informative and interesting way, using modern professional technologies, and*
- *fostering economic sustainability of independent television stations in a competitive, market environment.*

U.S. Implementing Partners:
Internews

Start: August 1995
Completion: August 1998

Russian Implementing Partners:
200 independent television stations across Russia; and the Independent Broadcast Network (IBS)

Activity Manager:
Mark Koenig

Major Implementation Accomplishments

Local station training support. Internews has nurtured over 200 emerging independent regional commercial television stations, helping raise their audiences from nothing in 1991 to over 30% in 1997 in many local markets and to an estimated 15% or more of the Russian Federation viewing public.

Independent local news. By 1997, 166 regional independent stations aired daily local news, and 20 independent stations had won popularity as the primary sources of regional news in their local markets. Independent local TV stations air alternative and often more objective reporting of elections and public affairs compared to other, more state-influenced channels. Citizens thus receive more balanced information.

Network development. Since 1993, 80 Russian stations have joined the Independent Broadcasting System (NVS), which functions as a network of autonomous stations. Internews helped NVS expand from weekly mailings of half hour tapes to its current program lineup of seven-nine hours daily, satellite distributed and broadcast by 126 stations NIS-wide, reaching 50 million viewers in Russia. In addition, the Internews "Open Skies" program distributes 3.5 hours of syndicated documentary film programs to 175 cities

NIS-wide, including 47 independent stations serving 70 Russian cities with a potential audience of approximately 51 million.

Technical development. Independent stations have enhanced their technical capacity. With Internews assistance, more than 100 stations share technical and substantive information via a list server and Internet connections.

Economic sustainability. NVS programming is fully paid by advertising. Internews provides extensive commercial training to advertising managers and station managers, and this attention to economic sustainability has paid off. Over 200 Internews-assisted stations have established advertising departments to maintain commercial viability. Already, 20-30 regional independent stations average over \$100,000 monthly in advertising revenues.

Activity Contributions to Targets

This activity contributes directly to Strategic Objective 2.1, by *promoting more informed citizen's participation in political and economic decision-making.* Independent TV is a principal route for increased public access to information needed for informed political and economic choices (IR 2.1.2).

Major Issues or Problems

1997 witnesses a continued need for supporting the economic viability and autonomy of independent television stations. A few large banks and energy conglomerates with close links to the government have begun in 1997 making purchase offers to independent regional stations. Although this presents a viable financing option for stations, concerns exist about whether such lenders and investors will compromise the editorial independence of stations by imposing a political agenda on programming.

Upcoming Outreach Opportunities/Plans

In order to assure sustained support for independent Russian television during the next two decades, Internews Russia is developing a detailed proposal for a sustainability fund.

MRS ID: 1100075-RUS-INNW001 (7)
Award No: 118-0007-G-00-5266-00
Date Report Prepared: October 30, 1997

Media Development Program (formerly, Russian-American Media Partnerships)

MDP strives to improve the legal environment and supporting infrastructure necessary for a thriving independent Russian media. This is done via partnerships with U.S. organizations or by direct funding. \$1 million in cost-sharing has been generated; and several partnerships should become commercially viable. MDP promotes the business development of selected media, upgraded standards in professional training and expanded access to independent sources of information, including information used in business decisions.

U.S. Implementing Partners

Internews Network, Inc.
NYU/Russian American
Press and Information
Center (RAPIC)

Start: September 1994

Completion: March 1998

37 Partnerships, including:

BBDO Marketing/Ratings R;
Abamedia/RISK film and video studio;
Yerosha Productions/Tri-Teh; Univ of North
Carolina/Ural State Univ; National Assn of
Broadcasters/National Assn of
Telecasters; ATAS/RTDF; DCTV/Tomsk
TV2; NVS Satellite; Nation Institute and
Cardozo School of Law/Moscow Media Law
and Policy Institute; Multinational Strategies
and Bloomberg/SKATE press; Sister Cities
International and 13 pairs; Organization for
Intnat'l Professional Exchanges/Globe Press
Syndicate; BMC Inc/Gorodskie Vesti
Concern; Art Pattison Communication
Exchange/Vladivostok newspaper; Univ of
North Carolina/Fax Magazine; Pozner School
of Television Journalism / Syracuse (NY)
University School of Journalism

Activity Manager:

Mark Koenig

Major Implementation Accomplishments

Private Printing Press. Marking a landmark for developing a free press, the first private modern newspaper press in Russia began printing in 1997. Managed by a consortium of six independent newspapers in Volgograd, the press is projected to triple the circulation of Volgograd's independent newspapers to 600,000 weekly.

Wider access. TV-2 Tomsk and Downtown Community TV (NYC) installed a modern training/production facility, graduated their first classes of student community producers and began producing broadcasts for a replicable model community television network. BBC is studying possible use of the Tomsk model in other regions in Russia. And, serving as an innovative prototype for by-passing chronic newspaper distribution problems, a Vladivostok newspaper has gone on-line with daily updates on the Worldwide Web.

Business information. Distribution of information about Russian firms to the press and to the international business community involves more than 167 Russian companies, in accordance with Bloomberg Press' globally accepted standards. 12 information agencies across Russia use the electronic and fax-based information service. The Russian partner, SKATE Press, developed a Web site and offers a fee-based service to 149 registered users. Shareholder's Information Service reaches over 400 subscribers.

Professional Journalism Training. Ural State University Journalism Department, the Russian Television Development Fund and the newly established Pozner School of Television Journalism offer improved broadcast training opportunities for television journalists in the Urals and throughout Russia.

Archival Media Project. AMP is preserving and cataloguing photo-film materials of the Russian State Film Archives by computer digitalization and making these historic materials available on CD-Rom and on-line on the Worldwide Web. First documentary film deal signed with BBC.

Media Financial Strengthening. Targeted Consulting Teams, which initially helped media outlets improve managerial efficiency, design more appealing formats and augment advertising revenues, progressively evolved to a second phase, assisting newspapers and TV stations to upgrade accounting systems and to draft business plans in preparation for loans or investments.

Media Industry Advocacy and Regulation. Broadly promoting progress toward institutionalizing legal protections for free media, MDP-assisted partnerships such as the National Association of Telebroadcasters (NAT), the Standing Commission on Freedom of Information and the Media Law and Policy Institute provided expert consultations on six federal and local media laws and regulatory acts in 1996-97. NAT membership has grown from 70 members in 1996 to 134 broadcasters currently.

Activity Contributions to Targets

This activity supports Strategic Objective 2.1, *promoting more informed citizens' participation in political and economic decision-making* by assuring increased public access to information which is needed for informed political and economic choices (IR 2.1.2).

Major Issues or Problems

Possible Follow-on Mechanism(s): As the highly successful MDP approaches its completion date, decisions must be reached as to which partnerships or activities might merit extensions beyond March 1998, particularly in the area of legal infrastructural support for the independent media.

MRS ID: 1100075-RUS-INNW001 (8)
Award No. CCN-0007-A-00-4136
Date Prepared: October 30, 1997

Media Viability Fund

This fund will provide a mix of technical assistance and low cost loans for needed equipment to selected groups of newspapers in two regions in Russia (Omsk and Chelyabinsk/Yekaterinburg) and one region in Ukraine (Lviv).

Activity goals include:

- *provision of capital for acquisition of needed equipment (including modern printing presses, delivery trucks, etc.), allowing print media to increase independence from state-owned facilities, and*
- *improved management of selected local newspapers, contributing to long-term profitability.*

U.S. Implementing Partners:

Eurasia Foundation,
Soros Foundation, Media
Development Loan Fund

Start: September 1996

Completion: July 1998

Russian Partners:

6-9 newspapers selected

Activity Manager:

Mark Koenig

Major Implementation Accomplishments

MVF advisors have begun assisting newspapers to improve their business practices and to draft business plans. Five Russian (and four Ukrainian) newspapers attended an intensive three week seminar at the highly successful Slovakian newspaper *Sme* in Bratislava, studying advertising and marketing, printing press and publishing operations as well as the art of drafting business plans and loan applications. Six newspapers (including three Russian newspapers from Yaroslavl, Ekaterinburg and Chelyabinsk) subsequently submitted strong business plans as key components to loan applications to the Media Loan Development Fund.

In September, MVF launched a small grants competition to assist 10-15 newspapers in up to 15 Russian cities. Grants of up to \$15,000 will go to applicants proposing the best low-cost solutions to resolving infrastructural problems in the regional print media sector.

Activity Contributions to Targets

MVF directly promotes development of financial and institutional status of the media sector (IR 2.1.2.3). More broadly, this activity contributes to Strategic Objective 2.1, by promoting *more informed citizen's participation in political and economic decision-making* through increased public access to information which is needed for informed political and economic choices (IR 2.1.2). It further contributes to IR 2.2.1, by assuring production and wide dissemination of high quality information by independent production sources.

Major Issues or Problems

Due to careful rethinking of such issues as program strategy, reporting procedures and selection of consultants, this activity started rather slowly, but MVF is now moving apace.

MVF reached working agreements with the International Center for Journalists (ICFJ) and the National Press Institute (NPI), thereby enlarging the program's pool of available print media advisors. Although coordination problems occasionally arise, MVF has also achieved initial successes in working with other media programs to target the most appropriate assistance on a paper-by-paper basis. For example, NPI/MDP will help strengthen the business practices of Omsk's independent newspaper *Zerkalo*, an early MVF candidate which was passed on to NPI as still too weak for a MDLF loan. Meanwhile, NPI also helped prepare the Yaroslavl independent newspaper *Zolotoe kol'tso* to become a leading candidate for a MVF/MDLF loan. Continued coordination with NPI and with other media financial strengthening activities will remain important.

Upcoming Outreach Opportunities/Plans

MVF may broaden the number of targeted regional print media markets to be assisted. In August 1997, for example, MVF representatives began examining two independent newspapers in Krasnoyarsk as potentially strong candidates for setting up a private printing press in competition with the state printing monopoly.

MRS ID: 11000075-RUS-FNNW003 (9)
Award No: CCN-0010-G-00-3074-17
Date Report Prepared: October 27, 1997

The Civic Initiatives Program (CIP)

CIP promotes the growth of civil society in Russia. CIP activity focusses on three major outcomes:

- *improving the external operating environment for NGOs, i.e., legal and regulatory environment, public attitudes toward NGOs, and support from the governmental and private sectors,*
- *promoting the establishment of action-oriented networks of NGOs with members who represent a broad, diverse constituency, and*
- *developing a target group of NGOs who manage themselves efficiently, act effectively on behalf of constituents, and serve as models for the sector.*

U.S. Implementing Partners:

Save the Children (lead member of the Consortium); Center for Democracy (CFD) (legal); Education Development Center (EDC) (social marketing); Counterpart Foundation (training); and Johns Hopkins University (JHU), (research/evaluation).

Start: October 1994

Completion: September 1998

Russian Implementing Partners:

Focus, Interlegal, Center for Regional Economic Studies, Marshak Foundation, ORT Russia, NGOs and New Russian Support Centers in Siberia, Lower Volga Region, Central and Southern Russia

Activity Manager:
Marina Grigorieva

Major Implementation Accomplishments

There are now over 50,000 registered NGOs in Russia, up from 40 in 1987. CIP has made major contributions to this growth. The Civic Initiatives Program has completed restructuring involving a transition to Russian management, and developing additional regional centers in Central Russia. As of early 1997, all Centers have Russian management. Twenty four Russian resource centers catalyzed through USAID support provide assistance every month to over 800 NGOs, which are active in more than one third of the territory of Russia. Sixty trainers trained in the JHU Training of Trainers class trained over 6,000 NGO participants and consulted over 800 NGO leaders in all regions. These trainers will continue to serve NGO training needs in Southern Russia, Siberia, and Central Russia.

External Environment. Interlegal Foundation, with support from CFD, produced 2,000 copies of a "Legal Guide for NGOs" containing practical information on NGO creation, state registration, funding, taxation, etc. An additional 1,000 copies were published in October, 1996 in response to demand. Krasnodar city tax inspectorate relies on the legal guide when dealing with NGOs. Eighty NGOs participated in seminars led by CFD's Legal Assistance Network. The CFD, in cooperation with the Moscow Club of NGO Accountants, published and distributed 1,200 copies of a practical guide in accounting and taxation for NGOs in Russia. Other highly demanded publications include: *State and NGOs: Forms of support and Collaboration*; *Legislative Process in Russia: Citizens and Power*; and *Public Relations Handbook for NGOs*.

Public Education. As a result of training and consulting activities on developing public relations plans for NGOs conducted by EDC, there has been a marked increase in media coverage of NGOs. The media coverage of NGOs and their activities has increased in all three regions by as much as 500% in some areas. Public attitudes towards NGOs are improving in Siberia and Southern Russia, as indicated by a 1997 public opinion survey; twenty percent of respondents would like to work for an NGO as compared to 13% in 1995. **Training.** To date, over 1,200 training sessions on NGO management, social marketing, computer skills, etc. have been held and will continue through the next year. A directory listing Russian NGO-training professionals has been published. In cooperation with World Learning, a group of 24 NGO evaluators have been trained.

NGO Networks. To discuss opportunities for collaboration between NGOs and local governments, in November 1996, the Siberian Regional Center, with the support of CFD and Novosibirsk city and Oblast governments, organized an inter-regional conference on forms and methods of interaction between the state and the public with participation of NGOs, administrations and legislatures from 12 Siberian Cities and the City of Moscow. Citizen advisory groups have been recognized by the government in six target cities, contributing to transparency of decision-making and increasing citizens' involvement.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 2.1, *increased, better informed citizens' participation in political and economic decision making.*

Major Issues or Problems

The Southern Russia Center is expanding to eight more cities in the region. All Centers are working on their strategies for sustainability beyond September 1998.

Upcoming Outreach Opportunities/Plans

In tune with the Samara Regional Investment Initiative, NGO Resource Centers will be supported in the Lower Volga Region (Samara, Saratov, and Volgograd). Results of a small grant competition for NGOs in three regions of Russia will be announced in mid-January 1997. This competition will stimulate identification of domestic funding by NGO applicants, requiring 15% match funding.

MRS ID: 11000074-RUS-NGOS001 (10)
Award No. 110-0001-G-00-4046
Date Report Prepared: October 22, 1997

Strengthening Environmental NGOs

This activity provides grants and technical assistance to Russian environmental NGOs as well as creating and/or supporting partnerships between U.S. and Russian environmental organizations.

Projects cover a range of environmental activities of local interest, including: environmental information gathering and monitoring, legal and legislative efforts, public education, and community clean-up projects. Projects also address global environmental issues such as energy efficiency, air and water pollution, health, nature conservation and biodiversity.

US Implementing Partner:
ISAR (former Institute of
Soviet American Relations)

Start: July 1996
Completion: September 1998

Russian Partners:
A variety of Russian
nongovernmental
organizations (NGOs)

Activity Manager:
Elmira Starchevskaya

Major Implementation Accomplishments

466 grants totalling \$1,047,715 given to 466 grants totalling \$1,047,715 given to Russian NGOs resulted in public campaigns and actions (40% of all projects), government decision-making process influenced both on local and federal levels (45%), positive coverage in mass media (70%). Project results are covered in 600 publications in press, 74 radio and 66 TV programs.

40 partnership grants ranging from \$12,000 to \$75,000 totalling \$1.4 million were awarded and provided Russian and American activists an opportunity to work together on such issues as children health monitoring and improvement, biodiversity protection, environmental education, etc.

A regional walk-in information center was established in Moscow, on-line databases and consulting services were provided to various environmental NGOs; an environmental library was created; and a WEB site was created with information about ISAR's activities and linkages to other interesting environmental sites. NGO networking efforts were supported and resulted in over 200 environmental NGOs being connected by e-mail and are sharing information on a regular basis.

ISAR/Moscow office started publishing a quarterly bulletin (1,000 copies) which is being distributed among environmental NGOs, governmental bodies and sponsors. Seminars and conferences for professional development of NGOs are being conducted throughout Russia.

Seven publications have been funded through ISAR Publications Program. In addition to Seeds of Democracy Program, the Regional Siberian Grant-making program was started. About 30 grants will be awarded to Siberian NGOs, totalling \$22,000. This program is funded by the Mott Foundation, but ISAR/Moscow is widely using the experience, databases and contacts acquired during the implementation of USAID grants program.

Activity Contributions to Targets

This Cooperative Agreement contributes both to Strategic Objective 2.1 by *making environmental NGOs more effective advocates on issues related to peoples' needs for a better environment* as well as *generally increasing the public awareness of the role of NGOs in society* and to Strategic Objective 3.3.

Major Issues or Problems

There are no major issues at this time.

Upcoming Outreach Opportunities/Plans for Next Period

Data and information are being collected to prepare evaluation report on the Training program (January 1998).

More conferences are planned under the Conferences Program.

Seeds of Democracy program to be completed.

ISAR/RFE received additional funding for preparation and publishing of the directory of Russian Far East NGOs.

MRS ID: 11000033-RUS-ISAR001 (11)
Award No: CCN-0003-A-00-3048-00
Date Report Prepared: October 22, 1997

Strengthened Human Rights NGOs

Freedom House's work with the Sakharov Center:

- *provided support for programming and operation cost,*
- *created linkages between the Sakharov Center and US human rights groups.*

U.S. Implementing Partner:
Freedom House

Start: September 1996
Complete: November 1997

Russian Partners:
Sakharov Museum and
Public Center

Activity Manager:
Keith McCue

Major Implementation Accomplishments

Having existed for less than two years, the Center has strengthened its role as a consolidation point for human rights NGOs throughout Russia and is also playing the role in other NIS countries. More than 50 conferences and training seminars were held at the Sakharov Museum and Center which were either sponsored by the Center or simply hosted by them and which included the participation of Russian NGOs such as the Moscow Research Center for Human Rights, Moscow Center for Prison Reform, Moscow Helsinki Group and Memorial. Topics included human rights, prison reform, the life of Andrei Sakharov and refugee status in Moscow.

In the period from October 1996 to August 1997 approximately 5,000 people visited the museum and center to conduct research, view exhibits and attend seminars.

The library collection of Russian and foreign language materials has grown to 2,236 books and numerous periodicals.

Among the exhibits at the Museum during this period was "Women Against Violence" and "Victims of Totalitarianism."

Activity Contributions to Targets

The activities of the Sakharov Museum and Public Center are contributing to the IR 2.1.2, *increased public access to information which is needed for informed political and economic choices.*

Major Issues or Problems

Due to the continued development of the Sakharov Center and its changing institutional needs, it was decided that future funding of the Sakharov Center would be directly provided by USAID and that technical assistance would be focused on institutional development.

Upcoming Outreach Opportunities/Plans

Future plans for the Sakharov Center are currently being formulated, however, it is likely that they will sponsor several events each month on a variety of different human rights topics.

USAID is initiating a new program of support directly with the Sakharov Center which will:

- Provide support for future programming and operation cost;
- Fund an "Institutional Analysis" study to help the Sakharov Center develop a long term plan for institutional development;
- Provide "Institutional Development" support to the Sakharov Center so that it may continue its work when USAID support ends.

MRS ID: 11000071-RUS-FREE001 (12)
Award No: 118-0007-G-00-6187-00

Date Report Prepared: October 22, 1997

Support for Independent Unions

This activity, currently in its second phase, is expected to lead to five major outcomes:

- *democratic trade unions responding more effectively to requests for assistance from enterprises or members,*
- *democratic trade unions having the information and technical skills to begin playing an active role in privatization and enterprise restructuring,*
- *democratic trade union leaders being more effective communicators and negotiators, and*
- *leadership skills more broadly spread through democratic trade unions and democratic trade unions recognized nationally and locally as credible and important organizations.*

U.S. Implementing Partner:
Free Trade Union Institute
(FTUI)

Start: March 1996
Completion: February 1998

Russian Implementing Partners:
Democratic trade unions and trade union organizations, including Independent Miners Union of Russia; Seafarers Union of Russia; Mining and Metallurgical Union of Russia; Federation of Air Traffic Controllers of Russia; Russian Union of Aviation Radio, Navigation and Communication Workers; Union of Flight Personnel of Russia; Russian Trade Union of Aviation Engineers; Russian Dock Workers' Union; Russian Oil and Gas Workers Union; Russian Rail Engineers Union; Russian Coal Mining Engineers, Science and Office Workers Union; Russian Union of Nuclear Workers, Trade Union of Workers in the Academy of Sciences

Activity Manager:
Lisa Petter

Major Implementation Accomplishments

FTUI works with independent trade unions which possess democratically elected leadership, represent worker interests and do not include management as members. They have provided key support to 13 national unions and 3 regional and enterprise-based unions. They have also worked with pro-reform structures/officials within the old official state unions, FNPR.

Union organizing/assistance. FTUI worked to improve the capacity of independent trade unions to communicate with and mobilize their members. During FY1997, over 600 union activists from 13 national and four regionally-based independent unions received training in basic organizing and union building skills. FTUI brought union organizers from 9 Russian Far East cities together for a six-day, comprehensive Trade Union School; as a result, two locals voted to join the Far East Confederation of Free Trade Unions.

Outreach and increased activism. FTUI staff continues to establish contacts with the FNPR-affiliated unions (Soviet State-supported unions) which are attempting to reform their unions into democratic organizations. While attending the Third FNPR Congress, FTUI staff met with International Confederation of Free Trade Union (ICFTU) representatives to discuss Russia's wage arrears crisis; ICFTU subsequently arranged for the Chairs of all three Russia labor confederations to attend a World Bank roundtable on wage arrears. In addition, FTUI has assisted Russian independent trade unions to improve their contacts with US counterparts. Workers in Norilsk initiated an ICFTU delegation visit in order to exchange experience with US and Canadian trade union activists who have encountered an industry restructuring similar to the one they are currently facing.

Communications. FTUI continued to support a 15 minute weekly radio program call "Workers' Rights," disseminating information across Russia on independent trade union activities.

Credibility and importance. Official State-sponsored trade union membership has fallen from 66 million in 1992 to about 35 million in 1997; membership in independent trade unions has risen in the past year to over 4,200,000.

Activity Contribution to Targets

This activity contributes to Strategic Objective 2.1, *increased, better informed citizen participation in economic and political decision-making*, and Strategic Objective 2.2, *citizen access to legal systems to support democratic processes and market reform.*

Major Issues or Problems

Wage arrears continues to be the major problem facing Russian workers. FTUI has been working with unions to develop strategies for addressing this. Larger macro-economic factors suggest that this issue will not be soon resolved. This also creates difficulties for reaching any kind of self-sufficiency of the Public Interest Law Clinics, since relying on fees (from workers who have not been paid in months or years) is unrealistic. Foreign funding options especially from private donors are being pursued more aggressively as a result.

Upcoming Outreach Opportunities/Plans

FTUI will continue to focus on Education, Outreach and Public Interest Law Clinics.

MRS ID: 1100071-RUS-FTUI001 (13)
Award No: CCS-0007-G-00-2075-00 and CCN-0007-A-00-4094-00
Date Report Prepared: October 22, 1997

RAPSUDE, Regional Development in Nenets Okrug

This activity works with both the Administration in Nenets Autonomous Okrug and the nongovernmental sector, providing training, technical assistance, and small grant support to facilitate development of the community's capacity to meet local needs.

When the activity started in 1994, it was expected that foreign investments in the oil extracting industry would generate significant new resources for the Okrug and that, with the improved capacity, it would be possible to use tax and oil extraction royalty revenues for improving municipal finance and governance and community services through NGOs. The expected investment and revenues have not materialized, as the legislation passed by the Duma doesn't provide the incentives for foreign investments.

U.S. Implementing Partner:
United Way International
(UWI)

Start: January 1995
Completion: December 1997

Russian Implementing Partners:
Nenets Okrug
Administration
Junior Achievement
Russia
Conoco/Russia

Activity Manager:
Marina Grigorieva

Major Implementation Accomplishments

Training. United Way's office in Naryan Mar conducts regular consultations for local NGOs on taxation, registration, and fundraising. In addition, a training program for the Okrug and municipal administrations was initiated in January 1997. NGOs have been involved as both participants and providers of some of the training courses.

Community links. Roundtables for NGO and local government representatives have been initiated. UWI solicited or facilitated charitable giving by several international oil businesses.

Grants. The small grants program has succeeded in stimulating the organization of a few more NGOs in the Okrug. Currently, five NGOs are in the process of registration. Twenty small grants (about \$5,000 each, \$115,000 in total) were competitively awarded to NGOs in the Okrug in October 1996 and January 1997. The Association of Medical Workers set up a X-ray system in the Iskately clinic. The project was carried out with the assistance of the local government and private sponsors. Okrug Society of the Disabled purchased a copy machine and established a small business which will make the organization more financially sustainable. Three women got a job and one more started her own business as a result of training conducted by the Unemployed Women's Club. Free legal consultations are offered now to citizens by a local newspaper "Naryana Vynder" and are in high demand.

Activity Contributions to Targets

This activity contributed to Strategic Objective 2.1, *increased, better informed citizens' participation in political and economic decision-making*, specifically by developing the capacity of the NGO sector to provide an *alternative to the ballot box for participating in economic and political decision-making* (IR 2.1.3).

Major Issues or Problems

USAID notified UWI that no additional funds would be obligated into the grant. The United Way - Naryan Mar office is working to define its strategy beyond December 1997. Training programs for the administration have been suspended because of limited finance, but alternative funding sources are being actively pursued. Inadequate financial reporting to USAID resulted in delays and lost opportunities in the Training of Trainers module implementation.

Upcoming Outreach Opportunities/Plans

Svetlana Bridun, Deputy Director of the Naryan Mar office, is going to attend an intensive TOT course offered by CAF and funded by the British Know-How Fund. United Way - Naryan Mar is in the process of becoming registered as a Russian NGO. The project closes out on December 31, 1997.

MRS ID: 1100074-RUS-UWAY001 (14)
Award No: 118-007-G-00-5149-00
Date Report Prepared: October 22, 1997

Private and Voluntary Organization Initiatives in the NIS

*This partnership activity fulfilled
three functions:*

- *awarded, monitored, and evaluated subgrants to US non-profit organizations to support NIS NGO development and service delivery,*
- *provided training and technical assistance to subgrantees, and*
- *provided "lessons learned" on collaborative US PVO/NIS NGO work.*

U.S. Implementing Partner:
World Learning

Start: May 1992
Completion: June 1997

US/Russian Partners:

Opportunity International & Sluzheniye;
Wheeled Mobility Center & Finist; World
Institute on Disability & All Russian Society
of the Disabled; America's Development
Foundation & Interlegal; Aid to Artisans;
Operation Smile International & Russia;
PIRE & Salus; AIDS Infoshare Russia; ISAR;
International Orthodox Christian Charities;
MiraMed-Magee; World Vision; YMCA;
Foundation for Social Innovations; PACT;
United Way; Access Exchange International;
Center for Attitudinal Healing; Goodwill
Industries International; Planned Parenthood
of New England; Salvation Army; IREX;
Nat'l Assoc of Social Workers; Project
Harmony; Rodale Institute; etc.

Activity Manager:
Marina Grigorieva

Major Implementation Accomplishments

Upon completion of this program, 30 of 44 partnerships originally supported by World Learning were continuing with no further USAID funding. Another six had established informal connections. World Learning's Moscow office staff has been registered as a Russian NGO Support Center and is implementing a program in four Oblasts in Central Russia with a grant from the Civic Initiatives Program.

Grantmaking. World Learning completed five rounds of grant competitions and awarded 36 partnership subgrants in Russia to a variety of U.S. PVOs. Each round focussed on a different area of service: social safety net organizations; voluntarism; NGO institutional development; NGO management and communications; and health care. Some of the partnerships have grown significantly under the program. For example, local branches of the Association of Social Pedagogues and Social Workers became self-sustaining and now provide funding to the central office of the organization to perform the coordination and information dissemination functions. The programs of the World Institute of Disability and the All Russia Society of the Disabled demonstrated success in development of businesses affiliated with the Russian partner.

Training. World Learning training has emphasized local NGO development and sustainability. Five modules were presented in repeated workshops: public education through the media; external environment; strategic planning; financial management, and human resources development. A conference for women NGO leaders and the final conference on strategies for NGO development were held. In Russia, 433 participants attended interactive workshops and conferences; evaluations by participants rated the quality of training highly. Training materials were used by Russian partner organizations to conduct their own seminars, multiplying the effect of the training workshops. A new Certificate Program in Project Evaluation was conducted in April - June 1997 and a new Evaluators' Association is being started by the 24 graduates.

Information dissemination/lessons learned. World Learning inaugurated two publications in Moscow and Washington, "Initiatives in the New Independent States" (17 issues) and "Infohelp" (25 issues). These publications provided a forum for discussion of issues, problems, and solutions in the NGO sector and reached thousands of NGOs in the US and in the NIS. Conferences, such as "Experience and Strategies for NGO Development" held in November 1996, highlighted strategies for NGO development in the post-grant period.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 2.1, *increased, better informed citizens' participation in political and economic decision making.*

Major Issues or Problems

The activity closed out on June 30, 1997. Contacts between the NGO Support Center and World Learning, Inc. continue informally.

MRS ID: 1100074-RUS-WLIN001 (15)
Award No. 110CCS0001A00202200
Date Prepared: October 23, 1997

**NIS-US Women's
Consortium
Winrock/Russia**

The Russian Consortium activity focuses on increasing Russian women's participation and influence in economic, political, civic and community life through facilitation of advocacy campaigns at the federal and regional level in the Russian Federation.

This activity facilitates Russian women's NGO-capacity to build coalitions and mobilize advocacy campaigns.

U.S. Implementing Partner:
Winrock International

Start: October 1997
Completion: September 1998

Russian Partner:
Winrock/Russia

Activity Manager:
Washington managed
(G/WID office) and
Nadezhda Mikhnova

Major Implementation Accomplishments

The Russian Consortium held a conference on domestic violence on October 15-17, 1997. The 42 participants included directors and workers from crisis centers and hotlines, as well as NGO activists, from Moscow and other regions of Russia. The conference attendees shared their experiences and learned how different NGOs, crisis centers and hotlines interact with local authorities. In addition, attendees strategized how they to work towards better cooperation with medical workers, police, courts, government officials and the media. The attendees discussed in-depth, with input from lawyers, the draft Federal Law on Family Violence with the goal of making concrete recommendations for its modification. On the third day of the conference the participants met with officials from the following agencies of the Russian Federation: the Presidential Commission on Women, Family and Demography, the Ministry of Internal Affairs, the Ministry of Health, the Supreme Court, the Ministry of Labor and Social Development. The purpose of the meeting was to engage in a dialogue with the government officials to raise awareness of the limitations of the draft law and to present the recommendations. An important outcome of the meeting was an agreement to form a working group made up of NGO activists, lawyers working for crisis centers and representatives of the Presidential Commission on Women, Family and Demography. This working group will expand to include representatives from all of the agencies dealing with the prevention of family violence.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 2.1, *increased, better informed citizens' participation in political and economic decision making* by building bridges between the legislative and executive branches of federal and regional government bodies and women's NGOs, facilitating formation of coalitions on legislative reform, empowering women to run for public office and strengthening women leaders' advocacy and leadership skills through training seminars.

Major Issues or Problems

There are no major issues at this time.

Upcoming Outreach Opportunities/Plans

To hold issue forums on upcoming legislation and issues important to the women's rights community and women's NGOs. These roundtable discussions and public hearings will include presentations by experts engaged in research on the topics and grassroots activists working in the regions. Consortium members and regional NGO leaders will use these forums to discuss issues, develop advocacy strategies, and build coalitions to lobby the Duma and state structures on specific legislation.

Date Report Prepared: October 24, 1997 (16)

The Eurasia Foundation, Grantmaking Institution in the NIS

The Eurasia Foundation is a major grass-roots grantmaking institution funded by the US Government to assist economic and social reform in the New Independent States (NIS). The principal aim of the Foundation is to provide small grants in a quick and flexible fashion to NIS organizations and US groups in partnership with NIS organizations.

U.S. Implementing Partner:
Eurasia Foundation

Start: May 1993
Complete: September 2002

Russian Partners:
several hundred local
governments, NGOs and
businesses in Russia

Activity Manager:
Marina Grigorieva

Major Implementation Accomplishments

The Eurasia Foundation takes pride in two unique accomplishments:

1. The Foundation blazed the trail in responding effectively to on-the-ground reform needs as seen by NIS citizens and institutions themselves through its competitive grant and lending programs (939 grants in Russia totalling \$23,278,189, average size \$25,000). In cases where NIS and US organizations wish to collaborate on a project, the Foundation awards partnership grants (218 to date totaling \$11,987,412).
2. Cumulatively, these mainly grassroots programs demonstrate sustainable impact in three basic areas of reform:

Economic Reform. Total Economic Reform Grants and Projects: 378 in Russia, 72 in FY 97 for a total of \$12,070,727. In the banking and business sectors the Foundation has awarded over 75 grants to indigenous business development centers throughout the NIS and has established two experimental, innovative small business lending programs. In the sector of high quality management and economics education and research, the Foundation helped to expand the Junior Achievement (JA) programs' networks in the regions by providing small grants directly to JA regional centers in 20 NIS cities. The International St. Petersburg School of Management launched with two small Eurasia Foundation grants, has received multi-million dollar support from private donors and a major contribution of land and facilities from the St. Petersburg government.

Civil Society. Total Civil Society Grants: 370 in Russia, 79 in FY 97 for a total of \$8,075,010. The Foundation is a major actor in developing modern, public administration training programs and institutes -- 18 thriving centers. The Eurasia Foundation was a pioneer in supporting the regional development of the Non-Governmental Organization (NGO) movement in Russia, through eight separate competitions awarding over 130 small grants to NGOs totaling more than \$1,484,000. It has made 95 grants to local governments, twenty five of which in FY 97 improved management and responsiveness of local governments to citizens' needs. In a number of cases, Foundation grantees in drafting legislation have led to greater cooperation among the nonprofit, business and government sectors.

Media. Total Media & Communications Grants: 191 in Russia, 36 in FY 97 for a total of \$3,132,425. Through regional competitions the Foundation has provided training and a small but critical amount of computer equipment to improve the quality and sustainability of local media. More than 80 newspapers received immediate assistance to realize their goals. Many of the grantee papers have doubled or tripled their circulation.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 4.2, *cross cutting initiatives* and to SO 1.3, SO 2.1, SO 2.2, SO 2.3.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

The Eurasia Foundation will continue grant-making through competitions and on an on-going basis.

MRS ID: 11000074-RUS-EUAF001 (17)
Award No: CCN-0010-G-00-3074-00
Date Report Prepared: October 23, 1997

**Community Involvement
Grants and NGO Support
Center Program (Regional
Investment Initiative,
Novgorod-the-Great)**

The program will strengthen the development of civil society in Novgorod through small grants and training programs and the enhancement of an NGO resource center.

Through this project, the Eurasia Foundation hopes to catalyze the growth of the Novgorod NGO sector, which is described by all as being weak but having excellent potential.

U.S. Implementing Partner:
The Eurasia Foundation

Start: July 1997
Complete: December 1998

Russian Partners:
Novgorod Oblast
Administration and
Russian NGOs to be
identified

Activity Manager:
Angelina Gurkina

Major Implementation Accomplishments

This program has been designed to stimulate the growth of NGOs in Novgorod by developing several sub-sectors: small business associations, media organizations, professional associations and advocacy groups. It will provide support for cross-sectoral NGO projects in order to attract support from the business and governmental sectors; strengthen networking among NGOs and disseminate information to the public to create better understanding and support of NGOs. It will also strengthen an NGO Resource Center that can continue to provide support to the Novgorod NGO sector after the end of the program. To date, an RFA has been issued and proposals are being reviewed to select grant recipients.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 2.1, *increased, better informed citizen participation in political and economic decision-making nationally and locally*. The activity also contributes indirectly to Strategic Objectives 1.3 and 3.2.

Major Issues or Problems

None

Upcoming Outreach Opportunities/Plans

Approximately 35 grants will be made to Novgorod organizations providing broad support for the NGO sector. In addition, these 35 groups and others not receiving funding will be linked with approximately 12 strong NGOs and business support providers from around the country. It is expected that over the course of the program, sustainable networks of small business development organizations and NGOs will be set up and that long term relationships will be built within the NGO sector and among the public, private and NGO sectors.

MRS ID:
Award No:118-A-00-97-00197 (18)
Date Report Prepared: October 20, 1997

**National Press Institute
(formerly RAPIC, Russian-
American Press and
Information Center)**

***(1) Institutional Strengthening:
The Russian-American Press and
Information Center will complete
its transformation into the
National Press Institute (NPI), a
fully Russian NGO executing a
comprehensive media-development
agenda. New York University will
assist NPI to complete its transition
into an independent self-sustaining
organization by jointly: developing
financial management systems;
training personnel to comply with
RF laws and GAAP standards;
upgrading NPI planning and
management capabilities; and
fostering organizational efficiency
and standardization.***

***(2) Media Financial
Strengthening:
NPI will facilitate the financial
strengthening of Russia's regional
press by assisting regional press
publishers and newspapers to
assess their needs for capital; by
drafting business plans and
assisting with loan applications;
and by helping newspapers to
obtain financing.
NPI will also assist in the creation
of leasing mechanisms for the
print media sector and disseminate
information (both on-line and via
NPI regional centers) on media
financing opportunities.***

U.S. Implementing Partner:
New York University's
Center for War, Peace,
and the News Media

Start: September 1997
Completion: October 1998

Activity Manager:
Mark Koenig

Major Implementation Accomplishments

New Activity.

Activity Contributions to Targets

Insofar as this activity assists the institutional development of the National Press Institute as an independent Russian NGO, it contributes directly to IR 2.1.3.2, *NGOs institutionally strengthened.*

The media financial strengthening activity directly promotes development of financial and institutional status of the media sector (IR 2.1.2.3). More broadly, this activity contributes to Strategic Objective 2.1, *by promoting more informed citizen's participation in political and economic decision-making* through increased public access to information which is needed for informed political and economic choices (IR 2.1.2). It further contributes to IR 2.2.1 by *assuring production and wide dissemination of high quality information by independent production sources.*

Major Issues or Problems

The National Press Institute will face the multiple challenges of evolving from an affiliate of New York University (formerly, as NYU's Russian-American Press and Information Center) into a fully autonomous Russian NGO, implementing a comprehensive program assisting the independent media in Russia.

NPI will initiate an important new activity: media financial strengthening. 1997 has witnessed a need for strongly supporting the economic viability and autonomy of the independent press, which may be vulnerable to purchase or take-over bids by powerful State-linked financial institutions whose interest in acquiring media properties is driven by political, and not only market principles.

Upcoming Outreach Opportunities/Plans

RAPIC's transformation into NPI broadens the press institute's prospects for broader international cooperation and for achieving self-sustainability, particularly in terms of attracting support from potential European and Russian donors. As an autonomous Russian NGO, NPI will retain its historically productive partnership with the New York University's Center for War, Peace and the News Media, while responding rapidly to other international opportunities and to changing conditions in the Russian media.

MRS ID:
Award No: 118-0007-A-00-97-00274-00 (19)
Date Report Prepared: October 22, 1997

Partnerships for Civil Society and Economic Development Program (PCSED)

The PCSED Program is a component of the Regional Investment Initiative Pilot Program in Novgorod-the-Great, whose general objective is to establish organizational linkages between U.S. and Russian institutions which will further the goal of the Regional Investment Initiative. PCSED contributes to the creation of an attractive business climate in Novgorod and Novgorod Oblast and increases civic involvement to achieve economic, social, and democratic growth through the partnership mechanism.

U.S. Implementing Partner:
International Research
and Exchanges Board
(IREX)

Start: July 1997
Completed: December 1998

Activity Manager:
Olga Moshkova

Major Implementation Accomplishments

Four partnership agreements have been signed under "Stage I" of the PCSED program with:

- Perspektiva (formerly the Moscow office of the World Institute on Disability) and Novgorod office of All-Russia Society of the Disabled to create an accessible environment and economic independence for the disabled in Novgorod;
- All-National Fund for Decent and Affordable Housing/Citizens Foundation, Citizens Foundation and Urban Homesteading Assistance Board to provide assistance and training in the fields of community development and housing reform.
- University of Massachusetts, Pskov Polytechnical Institute, Novgorod Municipal and Oblast Administrations to develop a Geographical Information System (GIS) with the goal of promoting environmental growth, environmental protection, and sustainable development in the region.
- St.Petersburg Medical Academy for Postgraduate Studies, Iowa State University, and Novgorod Medical Institute to establish a Family Practice Medical Center and training facility.

An RFA for a "Stage II" round of partnerships was issued in August 1997. Three additional partnerships will be awarded grants in November 1997.

An initial WWW page design was formulated. This web page will contain information about all USG-funded activities occurring in Novgorod.

Activity Contribution to Targets

This activity refers to Strategic Objective 4.1, and contributes to all Mission Strategic Objectives.

Major Issues

None.

Upcoming Outreach Opportunities/Plans

On November 17, 1997 IREX will conduct a conference in Novgorod for all partner organizations.

MRS ID:
Award No: 118-A-00-97-00213 (20)
Date Report Prepared: October 22, 1997

**Sustaining Partnerships
into the Next Century
(SPAN)**

The SPAN program is an umbrella program of grants to support, deepen and expand existing partnership programs between Russian and US organizations in USAID/Russia's key priority areas. The program purpose is to provide funding to sustain partnerships and exchanges between Russian and American organizations for the next three years – and into the next century. The targeted sectors are: Civil Society, Rule of Law, Tax Reform, Financial Sector, Business Development, Energy, Environment, and Health.

U.S. Implementing Partner:
International Research and
Exchanges Board (IREX)

Start: September 1997
Completed: September 2000

Activity Manager:
Olga Moshkova

Major Implementation Accomplishments

A Cooperative Agreement with IREX was signed on September 29, 1997. A Request for Proposals for the first round of grants competition was issued by IREX on October 13, 1997. The deadline for application submission is November 26, 1997. No major accomplishments to date.

Activity Contribution to Targets

This activity is under Strategic Objective 4.1. and contributes to all Mission Strategic Objectives.

Major Issues

None.

Upcoming Outreach Opportunities/Plans

November/December 1997 -- proposal reviews.

January 1998 -- IREX will sign subagreements with 10-15 U.S.-Russian partnership organizations.

January 1998 -- IREX will announce a second round of grants competition.

MRS ID:
Award No: 118-A-00-97-00282-00 (21)
Date Report Prepared: October 22, 1997

SO 2.2 Legal Systems that Better Support Democratic Processes and Market Reform

- IR 2.2.1 Legislation more supportive of market and democratic processes*
IR 2.2.2 Better administration, application and enforcement of law
IR 2.2.3 Improved ability of judges and lawyers to apply targeted new legislation

Key Activities Being Implemented as of November 15, 1997

1. Support for the Rule of Law, ARD/Checchi
2. Development of the Legal Profession, American Bar Association and the Central and East European Legal Institute (ABA/CEELI)
3. Parliamentary Library, Congressional Research Service
4. Judicial Reform Program, National Judicial College/Chemonics
5. Sister Bar Partnerships, Vermont Bar Foundation, Maryland Bar, Maine Bar
6. Legal reform, Harvard Institute for International Development (HIID)

Support for the Rule of Law, ARD/Checchi

ARD/Checchi's work has focused on:

- *improving the courts ability to act as the impartial arbitrator of conflicts,*
- *improving the ability of law schools to adapt to an advocacy system and a free market, and*
- *encouraging the growth of NGO's who address legal and human rights issues.*

Start: October 1993

Complete: September 1997

US Partners:

National Judicial Center,
Prosecutors Training
Institute, National Judicial
Center, American
Association of Law
Schools, Vermont Bar
Foundation

Russian Partners:

Supreme Commercial
Court, Law Academy,
Karelian Bar,
Procuracy Institute,
Council of Judges,
Russian Association of
Law Schools

Activity Manager:

Keith McCue

Major Implementation Accomplishments

ARD/Checchi has been the primary contractor for Rule of Law programs in Russia. They have worked with the courts, law schools, the Procuracy and legal NGO's. A small grants program to legal NGO's, which ended in September of 1996, gave grants to organizations to work on issues such as prison reform, local advocacy and human rights. Work with the Procuracy training program was successful transferred to the Department of Justice after completion of its train the trainers program. In transferring the Procuracy training program, ARD/Checchi was able to complete its training of trainers within the Procuracy, while at the same time preparing the DOJ for its role in advanced Procuracy training. The greatest accomplishments occurred with the courts, however. Training of Commercial Court judges on substantive, Russian commercial law was conducted in many of the most important regions of Russia and reached over 1000 commercial court judges, two thirds of the total of all Commercial Court judges. Written and video training materials were also prepared. Work with the Courts of General Jurisdiction, originally focused on outreach to regional branches of the Law Academy, trained trainers and judges in fundamental concepts of jurisprudence such as rules of evidence and advocacy procedure. With the passage of the new Law on the Court System, work has shifted focus to supporting the Council of Judges in its attempts to organize the new, independent judicial system. Vermont/Karelia also continued its excellent partnership work, holding many successful programs such as their recent commercial law training program and assisting the Maryland/Petersburg partnership in becoming a viable organization. Work has been done with several major law schools, preparing them to teach their students how to apply the latest laws in an advocacy setting. An association of law schools was also created, which has expanded to over thirty members of the largest Russian law schools.

Activity Contributions to Targets

The activities of ARD/Checchi are contributing to the following IRs:
IR 2.2.2, *better administration, application and enforcement of law,*
IR 2.2.3, *improved ability of judges and lawyers to apply targeted new legislation.*

Major Issues or Problems

The single largest problem facing ARD/Checchi in the future will be how to successfully close down this program while preserving what it has accomplished.

Upcoming Outreach Opportunities/Plans

In April, ARD/Checchi will help organize a meeting of the Council of Judges in which four judges trained by ARD/Checchi will address administrative and organizational issues.

In May, three members of the Supreme Commercial Court will travel to the U.S. in order to study US Administrative Law and how it can be adapted to meet Russian needs. When they return, they will address a conference of Commercial Court Judges.

MRS ID: 11000071-RJS-FREE001 (1)
Award No:118-0007-G-00-6187-00
Date Report Prepared: October 30, 1997

Development of the Legal Profession

This activity supports the development of the legal profession in Russia through technical assistance and training support for:

- continuing legal education and the development of bar associations,
- law schools, and
- addressing women's legal issues.

U.S. Implementing Partner:
The American Bar Association and the Central and East European Legal Institute (ABA/CEELI)

Start: June 1996
Completion: June 1999

Russian partners:
Defense advocates, practicing lawyers, law schools.

Focus Cities: Moscow, Saratov, Irkutsk, Rostov-na-Donu

Activity Manager:
Patrick Murphy

Major Implementation Accomplishments

Continuing legal education (CLE). CLE is badly needed in Russia but has not taken hold. Accordingly, one focus of this program is to encourage the development of CLE programs. The work of the CEELI liaison in Rostov-na-Donu has made possible the development of a self-sustaining CLE program which covers commercial topics. Similar efforts are underway in Saratov and Irkutsk. A three-day program on housing disputes was held in Saratov in April 1997, enabling attorneys better to represent clients' interests in such cases. CEELI is concluding its advocacy training workshops for criminal defense attorneys with a program in Samara in October 1997, and a criminal defense advocacy manual is nearing completion, part of the promotion of adversarial proceedings.

Law schools. CEELI convened a group of Russian legal educators in May 1997 in Moscow to work on practice-based teaching modules, and implemented a training program in the U.S. in August 1997 for Russian legal educators on clinical legal education. Through its Irkutsk liaison it has helped Professor Nelli Romanova of Irkutsk State University establish an environmental law clinic in Irkutsk and continues its support for the clinic.

Womens' legal issues. Since December 1996 CEELI has had a specialist in Moscow working on women's legal issues. Among recent activities, in October 1997 it convened a round table of Russian women's rights activists and NGO's for a discussion with a visiting U.S. Dept. of Justice attorney specializing in child exploitation and related issues. In September 1997, a women's rights legal clinic began operating in Taganrog with a CEELI Advocacy Grant.

Activity Contribution to Targets

This activity contributes principally to Strategic Objective 2.2, *legal systems that better support democratic processes and market reforms*, principally by promoting higher standards and competence in the legal profession (IR 2.2.3). It has also had an impact on improving understanding of womens' rights and legal processes (IR 2.2.4.1).

Major Issues or Problems

Continuing legal education. The obstacles to developing sustainable CLE programs in the regions are significant. First, practitioners have little money to pay for such programs. Second, the best lawyers, who may also be the best instructors and supporters of CLE, are busy with their practices and may not be willing to commit themselves to participating in CLE programs. Third, law schools may not be good initiators or implementers of CLE because of their historically overly theoretical approach.

Upcoming Outreach Opportunities/Plans

Continuing Legal Education. ABA/CEELI is inaugurating a program of CLE lectures on commercial law topics, to include regular meetings in Moscow and special seminars in outlying areas. CEELI will continue its work in the area of CLE in Saratov.

Women's legal issues. The women's issue liaison will participate in conferences in October and November on domestic violence and trafficking in women. Also, in cooperation with Women, Law, and Development International, CEELI is exploring the possibility of publishing a manual for women victims of violence that will explain the law and the legal procedures in this area.

MRS ID: 1100072-RUS-AMBA001 (2)
Award No: CCN-0007-G-00-6149-00
Date Report Prepared: October 28, 1997

Parliamentary Library

This activity supported the development of the State Duma and the Federation Council as new democratic parliamentary institutions in Russia. The principal outcomes of the activity were:

- *the development of library, research and analysis services, and*
- *the capacity to use these effectively.*

U.S. Implementing Partner:
The Congressional
Research Service (CRS)

Start: May 1994
Complete: November 1996

Russian Partners:
The Federation Council
The State Duma

Activity Manager:
Maria Lomakina

Major Implementation Accomplishments

Library, research and analysis services. The equipment/automation system was designed to support legislative activities, such as: legislative drafting and publication of legislation; enhancing the communication between the houses of the Federal Assembly and the Parliamentary Library; facilitation of access to library and legislative databases world-wide for members of the parliament. The Federal Assembly received equipment according to the list that had been developed jointly by CRS automation experts and the Automation department of the Federation Council. The Parliamentary library received books, periodicals, CD-ROMs, the Integrated Library System (TinLib or "Information Navigator" IME, Inc.), CD-ROMs Tower, and three fax machines. Also, CRS funded installation and maintenance of three channels of "Internet" for the Federation Council, the State Duma, and the Parliamentary Library.

Capacity-building. The technical assistance component of the CRS program included advice and assistance to parliamentary staff on effective use of information technology in support of a legislature. Training was conducted for parliamentary automation, research, library, and legal staff. It advanced their knowledge of the information and support needed for a democratic legislature.

Activity Contributions to Targets

This activity contributes to Strategic Objective 2.2, *legal systems that better support democratic processes and market reform.* Specifically, it sought to support IR 2.2.1.2, *more transparent, open and informed process of legislation.*

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

The program was completed in November 1996.

MRS ID: 11000072-RUS-CORS001 (3)
Award No: interagency agreement
Date Report Prepared: March 13, 1997

Judicial Reform Program

The Judicial Reform Program will focus on the following goals:

- *creating a system for continuing legal education within the Commercial Courts,*
- *promoting the independence of the Courts of General Jurisdiction through the creation of the Judicial Department,*
- *strengthening the internal governance of the courts through the Council of Judges.*

U.S. Implementing Partner:
National Judicial
College/Chemonics

Start: September 1997
Complete: October 1999

Russian Partners:
All-Russia Council of
Judges, Supreme
Commercial Court, Judicial
Department

Activity Manager:
Keith McCue

Major Implementation Accomplishments

As this activity has only just commenced working, there are no accomplishments to report. Future goals include creating a training system within the Supreme Commercial Court which develops curriculums based on newly emerging commercial legislation and fostering the independence of the Courts of General Jurisdiction through support for the new Judicial Department and Council of Judges. This activity will operate on a partnership model, with the US National Judicial College representing the American judiciary and the Commercial Courts and Council of Judges representing the Russian judiciary. It is hoped that the bonds created through this joint work will outlast USAID funding.

Activity Contributions to Targets

The activities of the Judicial Reform Program will contribute to the IR 2.2.2, *better administration, application and enforcement of law*, and IR 2.2.3, *improved ability of judges and lawyers to apply targeted new legislation*.

Major Issues or Problems

The largest issue facing this activity at this time is carrying out an orderly start-up while designing future programming with their Russian counterparts.

Upcoming Outreach Opportunities/Plans

There will be an organizational meeting held in November at which the different partners involved will decide future activities.

MRS ID: 11000071-RUS-FREE001 (4)
Award No:118-0007-G-00-6187-00
Date Report Prepared: October 22, 1997

Sister Bar Partnerships

The Sister Bar Partnership program focuses on:

- *strengthening already existing sister bar partnerships between Russian and American bars and legal communities,*
- *creating new sister bar partnerships between Russia and America, and*
- *encouraging the exchange of information between partners.*

Start: January 1997

Complete: December 1997

US Partners:

Vermont Bar Foundation,
Maryland Bar, Maine Bar

Russian Partners:

Karelian Bar,
Leningradskaya Oblast Bar,
Archangelsk Bar

Activity Manager:
Keith McCue

Major Implementation Accomplishments

The purpose of the Sister Bar Partnership program is to create and strengthen partnerships between US and Russian legal communities, including judges, law professors, practicing attorneys and law students. Partnerships have now been started between Vermont and Karelia, Maryland and Leningradsky Oblast and Maine and Archangelsk. Through the use of the Vermont/Karelia partnership as a training vehicle, the sister bar program was able to strengthen the partnership between the legal communities of Maryland and Leningradsky Oblast and was able to create a partnership between Maine and Archangelsk, the focus of which is building ties between the partners and transferring knowledge and experience on related legal and judicial subjects. At the same time, training events were held covering topics such as advocacy, human rights and Russian tax law.

Activity Contributions to Targets

The activities of the Sister Bar Partnerships are contributing to the IR 2.2.2, *better administration, application and enforcement of law*, and IR 2.2.3, *improved ability of judges and lawyers to apply targeted new legislation*.

Major Issues or Problems

When USAID funding for this program ceases, the major problem faced by these partnerships will be how to raise funds to continue their activities.

Upcoming Outreach Opportunities/Plans

Four members of the Leningradskaya Oblast legal community will spend several weeks in Maryland at the end of October exploring commercial law subjects.

MRS ID: 11000071-RUS-FREE001 (5)
Award No: 118-0007-G-00-6187-00
Date Report Prepared: October 22, 1997

Legal Reform Project

This activity has, since August 1994, contributed commercial law drafting efforts initiated by the key committees of the State Duma addressing economic, trade and foreign and domestic investment legislation with the legislative priorities initiated by the office of the legal advisor to the President of the Russian Federation.

Implementing Partners:

Harvard Institute for
International Development
(HIID) and the Institute for
a Law-Based Economy
(ILBE)

Start: August 1994

Complete: July 1997

Counterparts:

Office of the Legal Advisor
to the President of Russia;
Various Committees in the
State Duma

Activity Manager:

Tom Martens

Major Implementation Accomplishments

The activity has been instrumental in preparing and shepherding through the Duma a significant amount of the commercial legislation necessary for the effective operation of a market economy. The HIID and ILBE staffs have implemented key legislation and decrees supporting domestic and foreign investment. Among the key laws completed are: the Law on Joint Stock Companies; Law on Securities Markets; Law on Banking and Banking Activity; Law on Financial and Industrial Groups; Law on Advertising; Part Two of the Civil Code; Presidential Decree No. 685 on the Main Directions of Tax Reform; Presidential Decree No. 337 on the Realization of Citizen's Rights to Land; Presidential Decree No. 765 on the Measures to Raise the Effectiveness of Investment Policy; Presidential Decree No. 1157 on the Measure for Investor and Shareholder Protection.

Activity Contributions to Targets

The results of this activity in the areas of corporate, securities, tax and land law have broadly contributed to the Strategic Objective 1.3, accelerated development and growth of private enterprise. They have also contributed to Strategic Objectives related to tax reform, financial development, and citizens' participation in the economy.

Major Issues or Problems

This program was suspended due to technical problems with the implementing partners.

Upcoming Outreach Opportunities/Plans for Next Period

As this project has finished, there are no upcoming outreach opportunities.

MRS ID: 1100056-RUS-HCOL003 (6)
Award No: CCN0005A00302300
Date Report Prepared: November 12, 1997

**SO 2.3 More Effective, Responsive, and Accountable
Local Government in Selected Cities**

- IR 2.3.1 Increased local government efficiency*
IR 2.3.2 City responsibilities are more clearly defined
IR 2.3.3 More open and transparent local government

Key Activities being Implemented as of November 15, 1997

1. Municipal Finance and Management, Research Triangle Institute

Municipal Finance and Management (MFM)

The activity introduced cities in Russia to the best available techniques and systems for municipal management in the context of democratic local governance and a free market system. Specifically, MFM:

- *demonstrated the use of computer-based systems for financial management,*
- *conducted training programs for city financial managers and provides information services, and*
- *promoted greater public participation in setting budget priorities.*

The second stage of the program achieved three main outcomes:

- *strengthened the Union of Russian Cities (URC),*
- *intensified the effort in the public participation area by organizing community meetings on key strategic issue, and*
- *assisted the URC in dissemination of practices through the regular newsletter and WWW site.*

U.S. Implementing Partner:
Research Triangle
Institute (RTI)

Start: July 1993
Completion: October 1997

Russian Partners:
Union of Russian Cities
(URC); Association of
Siberian and Far Eastern
Cities; Project Cities

Activity Manager:
Angelina Gurkina

Major Implementation Accomplishments

Computer-based financial management. Great changes have occurred in the management and legislation of municipal finance during the past year. The main accomplishment has been improvement in budget control and analysis in USAID's target cities, which was achieved by development of a municipal revenue and the expenditure analytic tool in Moscow, Vladivostok, Nizhny Novgorod, Vladimir and Tver. The MFM project developed a Budget Analysis model (BAT) that gave these cities the capability to perform simple forecasting based on trend analysis of revenues and expenditures and to produce budget graphics for public hearing and city brochures. This model was disseminated to 9 additional cities.

Public Participation. The MFM project began working with partner cities on opening up the budget process to citizens and non-government organizations. Public budget hearings and town meetings were held in Tver, Nizhny Novgorod and Zhelkovo (Moscow oblast). RTI designed a new training course around a model of "Public Participation". A Public Participation seminar was held in Samara for 35 local officials from 18 cities, and was focused on several Russian case studies - including the territorial self-government organizations in Samara; new provisions for citizen participation in proposed city planning legislation; and a review of social services contracting experience.

Training/Information services. Together, the Union of Russian Cities and MFM project conducted training of local government officials and developed a core group of Russian trainers in the municipal finance and management field.

MFM publications, case studies, and information on budgeting models are available through the Union of Russian Cities' regular newsletter and a WWW site, created with the assistance of MFM.

Legislation. Significant developments occurred in the legislative arena. President Yeltsin signed a law "On the Financial Basis of Local Government in the Russian Federation" on September 29, 1997. The law gives a local authorities more flexibility to raise revenues. It also creates a more transparent budget allocation formula by establishing a fixed percentage of the tax receipts (regional and federal) which go to local budgets. Legislation passed in 1996 provided municipalities with their own property, budget, and elected representatives and granted them a status "independent" from the state apparatus.

Activity Contribution to Targets

MFM contributed to the achievement of Strategic Objective 2.3, *more effective, responsive and accountable local government in selected cities*, to SO 2.1, and in more limited way to SO 1.2.

Major Issue or Problem

Major challenges remain for local governments, chief among them financing. Local governments fund only 15 - 20% of their municipal budgets using revenues generated through local taxes/fees. The bulk of budget support still comes through oblast or national government. The expenditure side of the picture is equally discouraging. Municipal budgets bear the burden for a majority of social and infrastructure services provided to citizens at the local level. In addition, public participation in decision-making and the budget process at the local level still needs to be developed.

The Union of Russian Cities, Association of Siberian and Far Eastern Cities, and other associations of municipal officials are attempting to address many of these issues, through training, lobbying, legislative drafting, and information dissemination.

Upcoming Outreach Opportunities/Plans

MFM activities will conclude in October 30, 1997.

MRS ID: 1100073-RUS-RTIN001 (1)
Award No.: CCN-0007-C-00-3110-00
118-C-00-97-00067-00
Date Report Prepared: October 20, 1997

SO 3.2 Improved Effectiveness of Selected Social Benefits and Services

- IR 3.2.1 *Policies, laws, and regulations that improved effectiveness approved*
- IR 3.2.2 *New approaches to service delivery adopted*
- IR 3.2.3 *New approaches of resource allocation and alternative financing for service delivery adopted*

Key Activities being Implemented as of November 15, 1997

1. ZdravReform Program, Abt Associates
2. Health Care Reform Conference: Lessons Learned from ZdravReform Project, Avanta
3. Health Sector Reform, Kaiser Permanente International (KPI)
4. Rational Pharmaceutical Management/Management Sciences for Health (MSH)
5. Rational Pharmaceutical Management/U.S. Pharmacopeia (USP)
6. Legal Reform in the Health Sector, The Center for International Health at Boston University (BU)
7. Health Policy Research, Health Partnership Institute
8. Health Surveillance, Centers for Disease Control (CDC)
9. Public Health Communications, Academy for Educational Development (AED)
10. Russian-American Dialogue on Food and Drug Policy, U.S. Food and Drug Administration (FDA)
11. Health Care Dialogue Support, U.S. Dept. of Health and Human Services (HHS)
12. Alcohol and Drug Abuse Study, Russian Public Health Association
13. Professional Development of Nursing, World Vision
14. Russian Medical Association, American Medical Association (AMA)
15. Medical Partnerships, American International Health Alliance (AIHA)
16. Integrated Health System Partnership, Lutheran Hospital, LaCrosse
17. Health Education/Promotion, NGO Russian Public Health Association (RPHA)
18. Technical Oversight of the Medical Technology Transfer Activity (MTTA), International Business and Technical Consultants International (IBTCI)
19. Medical Technology Transfer Activity (MTTA), Bristol-Myers Squibb
20. Medical Technology Transfer Activity (MTTA), Mir Pharmaceuticals
21. Medical Technology Transfer Activity (MTTA), G. D. Searle

Womens' Reproductive Health Program (WRHP)

22. WRHP: Women's Health Policy, The Futures Group/RAPID
23. WRHP: Clinical and Counseling Approaches, Association for Voluntary and Safe Contraception (AVSC)
24. WRHP: Family Planning Demonstration/Training and Rollout Support, Johns Hopkins Program for International Education in Obstetrics and Gynecology (JHPIEGO)
25. WRHP: Family Planning Demonstration/Far East Replication, John Snow, Inc/SEATS
26. WRHP: Contraceptive and Evaluation Support, Centers for Disease Control (CDC)
27. WRHP: Breast-Feeding and LAM Support, John Snow, Inc./MotherCare
28. WRHP: Informational and Educational Materials, Johns Hopkins University/CCP
29. WRHP: Contraceptive Supply, SOMARC/The Futures Group

ZdravReform Program

This activity addresses Russia's critical health care needs by working with oblasts and cities in Siberia and central Russia to develop sustainable working models for health care finance and service delivery reform. Primary focus has been directed toward innovations in three areas:

- *resource allocation: to increase efficiency and cost- effectiveness of health care,*
- *service delivery: promoting quality improvements to improve health outcomes, especially in ambulatory and primary care, and*
- *information management through modern computerized clinical and administrative systems that improve quality/financial management.*

US Implementing Partner:
Abt Associates

Start: December 1993
Completion: December 1997

Russian Partners:

Health Committees in the
Oblasts of Novosibirsk,
Kemerovo, Altai Krai,
Tomsk, Kaluga and Tver;
Ministry of Health; State
Duma Health Committee

Activity Manager:
Becky Copeland

Major Implementation Accomplishments

The ZdravReform Project supported the development of working models to test new approaches to resource allocation and financial efficiency as well as quality and effectiveness of health care. The models were tested in 84 sites in 6 oblasts and demonstrated that care could be successfully shifted from relatively high-cost hospital settings to the more cost-effective primary care sector. Between 1995-1996, Siberian pilot sites reported reductions of 2%-20% in the number of hospital beds and a fourfold increase in number of day care beds as part of the effort to reduce unnecessary hospitalization. The number of physicians providing primary care services increased from 8% in Altai Krai and up to 70% in three Kemerovo facilities.

Project close-out. In October 1996, a team of experts completed the final ZdravReform project evaluation. After visiting a cross-section of the Project's 80 pilot sites and 38 grant activities they concluded that the "project was remarkably successful... investments in technical assistance and training yielded an exceptionally high return". In-country activities have been closed-out except for the printing of 28 key technical documents for distribution under the follow-on health sector restructuring program. The printing should be completed in November 1997.

Activity Contributions to Targets

This activity supports SO 3.2, *improved effectiveness of selected social benefits and services.* It is a key contributor to IR 3.2.1, *policies, laws and regulations that improve effectiveness approved,* IR 3.2.2, *new approaches to service delivery adopted,* and IR 3.2.3, *new approaches to resource allocation and alternative financing for service delivery adopted.*

MRS ID: 11000044-RUS-ABT1001 (1)
Award No: CCN-0004-C-00-4023-00
Date Report Prepared: October 22, 1997

Health Care Reform Conference: "Lessons Learned" From ZdravReform Project

This activity furthers the process of health care finance and service delivery reform in Russia by disseminating the results of ZdravReform project and other USAID health sector reform activities. This activity consists of two components:

- *technical evaluation of written products of the ZdravReform Innovative Grants program, and*
- *the organization of an All-Russia Conference on Health Care Reform in Russia.*

Russia Implementing Partner:
Avanta Advanced
Studies Institute for
Health and Social
Insurance Managers

Start: September 1996
Complete: December 1996

Russian Partners:
Ministry of Health of the
Russian Federation;
Health Care Committee of
the State Duma of Russian
Federation; Regional
Health Authorities;
Territorial Funds of
Compulsory Health
Insurance; Medical
Universities;
MedSocEconInform
Public Health Institute;
Federal Fund of
Compulsory Health
Insurance

Activity Manager:
Tamara Sirbiladze

Major Implementation Accomplishments

Technical evaluation. The Avanta Advanced Studies Institute for Health and Social Insurance Managers (Avanta) evaluated the technical quality of final written products prepared by 38 grantees under the ZdravReform innovative grants program. The expert panel selected the best products to disseminate at the conference.

Conference organization. Avanta organized and managed an "All-Russia Health Care Reform" conference held Nov. 21-23, 1996, in Moscow at the Center of the Russian Federation Academy of Sciences. 250 representatives from 40 oblasts attended, including local health officials, medical professionals and administrators, academicians and NGOs. At the conclusion of the conference, health department and Territorial Fund representatives from 13 oblasts adopted a policy statement calling for the government and Ministry of Health to continue expansion of financing and service delivery reforms started under the ZdravReform program. Over 50 reports documenting the results of reform experiments were distributed to participants, including 3 rational pharmaceutical management manuals.

Activity Contributions to Targets

This activity contributes to the achievement of SO 3.2, *improved effectiveness of social benefits and services.* Increasing participants' knowledge of the approaches tested and lessons learned under the ZdravReform contributes to IR 3.2.2, *new approaches to service delivery adopted* and IR 3.2.3, *new approaches to resource allocation and alternative financing adopted.*

Major Issues or Problems

No issues or problems experienced. The activity was completed as scheduled and the expected outputs were fulfilled.

Upcoming Outreach Opportunities/Plans

Because of their success in organizing the national conference, Avanta was selected to work with Kaiser Permanente International on their dissemination component.

MRS ID: 11000042-RUS-KAPE003 (2)
Award No:118-0004-A-00-6232
Date Report Prepared: March 7, 1997

Health Sector Reform

This activity supports oblast health authorities' capacity to organize and manage an integrated health finance and service delivery system. Specifically, this activity focuses on:

- *development and testing of new integrated health system governance models,*
- *production and dissemination of health sector reform results.*

US Implementing Partner:
Kaiser Permanente
International (KPI)

Start: October 1996
Complete: September 1999

Russian Partners:
Kaluga Territorial Fund
For Compulsory Health
Insurance; Novgorod
Regional Administration;
Moscow Oblast Health
Administration; State
Duma Health Protection
Committee; Federal Fund
For Compulsory Health
Insurance; Ministry of
Health Legal Affairs
Department

Activity Manager:
Tamara Sirbiladze

Major Implementation Accomplishments

Integrated health system governance models. MOUs between USAID and the governments of each of the selected pilot oblasts-Kaluga, oscar Novgorod - were signed. Oblast specific work plans were developed by KPI's advisors following discussion with local health officials.

Quality assurance, utilization management, and infection control committees have been established in 5 service areas in Kaluga oblast. Clinical guidelines for 4 major diagnoses were developed in June in Kaluga. The new system of the financial planing which includes rationing of the hospital utilization rates and average length of stay in the inpatient settings, was developed in Kaluga oblast and is used for the budget negotiation process between oblast and raion authorities.

A decree on a capitation based budget funds allocation versus a volume based approach that was based on the proposals developed by the working groups of the project, was signed by the governor of the Moscow oblast on July 4, 1997.

Documents necessary to affect changes in the basic benefits package were approved by the Moscow oblast government.

The methodology for determining the level of involvement and specific responsibilities in forming a consolidated health care budget for all the parties involved in the funding process was developed in Novgorod oblast. This methodology was translated in to the special decree signed by the Deputy Governor of the Novgorod oblast.

Training activities conducted. From the beginning of project more than 400 health care officials and providers from three model sites as well as high-ranking federal officials received training both in Russia and in US.

The themes for the work shops, seminars and study tours varied from training on managed care systems, to quality management and resource utilization and contracting methods under the mandatory health insurance.

Disseminating lessons in health reform. KPI is organizing 4 regional health reform results conferences for a total of 650 participants in 1997.

One out of the 4 regional conferences for 200 participants from 44 oblast of Russia and Kasakhstamn and Kirgizstan was held in St.Petersburg on October 14-16, 1997.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 3.2, *improved effectiveness of social benefits and services.* In particular, it supports IR 3.2.2, *new approaches to service delivery* and I.R. 3.2.3, *new approaches to resource allocation and alternative financing.*

Major Issues or Problems

Initial project implementation has been slower than planned due to 3 circumstances: 1) several potential pilot oblasts experienced significant political changes affecting their participation in this activity; 2) KPI was slow to field its in-country management team due to the financial uncertainty with their cooperative agreement; and 3) USAID changed the LOP twice since the initial cooperative agreement was signed.

Upcoming Outreach Opportunities/Plans

KPI has its full implementation team working and USAID has resolved issues over obligating funds. KPI submitted its revised 3-year work plan.

MRS ID: 11000042-RUS-KAPE001 (3)
Award No: 118-0004-A-00-6211
Date Report Prepared: October 24, 1997

Rational Pharmaceutical Management/Management Sciences for Health

This Rational Pharmaceutical Management (RPM) activity supports the development of systems and procedures to improve and rationalize pharmaceutical procurement, management and use in three target oblasts (Ryazan, Novgorod, and Pskov). Major areas of focus are:

- *cost-effective drug selection/formulary development,*
- *promotion of rational drug use/prescribing,*
- *establishment of drug utilization review procedures,*
- *introduction of updated drug procurement techniques, and efficient inventory management,*
- *strengthening community pharmacy management.*

US Implementing Partner:
Management Sciences for Health (MSH)

(Note: This activity complements the RPM/USP activity.)

Start: February 1994
Completion: December 1997

Russian Partners:

Russian Center for Pharmaceutical and Medical Technical Information (PHARMEDINFO); Oblast public health authorities, Ryazan Medical University; other educational institutions

Activity Manager:
Nikita Afanasiev

Major Implementation Accomplishments

Formulary development. Formulary Therapeutic Committees (FTC) have been established and formulary systems are currently operational in 59 health facilities in three RPM target oblasts. Oblast-level FTCs are operational in all three oblasts. A central oblast hospital formulary manual for Ryazan has been printed and distributed for use between Ryazan health professionals. Formulary lists for Novgorod and Pskov oblasts have been completed. Formulary manuals are being prepared for publishing in these oblasts.

Promotion of rational drug use. RPM concepts and procedures have been included in official public health development plans of Novgorod and Pskov oblasts and have been incorporated into the Ryazan Medical University curricula for students and faculty members. Two manuals--on formulary system development and drug use review system development--were completed and are being distributed nation-wide. WHO's Guide to Good Prescribing was translated and adapted for use in Russia and is also being widely distributed with WHO permission.

Updated drug procurement techniques. Procedures for competitive drug procurement tenders have been created in three oblasts and tender committees established in two (Ryazan and Novgorod). Using RPM tools, all three oblasts have conducted limited drug procurement tenders, resulting in substantial savings of funds. The MSH inventory management software, INVEC, has been adapted for use in Russia.

Community pharmacy management. Three training courses on modern business operation techniques, including US-based study tour, were conducted for community pharmacy managers.

Activity Contributions to Targets

This activity supports Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*. In particular, this activity supports IR 3.2.2, *new approaches to service delivery adopted*. The training of 300 health officials has also improved service delivery skills, IR 3.2.2.2, *service delivery skills of health care professionals are improved*.

Major Issues or Problems

Development of pooled procurement systems in the three oblasts is still being limited by the lack of funds.

Upcoming Outreach Opportunities/Plans for Next Period

Activities will be focused on:

- continuation of technical assistance to three oblasts in development of formulary and pooled procurement systems;
- federal level activities, including consultations and drug selection and procurement workshop;
- dissemination of RPM implementation experience through participation in Russian National Congress Man and Drug (April 97) and other conferences and workshops, cooperative activities with medical schools, the AIHA/Medical Partnership program and other USAID health reform activities.

MRS ID: 11000044-RUS-MSFH001 (4)
Award No.: HRN0004A00500200
Date Report Prepared: October 22, 1997

Rational Pharmaceutical Management (RPM)/United States Pharmacopeia

This activity supports the development of systems and procedures to improve and rationalize pharmaceutical procurement, management and use, specifically:

- *development and dissemination of unbiased, continuously updated, locally-specific drug information,*
- *provision of informational support for: promotion of rational drug use/prescribing, establishment of drug utilization review programs and procedures,*
- *cost-effective drug selection and formulary management, and*
- *procurement activities.*

US Implementing Partner:

U.S. Pharmacopeial Convention, Inc. (USP)
(Note: This activity complements the RPM/MSH activity)

Start: December 1994

Completion: December 1997

Russian Partners:

Russian Center for Pharmaceutical and Medical Technical Information of Ministry of Health (PHARMEDINFO); Oblast public health authorities, Ryazan Medical University; other educational institutions.

Activity Manager:
Nikita Afanasiev

Major Implementation Accomplishments

Drug information. USP contributed to the development of formulary systems in three RPM pilot oblasts' health facilities through provision of up-to-date drug information. A center for support of educational programs on drug information has been established at the Moscow Medical Academy. USP works with Russians to develop and maintain Drug Information Databases which are unbiased, continuously updated, and cover drugs available both within Russia and on international markets.

Informational support systems. Appropriate hardware, software and literature have been provided to the Russian Center for Pharmaceutical and Medical Technical Information (Pharmedinfo) to facilitate translation and adaptation of U.S. databases. Additional software and literature were also provided to drug information centers established in local medical facilities of the three pilot oblasts: Ryazan, Pskov and Novgorod. In October 1996, a Conference was held in Moscow on establishment of an All-Russia Drug Information network. Centers of All-Russia Drug Information Network are currently being established in Ekaterinburg, Tomsk, Vladivostok and in Moscow; in StPetersburg the center is already operational. International conference on drug information development issues was held in Moscow in April 1997. To date, a total of 450 counterparts have participated in MSH/USP workshops and 10 professionals received US-based training.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services.* Drug formularies which emphasize cost and effectiveness of prescribed drugs are a new approach for Russia, so this activity supports intermediate result 3.2.2, *new approaches to service delivery adopted* and 3.2.2.2, *service delivery skills of health care professionals are improved.*

Major Issues or Problems

Delays were experienced in establishing oblasts drug information centers because of contractual problems with the equipment provider and payment transfers from the U.S.

Upcoming Outreach Opportunities/Plans

The All-Russia drug information center network will be initiated in the Far East, St. Petersburg and 3 other sites. Collaboration with one of Moscow's medical schools will be established and necessary equipment and software provided to facilitate the creation of educational programs on drug information issues, as well as to improve student curricula.

MRS ID: 1100042-RUS-USPC001 (5)
Award No: HRN-0004-A-00-5001-00
Date Report Prepared: October 22, 1997

Legal Reform in the Health Sector

This activity provides technical support to regional and federal legislative bodies engaged in the drafting of health reform legislation and administrative regulations. The objective of this technical assistance is to support the codification of Oblast level finance and service delivery reform experiments into supporting legislation and regulatory acts.

US Implementing Partner:
The Center for
International Health at
Boston University (BU)

Start: October 1996
Complete: September 1999

Russian Partners:
Kaluga Territorial Fund
For Compulsory Health
Insurance; Novgorod
Regional Administration;
Moscow Oblast Health
Administration; State
Duma Health Protection
Committee; Federal Fund
for Compulsory Health
Insurance; Ministry of
Health Legal Affairs
Department

Activity Manager:
Tamara Sirbiladze

Major Implementation Accomplishments

Legal drafting. BU's advisors are providing technical assistance on the drafting and revision of two federal laws: the law regulating the private practice of medicine and the law regulating the manufacture, distribution and use of medical devices.

Observation tours/seminars. BU transfers knowledge to Russian regional and local Health Administrators regarding the US approach to regulating health care services and finances through observational tours of US regulatory agencies and in country seminars.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 3.2, *improved effectiveness of social benefits and services*. In particular, it supports IR 3.2.1.1, *policies, laws, and regulations that improve effectiveness approved*.

Major Issues or Problems

Initial project implementation was slow due to political changes within counterpart organizations. During the life of the cooperative agreement to date, Russia has changed health ministers twice; State Duma Health Protection committee members twice; and regional counterparts numerous times.

USAID has instituted a quarterly review of progress to identify activities with problems and to revise activity schedules to redirect resources to those activities showing progress.

Upcoming Outreach Opportunities/Plans

BU is shifting focus toward regional legislative support. BU's advisors are drafting the following regional laws: a) Oblast Minimum Benefit Package; b) Law on Patient Rights; c) Regulations on the provision of medical services to non-residents; and d) Regulations governing the setting of transfer prices and other transfer conditions between Oblast medical facilities. BU is also providing technical assistance on the drafting or revision of the following federal laws: a) law outlining the national program of health services; b) amendments to the law on national medical insurance.

MRS ID: 11000044-RUS-BOUN001 (6)
Award No: 118-0004-A-00-6215
Date Report Prepared: October 24, 1997

Health Policy Research

This activity provides technical support to both public and private sector experts engaged in the drafting, discussion and dissemination of health services research and case study analysis examining:

- *new national health policy concepts,*
- *health sector operations in alternative models of management and governance,*
- *models of private capital formation for investment in the health sector.*

US Implementing Partner:
Health Partnership
Institute (HPI)

Start: October 1995
Complete: March 1997

Russian Partners:

Institute For Law Based
Economy (ILBE); Fund
For Social Health and
Development (FSHD);
MedSocEconInform;
Russian Association For
Medical Insurers;
Independent Experts
from the Ministry of
Health; State Duma
Health Protection
Committee and
Federal Fund For
Compulsory Health
Insurance

Activity Manager:
Kevin Woodard

Major Implementation Accomplishments

Influencing policy. Health Partnership Institute (HPI) organized the drafting, discussion and publication of two independent "national conceptias" -- or "white papers" -- on reform of the national health care program. The publication of these two "conceptias" in the national and academic press has helped cement Russia's efforts to continue market-oriented reform through a program of national health insurance and to identify roles and responsibilities for the state sector and private sector in the payment and provision of medical services.

Alternative models of management and governance. HPI's Russian and American staff completed an assessment of health reform initiatives by oblast administrations in 7 oblasts in Central Russia, specifically noting progress in reorganizing management roles; implementing health insurance reform; and improving efficiency and effectiveness of local finance and delivery systems. HPI prepared recommendations for providing technical assistance to oblasts experimenting in capital investment projects and in reorganizing existing management structures.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 3.2, *improved effectiveness of social benefits and services*. In particular, it supports IR 3.2.1.2, *policy framework for reform in place* and IR 3.2.2, *new approaches to service delivery adopted*.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

HPI, as a subcontractor to Kaiser Permanente's 1996-1999 cooperative agreement, will develop and test capital generation models to assist the health sector to replace old and depleted capital assets. After selecting sites, HPI will develop financial plans for each oblast based upon the following potential models: short-term financing obligations; state-private low interest loan guarantee programs; and corporate lease-purchase programs for medical equipment.

MRS ID: 11000044-RUS-HPIN001 (7)
Award No:118-0004-A-00-6215
Date Report Prepared: March 7, 1997

Health Surveillance

This activity supports improvements in Russia's public health surveillance system, specifically in the areas of:

- *developing capacity to prevent and control diphtheria, tuberculosis, lead poisoning among children, and cardio-vascular disease, and*
- *training in surveillance and applied epidemiology.*

U.S. Implementing Partner:
Centers for Disease
Control (CDC)

Start: August 1994
Completion: June 1997

Russian Implementing Partners:
Ministry of Health,
Administration
for Sanitary and
Epidemiological
Surveillance of the
MOH, RF Center for
Preventive Medicine,
Research Institute of
Epidemiology,
Oblast health officials

Activity Manager:
Natalia Vozianova

Major Implementation Accomplishments

Diphtheria control and prevention. CDC completed collaborative field studies on diphtheria in Vladimir, Voronezh and Novgorod oblasts between 1995-1997 which yielded important information on risk factors and transmission patterns. The findings, lessons learned and current issues in diphtheria control and prevention were presented and discussed at a June 1997 conference for 80 epidemiologists, health educators, physicians and administrators. The conference was held in Novgorod, and it was attended by Russian, American (CDC, BASICS) and WHO experts. Due to effective control measures the number of diphtheria cases has greatly reduced in the last two years: by 10% in 1995, 62% in 1996, and 66% thus far in 1997, compared to early 1995 figures. About 83% of adult population of Russia has been immunized against diphtheria while immunization coverage of young children surpassed 90% in 1996.

Cardio-vascular diseases (CVD) prevention. CDC's collaboration with the Russian Center for Preventive Medicine resulted in the development of a policy and strategies in the prevention of cardio-vascular (CVD) and other non-communicable diseases in Russia. The policy document was completed by April 1997 and presented at a national conference. About 140 participants from almost 40 oblasts of Russia participated in its discussion and approved it as a practical guidance on developing preventive care at the regional level.

Hospital epidemiology and infection control. CDC and AIHA conducted a one-week follow-up course on hospital infections control in May 1997.

Tuberculosis treatment and prevention. A CDC team visited Russia to specify plans for collaboration in several areas, such as laboratory services and epidemiologic studies. Collaboration will continue under the HHS PASA.

Pesticides. A pesticides workshop, which examined the problem of pesticide contamination of food, was held in Krasnodar in May 1997.

Activity Contributions to Targets

This activity supports Strategic Objective 3.2, *improved effectiveness of selected social benefits and services.*

Major Issues of Problems

None.

Upcoming Outreach Opportunities/Plans

The CDC PASA expired on June 30, 1997. This activity is now being continued through the HHS PASA for the GCC Health Committee.

MRS ID: 1100043-RUS-CDCI001 (8)
Award No. CCN-0001-PHC407500
Date Report Prepared: October 22, 1997

Public Health Communications

This activity strengthens Russian planning, implementation, and evaluation of public health communications programs at the federal and oblast level, supporting diphtheria, polio and other immunization efforts. Specifically, the activity focuses on:

- *familiarization of Russian health professionals with U.S. methodologies for public health communications,*
- *training,*
- *planning, implementation and evaluation of defined communications programs in two demonstration sites (Voronezh and Novgorod), and*
- *dissemination of results.*

US Implementing Partners:

Academy for Educational Development (AED) and other members of Basic Support for Institutionalizing Child Survival (BASICS) consortium

Start: March 1995
Completion: June 1997

Russian Partners:

Ministry of Health,
Administration for
Sanitary and
Epidemiological
MOH, Federal Institute of
Health Education and
Promotion, oblast centers
for Preventive Medicine
and SanEpiS, "Medicine
for You"

Activity Manager:
Natalia Voziyanova

Major Implementation Accomplishments

Training in public health communications. In May 1997 a group of health educators from three pilot oblasts participated in a U.S.-based workshop in Health Education and Promotion. They took part in the training sessions and site visits, where they learned about the implementation and evaluation of IE&C activities in the U.S., advocacy and media programs, challenges in addressing youth health education and promotion issues.

Dissemination of results. A final conference on diphtheria control and prevention was held in June 1997 in Novgorod. The conference was conducted jointly with the CDC epidemiologists, and it focused on the results, lessons learned and current issues of diphtheria control in Russia. BASICS consultants and their Russian counterparts from three polit oblasts presented the results of diphtheria immunization campaigns, shared the methodology of implementing campaigns and evaluating their effectiveness.

About 80 specialists attended the conference.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.2, *improved effectiveness of selected social service benefits and services* by supporting the development of communication skills which improve service delivery (IR 3.2.2.2).

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None. The contract activity was completed in June 1997.

MRS ID: 11000044-RUS-AED1001 (9)
Award No: OYB transfer
Date Report Prepared: October 22, 1997

Russian-American Dialogue on Food and Drug Policy

This activity supports the development, negotiation and implementation of agreements that facilitate processes for registering products in Russia that are permitted by the U.S. Food and Drug Administration (FDA) to be freely marketed in the United States. This activity also provides technical advisory services and training as requested in the development of transparent and effective food, drug and medical devices laws; Good Manufacturing Practices (GMPs), Good Clinical Practices (GCPs), Good Laboratory Practices (GLPs), food safety, vaccine safety and quality control, and Over-The-Counter drugs and generics.

US Implementing Partner:
U.S. Food and Drug Administration (FDA)

Start: August 1994
Completion: April 1998

Russian Partners:
Ministry of Health, State Committee for Standardization, Metrology and Certification of the Russian Federation, Institute of Nutrition of RAMS.

Activity Manager:
Nikita Afanasiev

Major Implementation Accomplishments

Agreements concluded to date include:

- A Memorandum of Understanding (MOU) on procedures for drug registration, with an Annex clarifying procedures in Russia; and
- An MOU on food products that facilitates registration of FDA-regulated food in Russia.

An MOU to facilitate the registration of U.S. medical devices approved by FDA has been under negotiations. A Statement of Intent on these issues was signed in January 1997. Technical advice has been provided to the Russian authorities on the development of food safety, pharmaceuticals and medical devices laws and regulations.

Training opportunities for Russian health professionals provided by FDA, either in the U.S. or Russia, have focused on issues in vaccine safety and quality control; issues affecting pharmaceuticals, food safety and medical devices; Good Manufacturing Practices (GMPs), Good Clinical Practices (GCPs), generics and Over-the-Counter (OTC) drugs, international harmonization of Export/Import food safety issues.

Assistance has been provided to the Institute of Nutrition of Russian Academy of Medical Sciences and the MOH to facilitate and augment high-speed computer communications in the area of food safety.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services* by affecting the availability of high-quality pharmaceuticals, biologicals, and food on the Russian market as *a result of modified legislation and regulations* (IR 3.2.1). By facilitating American imports, the activity also contributes directly to increasing U.S. trade and investment with Russia.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans for Next Period

Training on practical issues of GMP will be provided for a group of Russian experts in January 1998.

MRS ID: 11000042-RUS-USFD001 (10)
Award No. CCS0004PHI202400
Date Report Prepared: October 24, 1997

Health Care Dialogue Support

This activity supports priority activities identified by the Gore-Chernomyrdin Commission (GCC) Health Committee. The goals of the Health Committee are:

- *early detection, prevention and control of major infectious and non-communicable diseases,*
- *assuring health youth and work force through health education and promotion of healthy lifestyles,*
- *strengthening capacity of federal and state science and public health leadership.*

Through a PASA with HHS, USAID is supporting information exchange, training and technical assistance in the priority areas of health promotion and education, infectious disease & emerging re-emerging diseases, maternal and child health, health policy reform, and environmental health.

U.S. Implementing Partner:
U.S. Department of
Health and Human
Services (HHS)

Start: April 1995
Completion: December 1998

Russian Implementing Partners:
Russian Ministry of
Health and Medical
Industry (MOHMI), The
State Committee for
Sanitary and
Epidemiological
Surveillance (SanEpi)

Activity Manager:
Becky Copeland

Major Implementation Accomplishments

The PASA has supported four GCC Health Committee Meetings and two Health Policy Roundtables. Over the past six months PASA funds supported: further blood-lead screening of 1200 children and training of local personnel in Sverdlovsk and Volgograd; a U.S. study tour on modern TB control program; a national conference on micronutrient malnutrition and organization of international donors, business and NGO partners to finance and carry out prevention activities; initiation of regional pilot testing of cardiovascular prevention program developed with Institute of Preventive Medicine and CDC; roll-out of the Dubna diabetes management education center to five new sites in western Russia; one month internship to participate in U.S. Presidential Commission on Quality of Care.

Activity Contributions to Targets

By maintaining an active high level dialogue and funding collaborative activities between the U.S. and Russia on various health care issues, this activity contributes to Mission Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*, specifically through the development/adoption of new approaches to service delivery (IR 3.2.2) and new approaches to resource allocation and financing of health service delivery (IR 3.2.3.)

Major Issues or Problems

Activities in two areas, TB and diabetes, have not proceeded satisfactorily and the Health Committee stated that greater efforts are needed to maintain momentum. Both these areas were reassigned to sub-areas rather than priority areas.

Upcoming Outreach Opportunities/Plans

In the next six months the PASA will support: a workshop on HIV prevention among IV drug users; first national STD conference in Russia; field study on pesticide contamination and health effects; regional implementation of policies to reduce alcohol abuse; school health pilot program; youth risk behaviour survey in collaboration with UNICEF; and exchange on mental health diagnoses and treatment.

MRS ID: 1100042-RUS-USDH002 (11)
Award No.: CCS0004PHI202400
Date Report Prepared: October 30, 1997

Alcohol and Drug Abuse Study

The All-Russia Public Health Policy Forum on alcohol-related health problems is designed to perform sound, independent, comprehensive analysis of alcohol-related problems and to develop an improved strategy towards addressing such problems in Russia. USAID-supported activity includes:

- *twelve policy workshops on alcohol-related medical, sociological, economic, and juridical issues,*
- *a final conference to review policy recommendations for governmental and nongovernmental sectors, and*
- *publication of conference materials and recommendations.*

U.S. Implementing Partner:
None

Start: September 1996
Complete: September 1997

Russian Partners:
Russian Public Health Association

Activity Manager:
Elena Gurchich

Major Implementation Accomplishments

Recommendations to alleviate alcohol-related problems were discussed by more than 100 representatives of the Russian government and non-governmental sector at the All-Russia conference in December 1996 in Moscow. Materials and recommendations how to address these problems are widely distributed within the health community, legislative and executive authorities, and other interested parties. Press conference on Forum results was held in April 1997.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*, specifically IR 3.2.1, *policies, laws and regulations drafted*, by supporting health policy development and dialogue in the non-governmental sector. This activity also supports Strategic Objective 2.1, *increased, better informed citizen's participation in political and economic decision making*, through IR 2.1.3.1, *more effective NGO advocacy of people's needs*.

Major Issues or Problems

Due to technical problems with the publishing house there was a delay in printing the Forum materials.

Upcoming Outreach Opportunities/Plans

Policy recommendations are being adopted by the government legislative bodies. Phase II of the Project was initiated in September 1997 to implement key recommendations in selected administrative territories of Russia with serious alcohol-related problems.

MRS ID: 11000044-RUS-RSHA001 (12)
Award No: 118-001-3-60153
Date Report Prepared: October 22, 1997

Professional Development of Nursing

This activity is aimed at developing a sustainable federal-level nursing association by strengthening the existing All-Russian Nursing Association to:

- *act as an advocate for the interests of nurse practitioners and educators,*
- *influence health care policy formation related to nursing as well as facilitate nursing care quality improvement,*
- *serve as an information clearinghouse for information on nursing, and*
- *expand local nurses associations and establish financial sustainability.*

US Implementing Partner:
World Vision Russia

Start: November 1996
Completion: May 1998

Russian partners:
All-Russian Nurses
Association

Activity Manager:
Lara Petrossyan

Major Implementation Accomplishments

A Code of Ethics for Nurses was developed and approved by the Ministry of Health and 2,500 copies distributed to nursing education institutions and other key organizations. New job descriptions for Chief Province Nurse, Chief Hospital Nurse and Nurse Manager have been drafted and submitted to the Ministry of Health. The Fourth National Nursing Conference (St.Petersburg, May 26-29) brought together Russian nursing leadership to discuss federal standards of nursing practice and agreements were made on a national program of nursing development, with WHO guidance. Five professional partnerships have been established with U.S. nursing associations: the RNA with American Nurses Association, and the North Dakota Nurses Association (NDNA) with four Russian regional nurses associations. The preparations are being made to become a member of the International Council of Nurses. The RNA has signed an Agreement on Cooperation with the Russian Medical Association. As the result of this, the President of RNA was given an opportunity to speak at the Pirogov Congress of Physicians. The Project-supported newsletter of RNA Nursing Affairs journal has increased its print run from 11,000 to 15,000 without an extra charge to the Project. The data-base of Russian nurses associations has been created and is ready for wide dissemination. The RNA now has almost 7,000 members and represents 56 regional nursing organizations.

Activity Contributions to Targets

This activity contributes to SO 3.2, *improved effectiveness of selected social benefits and services*, and IR 3.2.1, *policies, laws and regulations that improve effectiveness approved*, and IR 3.2.2.2, *service delivery skills improved*.

Major Issues or Problems

The lack of dependability of the Ministry of Health slows down the process of development and approval of national nursing standards, the development of national program of nursing, and other important documents. Due to this reason World Vision has been granted a \$70,000 extension to be able to successfully accomplish all project outcomes by the end of May 1998. Nurses all over the country have not been paid a regular salary, some not for 6 months, affecting the local and national associations' financial stability.

Upcoming Outreach Opportunities/Plans for Next Period

The National Nursing Standards will be submitted to the Ministry of Health in November for the first official reading. The second working meeting on the national program of nursing development is scheduled for November. Another partnership will be established between NDNA and a Russian regional association. The draft of the textbook on Nursing Ethics will be submitted to the Ministry of Health for a review in the beginning of 1998.

MRS ID: 11000041-RUS-WVRU001 (13)
Award No. 118-0004-A-6217
Date Report Prepared: October 28, 1997

Russian Medical Association

This activity is part of the USAID/Russia health sector program aimed at facilitating long-term sustainable reforms to the Russian health care system. It is intended to increase capability of two Russian national level physician organizations (the RMA and the APR) to serve as advocates for medical community and patients; influence health policy; improve organizational, practice and ethics standards development. This activity includes:

- *US based educational tour by representatives of the RMA,*
- *participation of the APR in the Annual Meeting of the AMA,*
- *the AMA involvement in the All-Russia Pirogov Congress, and*
- *seminar and pilot program on licensing and certification*

U.S. Implementing Partner:
American Medical
Association (AMA)

Start: September 1996
Complete: March 1998

Russian Partners:
Russian Medical
Association (RMA),
Association of Physicians
of Russia (APR)

Activity Manager:
Elena Gurvich

Major Implementation Accomplishments

A delegation of nine top officials of Russian medical associations, medical schools, professional societies, and regional associations visited the U.S. to receive first-hand information on management of a large national organization of physicians, and the roles the organization plays in setting standards and accrediting medical education and the quality of medical practice. The program also covered health legislation policy formation, political and public advocacy, and the legislative process.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.2, *improved effectiveness of selected social services and benefits*. In addition, the AMA assistance contributes to the institutional strengthening of nongovernmental organizations (IR 2.1.3.2) and public awareness of the role of NGOs in a democratic society increased (IR2.1.3.3).

Major Issues or Problems

Currently there are two All-Russia physician non-governmental organizations proclaiming similar goals but not cooperating in achieving them. This activity will try to ensure maximum collaboration between these two organizations.

Upcoming Outreach Opportunities/Plans

American Medical Association leadership will give plenary presentations at the All-Russia Pirogov Congress to be held in June for more than 2,5000 physicians. Their presentations will discuss the role of medical professional non-governmental organizations in society and in the betterment of public health. A seminar on certification issues will be held in the third quarter of this year.

MRS ID: 11000041-RUS-AMMA001 (14)
AwardNo: 118-0004-A-00-6226-00
Date Report Prepared: March 6, 1997

Medical Partnerships

This activity introduces improved management systems and techniques to medical facilities in Russia through voluntary partnership relationships with American medical establishments. Each of the nine ongoing partnerships is to:

- *adapt and disseminate successful preventive and curative techniques which are unfamiliar in Russia,*
- *improve efficiency and productivity through better clinical and administrative management, and*
- *train health policymakers and administrators at all levels of government so they are better prepared to make informed choices and rational system changes in the process of health care reform.*

U.S. Implementing Partners:
the American
International Health
Alliance (AIHA) and U.S.
hospitals (Magee
Womens', Pittsburgh;
LaCrosse Lutheran, etc).

Start: June 1992

Completion: December 1998

Russian Partners:
counterpart public
hospitals in Moscow,
Saint Petersburg, Dubna,
Stavropol, Murmansk, and
Vladivostok; medical
universities; oblast health
departments

Activity Manager:
Natalia Voziyanova

Major Implementation Accomplishments

Hospital Infections. A cadre of qualified trainers in hospital epidemiology has been trained in a series of workshops from January to October 1997. A Basic Infection Control manual, prepared by a team of epidemiologists, was published in September.

Diabetes Education and Management. The diabetes education program developed in Dubna, with the LaCrosse Lutheran partners, has been replicated in five additional sites. Since the inception of the diabetes school in Dubna in 1993, over 600 diabetics have been trained to manage their disease together with 40 family members and 150 medical personnel.

Women's Health. Savior's hospital in Moscow organized a Womenscare Wellness Festival in March 1997. Nearly 2000 women from Moscow and the oblast participated in the wellness information sessions and a healthy lifestyle exhibition.

EMS. The Vladivostok EMS Training Center trained over 1600 physicians, feldshers, nurses and non-medical personnel from October 1994 to March 1997. A pilot project on the re-organization of ambulance care is under way in Primorski krai.

Conferences and Workshops. Third International conference was held in Kiev bringing together 250 nurses from NIS countries. It demonstrated partnerships achievements in nursing education reform, leadership development, clinical skills building and association management. A partnership conference in Tashkent addressed the issue of health care workforce development for the 21st century. In June 1997, 40 health professionals from 15 AIHA NIS Partnerships participated in the international exhibition "Medicine for You". They conducted demonstration training sessions on emergency response, self-management of diabetes, women's health, family planning, etc.

Fifth Annual NIS Partnerships Conference took place on Atlanta, in October 1997. The conference focused on a wide range of subjects, including control and prevention of infectious diseases, prevention and management of chronic diseases, current issues of health care delivery and financing, nurses leadership in infection control, etc.

Activity Contributions to Targets

This activity contributes broadly to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services.*

Major Issues of Problems

None.

Upcoming Outreach Opportunities/Plans

A nosocomial infections control training center will open in St. Petersburg. Four women's wellness centers will be established. Both U.S. and Russian counterparts will conduct participatory evaluation.

MRS ID: 1100041-RUS-AIHA001 (15)
Award No: CCS-0004-A-00-2017-00
Date Report Prepared: October 22, 1997

Integrated Health System Partnership

The longstanding partnership between the Lutheran Hospital of LaCrosse, Wisconsin and the health care administration in Dubna is being deepened with this activity to support Dubna oblast health care management organizations to develop and test an integrated health finance and delivery system for the city of Dubna in Moscow Oblast.

US Implementing Partner:
Lutheran Hospital - La
Crosse, Wisconsin

Start: October 1996
Complete: September 1999

Russian Partners:
Mayor's Office Dubna
City Administration.

Activity Manager:
Becky Copeland

Major Implementation Accomplishments

Project work plan approved in July 1997, local office fully staffed, and expert working groups organized for the areas of financial, service delivery and quality of care. Local technical staff and key counterparts were sent on a U.S. study tour to full range of managed care finance and practice principles and models. Progress to date:

Improved cost-effectiveness of service delivery. New care paths are being developed for five high volume inpatient and outpatient diagnoses selected based upon data collected from Dubna facilities: pediatric respiratory illnesses, ischemic heart disease, hypertensive disease, peptic ulcer, pelvic inflammatory disease.

Redesign of the care paths is expected to reduce cost substantially without negatively affecting health outcomes. The Dubna team is working with and learning from KPI's experience in introducing new care paths in Kaluga oblast. The City health dept has just closed 40 excess beds in one hospital and are working with project staff on a master plan to reduce excess bed capacity.

Finance/provider payment reform. Assessment of facility accounting systems completed and development of unified system begun. The finance team also adapted a ZdravReform-developed budgeting program to use in Dubna and has collected cost and expenditure data from the local MHI companies and City health dept; once completed it will be possible to identify where to streamline service provision to reduce funding deficits.

Improved quality of care and health outcomes. To assess and monitor quality of care, a survey tool has been developed with local medical experts to assess the quality of care provided for the five selected diagnoses, as well as questionnaires to measure practitioner, patient and community attitudes and perceptions of care; both surveys will be completed in the 4th quarter. The results will be used to target quality improvement initiatives and to design community education/information programs and materials.

Activity Contributions to Targets

This activity contributes to the achievement of Strategic Objective 3.2, *improved effectiveness of social benefits and services*. In particular, it directly supports IR 3.2.2, *new approaches to service delivery adopted*.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

None.

MRS ID: 11000041-RUS-DUBN001 (16)
Award No: 118-0004-A-00-6227
Date Report Prepared: October 24, 1997

Health Education/ Promotion

This activity is targeted at developing a policy framework and strategies for adolescent health education/promotion in Russia. Specific outcomes will include:

- *comprehensive study and analysis of issues related to adolescent health education/promotion with a focus on prevention of smoking, alcohol abuse and STDs infection,*
- *enhanced intra-intersectoral collaboration in addressing adolescent health,*
- *increased public awareness and participation,*
- *innovative approaches and tools for adolescent health education developed and approved.*

Implementing Organization:
NGO Russian Public
Health Association
(RPHA)

Start: October 1997
Completion: March 1998

Activity Manager:
Natalia Voziyanova

Major Implementation Accomplishments

The Health Education/Promotion activity began in October 1997. Two meetings of the steering committee were held in Moscow to develop the activity work plan, time frame, and a marketing plan, and to identify and finalize participants and contributors. Survey methodology and questionnaires to study existing practices and needs were discussed and developed. Nine pilot oblasts were selected, and teams of surveyors were trained in conducting the research.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*, through Intermediate Result 3.2.1, *policies, laws and regulations drafted*, and Intermediate Result 3.2.2, *new approaches to service delivery adopted*.

Major Issues of Problems

None.

Upcoming Outreach Opportunities/Plans

Social survey data from 9 oblasts will be collected and analyzed in Moscow. Conclusions will be presented at a series of policy workshops, which will develop recommendations and strategies for conducting adolescent health education/promotion.

MRS ID:
Award No: 118-0-00-97-00290 (17)
Date Report Prepared: October 22, 1997

Technical Oversight of the Medical Technology Transfer Activity (MTTA)

This activity provides USAID with independent technical oversight of the MTTA. It involves:

- *reviewing the business plans of the pharmaceutical companies participating in the MTTA,*
- *making recommendations to USAID regarding approval and funding of these business plans, and*
- *once the MTTA grants are approved and the pharmaceutical companies have begun to invest, monitoring the progress of each company's project.*

US Implementing Partner:
International Business and
Technical Consultants
International (IBTCI)

Start: June 1994
Completion: June 1998

Russian Partners:
Ministry of Health,
Ministry of Economics

Activity Manager:
Nikita Afanasiev

Major Implementation Accomplishments

IBTCI has performed due diligence *reviews* of three U.S. pharmaceutical companies' business plans and made *recommendations* for USAID funding under the Medical Technology Transfer Activity (MTTA), including verifying that all drugs to be produced by the prospective MMTA companies were licensed by the Ministry of Health IBTCI also has set up a *system for monitoring progress* of each company's project.

IBTCI is

- reviewing *vouchers* to assure that all companies understand USAID regulations regarding reimbursable expenses and are complying with them;
- monitoring progress of each company's project.

Activity Contributions to Targets

MTTA is principally designed to promote U.S. commercial investment in the production and distribution, in Russia, of critically needed, high-quality pharmaceuticals. It is, therefore, grouped with other Special Initiatives (Strategic Objective 4). However, the MTTA will increase pharmaceutical security in Russia in the long term (1998 and beyond) and may contribute to the sustainable achievement of Strategic Objective 3.2, improved effectiveness of selected social benefits and services.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

IBTCI will continue to monitor the progress of each participating company and assist them with implementation problems.

MRS ID: 110-00041-RUS-IBTC001 (18)
Award No. CCN-0005-C-00-3118
Date Report Prepared: October 22, 1997

**Medical Technology
Transfer Activity
(MTTA)/Bristol-Myers
Squibb**

The Medical Technology Transfer Activity (MTTA) promotes U.S. investment in the production and distribution of critically needed, high-quality pharmaceuticals in Russia. USAID is providing grants to three U.S. pharmaceutical companies (Searle, Bristol-Myers Squibb, and MIR Pharmaceuticals) to cover the costs of critical technical assistance and training associated with the establishment of pharmaceutical production plants in Russia.

The Bristol-Myers Squibb project will result in the production of cardiovascular products and other drugs.

US Implementing Partner:
Bristol-Myers Squibb (BMS)

Start: January 1995
Completion: December 1998

Russian Implementing Partner:
None

Activity Manager:
Nikita Afanasiev

Major Implementation Accomplishments

BMS accomplished ISO 14,001 certification (Environmental Management System) of the existing manufacturing process at Akrikhin. The new modular packaging facility, constructed in April 1997, will begin commercial production in three weeks. Production of Capoten tablets is running at twice 1996 volume and reached last year's volume already in June 1997. Pharmaceutical sales of BMS through the third quarter of 1997 are running 232% ahead of the same period last year.

Activity Contributions to Targets

MTTA is principally designed to promote U.S. commercial investment in the production and distribution, in Russia, of critically needed, high-quality pharmaceuticals. It is, therefore, grouped with other Special Initiatives (Strategic Objective 4). However, the MTTA will increase pharmaceutical security in Russia in the long term (1998 and beyond) and may contribute to the sustainable achievement of Strategic Objective 3.2, improved effectiveness of selected social benefits and services.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

Full production from raw materials of one new product (Corgard) will commence in mid-November. Repackaging of 3 new products from imported bulk tablets will commence in three weeks. Packaging of an entire list of drugs shown in the due diligence report will be started by the end of 1998.

MRS ID: 1100042-RUS-BRSM001 (19)
Award No: 118-0000-A-00-5005
Date Report Prepared: October 24, 1997

**Medical Technology
Transfer Activity
(MTTA)/MIR
Pharmaceutical**

The Medical Technology Transfer Activity promotes U.S. investment in the production and distribution of critically needed, high-quality pharmaceuticals in Russia.

USAID is providing grants to three U.S. pharmaceutical companies (Searle, Bristol Myers Squibb, and MIR Pharmaceuticals) to cover the costs of critical technical assistance and training associated with the establishment of pharmaceutical production plants in Russia.

The MIR project will result in the production of a variety of generic drugs for the Russian market.

US Implementing Partner:
MIR Pharmaceuticals, Inc.

Start: January 1995
Completion: June 1998

Russian Partner:
None

Activity Manager:
Nikita Afanasiev

Major Implementation Accomplishments

The status of this CA is being reviewed.

Activity Contributions to Targets

MTTA is principally designed to promote U.S. commercial investment in the production and distribution, in Russia, of critically needed, high-quality pharmaceuticals. It is, therefore, grouped with other Special Initiatives (Strategic Objective 4). However, the MTTA will increase pharmaceutical security in Russia in the long term (1998 and beyond) and may contribute to the sustainable achievement of Strategic Objective 3.2, improved effectiveness of selected social benefits and services.

Major Issues or Problems

See above.

Upcoming Outreach Opportunities/Plans for Next Period

See above.

MRS ID: 11000042-RUS-MIR1001 (20)
Award No. 118-0004-A-00-5003
Date Report Prepared: October 24, 1997

**Medical Technology
Transfer Activity
(MTTA)/Searle**

The Medical Technology Transfer Activity promotes U.S. investment in the production and distribution of critically needed, high-quality pharmaceuticals in Russia.

USAID is providing grants to three U.S. pharmaceutical companies (Searle, Bristol-Myers Squibb, and MIR Pharmaceutical) to cover the costs of critical technical assistance and training associated with the establishment of pharmaceutical production plants in Russia.

The Searle project will result in the production of cardiovascular drugs, a wide array of generic pharmaceuticals and possibly contraceptives.

US Implementing Partner:
G.D. Searle Co.

Start: January 1995
Completion: March 1999

Russian Implementing Partner:
Center for Molecular
Diagnostics and Treatment,
RAO Biopreparat

Activity Manager:
Nikita Afanasiev

Major Implementation Accomplishments

Searle met all due diligence requirements in May 1997. JV with Russian partner was officially registered in May. On May 16, 1997 a "groundbreaking ceremony" of Searle's facility took place in Izvarino village, Moscow region. Since then the main building foundations have been completed, external to brick and roof vapor barrier installed on top of roof decking. The final construction permit was issued in early August. The detailed engineering of the plant is almost completed. Packaging line for the plant has been ordered, orders placed for Fluid bed dryer, capsule machine and material handling equipment.

Searle has valid registration of 10 drugs; documentation for re-registration of Metrozol was submitted to the MOH and dossiers for four drugs are currently being presented to MOH.

Activity Contributions to Targets

MTTA is principally designed to promote U.S. commercial investment in the production and distribution, in Russia, of critically needed, high-quality pharmaceuticals. It is, therefore, grouped with other Special Initiatives (Strategic Objective 4). However, the MTTA will increase pharmaceutical security in Russia in the long term (1998 and beyond) and may contribute to the sustainable achievement of Strategic Objective 3.2, improved effectiveness of selected social benefits and services.

Major Issues or Problems

Certain activities took more time than planned initially because of changes in the business environment and legislation in Russia.

Upcoming Outreach Opportunities/Plans for Next Period

Searle will continue construction activities on the site. Upon delivery of packaging line equipment installation and validation of packaging line will be started.

MRS ID: 11000042-RUS-SEAR001 (21)
Award No. 118-0004-A-00-5004
Date Report Prepared: October 23, 1997

WRHP: Women's Health Policy

This activity is part of the Women's Reproductive Health Program (WRHP) and is focused on the development of a cadre of decision makers who support contraceptive services. The activity includes two kinds of support: workshops for local administrators in the health and social sectors on policy issues related to women's health and family planning and follow-up technical assistance. The workshops address issues of advocacy, strategic planning, the importance of supporting family planning, and the mobilization of resources for family planning.

US Implementing Partner
The Futures Group/RAPID

Start: April 1995
Completion: February 1997

Russian Partners:
Health and social sector
administrators in Ivanovo, St.
Petersburg, and Yekaterinburg

Activity Manager:
Liese Sherwood-Fabre

Major Implementation Accomplishments

The Futures Group, the implementing agency completed the final policy workshop in St. Petersburg in October 1996. As a final activity, they funded the development of a contraceptive handbook in Russian by the Ott Institute in St. Petersburg (one of the Women's Reproductive Health demonstration sites). The institute has published 10,000 copies of the book and has begun distributing them to interested parties.

Activity Contributions to Targets

This activity contributed to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*. The project contributed to greater support at a policy level regarding family planning activities.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans for Next Period

The project closed out February 1997.

MRS ID: 11000045-RUS-FUTG001 (22)
Award No: DPE-3046-Q-00-1048
Date Report Prepared: October 1997

WRHP: Clinical and Counseling Approaches

This activity is part of the Women's Reproductive Health Program (WRHP). During the first three years, the recipient created model family planning centers and training sites in four oblasts by training physicians, equipping the clinics, and providing needed technical assistance. During this last year, the recipient will work with the original four sites as well as the two sites in the Russian Far East to train physicians in other oblasts and create additional modern family planning clinics based on the experiences in the demonstration sites.

US Implementing Partner:
Association for Voluntary and Safe Contraception (AVSC)

Start: August 1994
Completion: August 1998

Russian partners:
Russian health providers and administrators in the four sites

Activity Manager:
Liese Sherwood-Fabre

Major Implementation Accomplishments

During the first six months of 1997, AVSC completed its efforts in training, equipping, and providing technical assistance to the four demonstration sites (Yekaterinburg, Ivanovo, Tver, and St. Petersburg). The final activities under this effort included a counseling seminar concerning STDs and adolescents for the Moscow Oblast Family as part of the Gore-Chernomyrdin Commission activities; a strategic planning workshop where new reproductive health reporting forms were developed; and a counseling training of trainers seminar which created eight master trainers in counseling.

For the third quarter of 1997, AVSC began focussing on their final year's roll-out activities. Several prospective regions were contacted to determine their interest and support for training their physicians in family planning methods, those indicating interest were visited and assessed for their support, and several memoranda of understanding have been signed and training activities scheduled. To date, Yaroslavl, Penza, Tomsk, and Omsk will definitely be involved in the roll-out activities.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*. By transferring new counseling and clinical skills it contributes to IR 3.2.2.2. New client-oriented approaches to family planning encourage the woman to select the method that she considers best for her and to use it. Increased usage leads to fewer unplanned pregnancies and lower abortion rates (a performance indicator for Strategic Objective 3.2).

Major Issues or Problems

The medical barriers conference planned for the first quarter of 1997 has been postponed and needs to be rescheduled. Due to scheduling problems and the return of the in-country representative to the U.S., the conference could not be held as planned.

Upcoming Outreach Opportunities/Plans for Next Period

AVSC will continue to visit and assess several more sites as potential roll-out oblasts. Those already so identified will begin training physicians in November.

MRS ID:11000045-RUS-AFVS001 (23)
Award No: CCP3068A00301700
Date Report Prepared: October 1997

WRHP: Family Planning Demonstration/Training and Roll-out Support

This activity is part of the Women's Reproductive Health Program (WRHP). It has focused on working in four demonstration sites to develop training skills of master trainers and curricula for various health care providers. Using the curricula developed, the activity will institutionalize physician training in contraceptive clinical and counseling skills by incorporating a family planning training cycle into refresher training institute and medical university curricula. The activities also include development and dissemination of national family planning guidelines.

US Implementing Partner:
Johns Hopkins Program for
International Education in
Obstetrics and Gynecology
(JHPIEGO)

Start: March 1995
Completion: September 1998

Russian partners:
Medical education facilities,
local health administrators, local
health care providers

Activity Manager:
Liese Sherwood-Fabre

Major Implementation Accomplishments

During the first quarter of 1997, JHPIEGO focused on completing the first phase of their activities in Russia--the institutionalization of family planning training capacity in four original demonstration oblasts. They completed training materials in Tver, provided additional training materials to Yekaterinburg, and provided technical assistance to second generation training at the Research Institute in Moscow.

JHPIEGO focussed on laying the foundation for the last year's activities in the second and thirs quarters of 1997. They obtained MOH endorsement of the planned activities for the next year and arranged for representatives of the Ministry of Health to visit three of the four training sites to observe their training and facilities to begin MOH accreditation of these sites. They completed identifying and visiting potential sites and have agreed to collaborate with the refresher training institutions in the following cities to develop a standard family planning curriculum for in-service training: Chelyabinsk, Ezhevsk, Irkutsk, Moscow, Penza, and St. Petersburg.

Activity Contributions to Targets

This activity directly contributes to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*, by introducing new approaches to family planning service delivery (IR 3.2.2) and improving service delivery skills (IR 3.2.2.2). With more physicians trained in improved techniques, more women will be presented with a variety of contraceptive choices and more will select an effective modern contraceptive method. With additional contraception occurring, fewer abortions will occur (performance indicator for Strategic Objective 3.2).

Major Issues or Problems

While the Ministry of Health has been supportive of these activities, it has been difficult to arrange for site visits and to get their approval for various documents. The MOH staff is simply overworked and is unable to give all these activities the attention needed.

Upcoming Outreach Opportunities/Plans for Next Period

During the next six months, JHPIEGO continue working with the refresher training institutes to develop and finalize their family planning curriculum and provide clinical and training skills update for those at these institutes. JHPIEGO will also continue to work with MOH on the family planning service guidelines.

MRS ID: 11000045-RUS-JCOR001 (24)
Award No: CCP3069A00302000
Date Report Prepared: October 1997

WRHP: Family Planning Demonstration/Far East Replication

This activity is part of the Women's Reproductive Health Program (WRHP). It replicated in Novosibirsk and Vladivostok the model family planning activities developed in other demonstration sites, specifically:

- *creating a group of master trainers skilled in modern contraceptive techniques and counseling skills,*
- *setting up model family planning sites,*
- *pursuing policy work with local administrators, and*
- *developing a roll-out plan that will ensure the training of future and practicing physicians throughout the two oblasts.*

US Implementing Partners:

John Snow, Inc (JSI)/SEATS
Subcontractor: Association for Voluntary and Safe Contraception (AVSC)

Start: April 1995

Completion: September 1997

Russian Partners:

Various local and oblast health officials and clinic managers in Novosibirsk and Vladivostok

Activity Manager:
Liese Sherwood-Fabre

Major Implementation Accomplishments

JSI/SEATS has completed all original activities and conducted an assessment in the two sites. In all, twelve, rather than the originally planned six, demonstration sites were created. The assessment sited improved client-provider interaction, including informed choice and a client-centered approach resulting in a rapid increase and dramatic improvement of family planning service delivery as major project results. Those involved in the assessment also reported an expanded method mix, with fewer IUD insertions and abortions, an expanded use of hormonal methods, and a reduction in infection rates due to no-touch IUD insertion techniques. Postpartum family planning counseling is regularly done in the wards and will be expanded also to out-patient services. Most of the sites offer post-abortion counseling. Training under the SEATS/MotherCare family planning program was also recognized as equivalent to post-graduate certificates for ob/gyns awarded by the Medical Institute of Novosibirsk oblast. A group of master trainers has trained additional health care workers that were not involved in the roll-out training, as well as revised existing curricula.

Activity Contributions to Targets

This activity directly contributes to Strategic Objective 3.2, *improved effectiveness of selected social services and benefits*, by introducing new approaches to service delivery (IR 3.2.2) in the family planning area. The training conducted to date addresses IR 3.2.2.2, *by improving the service delivery skills* of more than 40 physicians and 40 midwives in Siberia and the Far East.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans for Next Period

Final assessment report and dissemination seminar are scheduled for November.

MRS ID: 11000045-RUS-JSIN001 (25)

Award No: CCP-3048-C-00-4004

Date Report Prepared: October 1997

WRHP: Contraceptive and Evaluation Support

This activity is part of the Women's Reproductive Health Program (WRHP). It provides contraceptive logistics assistance to the US implementing partners working at demonstration sites and independently directs the conduct of a survey of Women's knowledge, attitudes, and practices (KAP) with regard to contraception at three different times: before training and demonstrations (early 1996), during the course of program implementation (1997), and after the program is completed (1998).

US Implementing Partner:
Centers for Disease
Control (CDC)

Start: June 1995
Completion: December 1998

Russian partners:
Russian Center for Public
Opinion and Market Research
(VCIOM)

Activity Manager:
Liese Sherwood-Fabre

Major Implementation Accomplishments

The preliminary report was published and disseminated. Work has been completed on the final report of the baseline survey and it will be published and disseminated shortly.

Planning has begun for the interim survey to be completed in the Spring. This survey will focus on the national mass media campaign to be launched under the JHU/CCP project. The survey will assess the viewership of the spots and any impacts on behavior based on the information promulgated by the campaign.

Activity Contributions to Targets

The KAP survey directly measures the performance indicator *number of abortions decreases in project target areas* associated with Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*. It will identify how much of the decrease is due to increased use of contraceptives, especially those methods which have been promoted by the other activities in the Women's Reproductive Health program.

Major Issues or Problems:

Work on the final report was delayed due to an extended illness of the project director.

The main CDC PASA into which the Mission bought-in expired September 1997. Prior to the end of the PASA, CDC billed AID for the remaining amount in the Russia account. As a result, it is unclear how CDC will finance the activities to be completed from September 1997 to December 1998.

Upcoming Outreach Opportunities/Plans for Next Period

The final report will be published shortly.

Plans for the interim survey will be completed.

MRS ID: 11000045-RUS-CDCI001 (26)
Award No: 118-0004-C-00-5304 and
PASA-DPE-3038-X-HC-1015
Date Report Prepared: October 1997

WRHP: Breast-Feeding and LAM Support

This activity is part of the Women's Reproductive Health Program (WRHP). Original activities involved introducing breast-feeding practices in demonstration sites in Novosibirsk and Vladivostok, both to support contraception through lactation amenorrhea and to promote infant health.

During next year, will support roll-out of breast-feeding and LAM to other four original demonstration oblasts as well as to new roll-out sites.

US Implementing Partners:

John Snow, Inc./MotherCare

Start: September 1995

Completion: September 1998

Russian Partners:

Various local and oblast health officials and clinic managers in demonstration and roll-out sites

Activity Manager:

Liese Sherwood-Fabre

Major Implementation Accomplishments

During the first quarter of 1997, MotherCare completed its originally planned training and technical assistance activities in Novosibirsk and Vladivostok in support of breast feeding and LAM in demonstration maternity houses. In May and June MotherCare and SEATS completed an assessment of their work in Novosibirsk and then conducted a similar assessment in Vladivostok in October. The assessments indicated that the training and technical assistance to the demonstration sites had successfully instituted exclusive breast feeding and LAM practices. In Novosibirsk, the number of new mothers exclusively breast feeding ranges between 70 - 80%, depending on the institution. There has also been a great deal of support at the health administration level to disseminate these practices to other maternity homes. The sites have also noted an increased interest in progestin-only contraceptives among new mothers as well as increased health of newborns.

MotherCare has also been in discussions with AVSC to develop a plan for training and technical assistance for the four other original demonstration sites to introduce exclusive breast feeding and LAM in those sites as well as include training in the new roll-out sites.

Activity Contributions to Targets

This activity contributes directly to Strategic Objective 3.2, *improved effectiveness of selected social services and benefits* through intermediate results 3.2.2 and 3.2.2.2. Family planning clinics will promote the use of breast-feeding/LAM for postpartum women, which, in Russia, are new approaches to maternity service delivery (IR 3.2.2). Physicians' service delivery skills (IR 3.2.2.2) will be directly affected by the training. With more postpartum women using an effective contraceptive method, fewer will have unplanned pregnancies and need abortions, decreasing the number of abortions in demonstration sites (performance indicator for Strategic Object 3.2).

Major Issues or Problems

MotherCare's remaining budget is limited, and planning for future activities needs to be carefully developed to ensure appropriate support in the next year.

Upcoming Outreach Opportunities/Plans for Next Period

A dissemination conference will be held in Vladivostok in November to share the experiences and results of the work in Novosibirsk and Vladivostok with other interested parties and oblasts.

MRS ID: 11000045-RUS-MOTH001 (27)
Award No: HRN-5966-Q-00-3039
Date Report Prepared: October 1997

WRHP: Informational and Educational Materials

This activity is part of the Women's Reproductive Health Program (WRHP). It supports other program activities by providing the informational and educational materials needed for family planning counseling and outreach. Specific tasks include:

- *development of mass media outputs,*
- *development of local social mobilization campaigns,*
- *production and distribution of technical materials for health care providers,*
- *informational and educational materials for clients, especially youth, and*
- *research.*

US Implementing Partner:
Johns Hopkins University
(JHU)/CCP

Start: April 1995
Completion: September 1998

Russian partners:
Russian Family Planning Association (RFPA), Moscow State University, various local media production and public relations firms, local health educators

Activity Manager:
Liese Sherwood Fabre

Major Implementation Accomplishments

Mass media outputs. JHU/CCP moved forward on several related activities for the launching of the mass-media campaign: they trained journalists from the six demonstration sites on family planning issues to ensure that appropriate information will be shared with the public; arranged for a breakfast with women TV journalists with the Ministry of Health to raise their awareness of the issue; contacted a number of prominent public figures to obtain their support of the campaign and have selected some to serve on a Public Committee that will provide visibility to the activities; and signed contracts with several mass media agents in preparation for the launch of a national mass-media campaign. A print syndication service has already started distributing newspaper articles and a syndicated column on family planning issues ("Ask Dr. Olga") to demonstration sites' local press. In all, over 70 local papers are publishing the articles throughout the country. The Ministry of Health has approved a slogan developed for the campaign: "Modern contraceptives: care for health" as well as a series of public service announcements (PSAs). They are now working closely with the Ministry of Health to obtain the needed free air time for the PSAs for national television.

Informational and educational materials for clients. An instruction manual on how to lead the discussion on family planning with teenagers is almost ready.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.2, *improved effectiveness of selected social benefits and services*, principally by letting people know about new approaches to service delivery available (IR 3.2.2). Physicians receiving Population Reports can provide the latest information on the various contraceptive methods; counseling cards ensure that accurate information is provided to the client when selecting a method. Greater use of contraception will lead to a decrease in abortions (performance indicator for Strategic Objective 3.2).

Major Issues or Problems

Because of the decision to obtain GCC support and MOH approval, as well as the strong opposition to family planning in Russia, the mass-media campaign launch (originally scheduled to coincide with International Women's Day) has been postponed several times to accommodate high-level bureaucratic approval of materials. The RFPA has been slow on approving the video guide for youth.

Upcoming Outreach Opportunities/Plans for Next Period

The launch of the national mass media campaign has been now scheduled for November 1997. The youth video and discussion guide will be distributed the Fall.

MRS ID:11000045-RUS-JHUN001 (28)
Award No.: 118-0004-G-00-5206
Date Report Prepared: October 1997

WRHP: Contraceptive Supply

This activity is part of the Women's Reproductive Health Program (WRHP). It originally provided support to the commercial pharmaceutical sector by:

- *undertaking liaison with commercial pharmaceutical manufacturers in Russia, and*
- *training pharmacists in modern contraceptive technology and customer counseling. As part of USAID/Russia's roll-out and institutionalization strategy, SOMARC will focus on institutionalizing pharmacist training through the pharmacist refresher training institute.*

US Implementing Partner:
SOMARC (The
Futures Group)

Start: September 1995
Completion: September 1998

Russian partners:
Contraceptive manufacturers,
Pharmacies, Pharmacist
Refresher Training
Institutes

Activity Manager:
Liese Sherwood-Fabre

Major Implementation Accomplishments

Liaison Activities. SOMARC distributed a calendar of upcoming training events and a list of SOMARC trainers to pharmaceutical manufacturers. They also solicited support and participation for upcoming pharmacist training. This portion of the activity was then terminated to focus on institutionalization of pharmacist training.

Pharmacist Training. SOMARC completed all planned pharmacist training--with the exception of one seminar in Yekaterinburg that was postponed until the Fall.

Institutionalization. SOMARC completed negotiations with the Chemical/Pharmaceutical Institute in St. Petersburg and signed a memorandum of understanding with the institute.

Activity Contributions to Targets

This activity supports Strategic Objective 3.2, *improved effectiveness of selected social benefits and services* and will affect the SO performance indicator numbers of abortions decrease in project target areas. Focus group research indicates that many women obtain contraceptive advice from pharmacists. To be able to ensure that all contraceptive options are available to women requires that pharmacies support the use, as well as have a supply, of all contraceptive choices.

Major Issues or Problems

While the Chemical-Pharmaceutical Institute in St. Petersburg has agreed to conduct family planning refresher training at its institute, there is still an issue about how often such training will be available. Several options need to be explored to determine what type of incentive (funding from pharmaceutical manufacturers, a certification program for pharmacies as "women friendly", etc.) is best to ensure that the course is offered on a regular basis.

Upcoming Outreach Opportunities/Plans for Next Period

SOMARC will begin training and equipping the Chemical-Pharmaceutical Institute in St. Petersburg to provide refresher training in family planning for pharmacists.

MRS ID: 11000045-RUS-FUTG002 (29)

Award No: CCP-3051-Q-00-2017

Date Report Prepared: October 1997

SO 3.3 Increased Capacity to Deal with Environmental Pollution as a Threat to Public Health

- IR 3.3.1 Increased number of enterprises adopt/install pollution techniques/technologies (particularly low cost/no cost)*
- IR 3.3.2 Government policies, laws, and regulations provide incentives for compliance and adoption of new pollution reduction techniques/technologies*
- IR 3.3.3 Citizens' initiatives maintain public environmental awareness and encourage government institutions to address environmental issues*

Key Activities Being Implemented as of November 15, 1997

Ongoing Activities in the Portfolio

1. Pollution Reduction Demonstration Projects, U.S. Environmental Protection Agency (EPA)
2. Novokuznetsk - Multiple Pollution Sources Management, CH2MHill
3. Environmental Atlas, Center for Post-Soviet Studies
4. Environment Roll-Out, Institute for Sustainable Communities (ISC)
5. Lead Study
6. Environmental Education and Communication, GreenCom/GLOBE

Pollution Reduction Demonstration Projects

This activity develops both the public and private sector expertise, access, and experience needed to generate investment capital for large-scale environmental projects and improvements and to establish an effective system of environmental management throughout the country. Specifically, it addresses:

- *small watershed mngmt in the Istra region (Moscow oblast),*
- *industrial environmental mngmt in Nizhniy Tagil,*
- *air quality mngmt in Volgograd.*

U.S. Implementing Partners:

U.S. Environmental Protection Agency (EPA) and subcontractors: US-Russian Environmental Law Taskforce, SAIC, ISC, Radian Corp, Minnesota Pollution Control Agency, Iowa State University, USGS, Parsons Engineering Science, CIEL

Start: January 1995

Completion: September 1997

Russian Partners:

State Committee of Environmental Protection, Ministry of Natural Resources, SanEpi, Ministry of Agriculture, Istra District Authority, Volgograd City Environmental Services Administration, Nizhniy Tagil City Administration, Sverdlovsk Oblast Environment Committee, Tagilecoprom Environmental Protection Center

Activity Manager:

Yuriy Kazakov

Major Implementation Accomplishments

Istra Watershed Management plan was adopted based on the general approaches used in the U.S. but modified for the administrative and economic conditions in Russia. Demonstration projects on improved agricultural and rural waste management practices have been completed in the Istra region (livestock wastes, rural communities wastes, riparian zones). Environmental education programs were introduced in all schools. As a result of pre-treatment actions, two industrial enterprises in Gagarin and Dmitrov have effectively come into compliance with their permit conditions (concentrations of petroleum products in the wastewater of one have been reduced by a factor of ten, and discharges of iron and zinc at the other have been reduced by 50 percent and 80 percent). A third factory, in Tver, has reduced levels of zinc in its discharges by 50 percent. Monitoring equipment and training have been supplied to wastewater specialists in Dmitrov, Tver, and Gagarin; and comprehensive water and environmental audits have been completed at 4 pilot industrial facilities.

The Nizhnii Tagil medical instruments plant reduced nickel discharges by 70% and cut water use by 70%. Pursuant to an audit of the drinking water system, a reservoir management plan has been completed and incorporated into the city's drinking water program; Chernoiostochinsk water treatment plant is under construction now (reducing the discharge of 750 m³/day of untreated discharges), preparation for the installation of a new chlorinator (with a capacity for chlorination) is complete; hot water for the Dzerzhinskii raion is now treated and filtered (NO_x emissions are reduced by 30 tons/year), and large-capacity drinking water filters have been installed at 40 hospitals and schools. The hardware and software for a citywide environmental information system have been installed, and personnel trained. The first USG-sponsored risk study in Russia is finished, and risk reduction measures are being proposed. A new environmental education curriculum--now a mandatory subject in Nizhnii Tagil--has been introduced in local schools.

In Volgograd, a reform of the air quality management system has been carried out. New management tools include improved emission factors, computerized emissions inventories, an upgraded air dispersion model, and new enforcement techniques (visual emissions evaluation, new analytical lab). This reform, together with low-cost measures undertaken pursuant to source assessments at 6-9 factories, has cut stationary-source emissions of particulates by an estimated 8 percent citywide. Several other Russian cities are adopting elements of the Volgograd program, and the State Committee for Environmental Protection is introducing the reform on a national scale.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.3, *increased capacity to deal with environmental pollution as a threat to public health.*

Major Issues or Problems

Secrecy at defense plants, the absence of a well-defined system of private property, general lack of investment capital, municipalities lacking incentives to disseminate their successful experiences to other cities of Russia.

Upcoming Outreach Opportunities/Plans

Preparation of World Bank water loan for Nizhnii Tagil, development of Volgograd "dissemination package" for other cities, development of Istra Basin watershed management plan.

MRS ID: 11000031-RUS-ENPA002 (1)
Award No: 110-0003-G-00-5372/3656-00
Date Report Prepared: October 21, 1997

Novokuznetsk - Multiple Pollution Sources Management

Novokuznetsk is a Siberian city of 600,000 people. Water and air quality are estimated to be among the worst in Russia, the result of steel, coal, and other industrial production. This activity has four major components:

- *water resources management,*
- *air pollution reduction,*
- *industrial environmental audits, and*
- *sustainable development.*

US Implementing Partner:
CH2M Hill International

Start: June 1994
Completion: September 1997

Russian Partner Organizations:
Novokuznetsk (NVK)
City Administration,
NVK Vodokanal, NVK
Sanitary Epidemiological
Station (SanEpi),
Dragonsky Water
Treatment Plant,
SanTekhProekt, City Boiler
Houses, NVK Federal
Employment Service,
Ecogol, Independent
Energy Company (NEKA),
Siberian State Mining &
Metallurgy Academy,
Center for Business
Development non-profit
foundation

Activity Manager:
Alison Sartonov

Major Implementation Accomplishments

Water resources management. 14 staff of the privatized city water corporation (Vodokanal) have received training in the U.S. in a variety of areas. A new control system was designed and installed; hydraulic modeling software was supplied; new analytical procedures and equipment to enable more rapid detection of fecal coliform and analysis of turbidity, pH, and chlorine residual were installed. A Water Quality Database Management System is now operating in the laboratories.

Air pollution reduction. An air pollution database was completed for the City Administration. Three continuous air monitoring stations have been installed and training provided. Software for dispersion modeling, source testing procedures and emissions inventories has been supplied. Five specialists were trained and certified in visual emissions testing, USEPA Method 9.

Industrial environmental audits. Audits are the basis for developing low cost/no cost modifications and securing investments in pollution control technology. Environmental audits were conducted at two major steel enterprises and at 6 district heating plants (boiler houses). The latter were identified as candidates for developing viable low cost modifications, including the use of "clean coal." The project demonstrated that using better quality coal can increase combustion efficiency by 20-25 percent while reducing particulate emissions by 60-80 percent.

Sustainable development. Under an agreement with the Federal Employment Service the Business Center is continuing to train displaced and underemployed workers.

Activity Contributions to Targets

This activity is a key contributor to Strategic Objective 3.3, *increased capacity to deal with environmental pollution as a threat to public health.* Training, risk assessments and pilot efforts to reduce pollutants in air and water will support achievement of: IR 3.3.1.1, *pilot enterprises testing new pollution reduction techniques and technologies;* and IR 3.3.1.2, *environmental experts capable of applying new methods for pollution reduction.*

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

Project closed in August 1997.

MRS ID: 11000035-RUS-CH2M020 (2)
Award No: CCN-0003-Q-10-3165-00
Date Report Prepared: October 20, 1997

Environmental Atlas

The project, Ecology and Public Health in Russia: The Atlas Project Part II is a continuing project designed to expand on past research in order to produce an updated and revised Atlas available on-line, on CD-ROM, and in printed form. This material, coupled with the more extensive database from which the Atlas Part II will be created, will provide an enormous resource to the professional community.

U.S. Implementing Partner:

Center for Post-Soviet Studies - the Center name was changed to: Center for Political and Strategic Studies. The Principal Investigator is Dr. Murray Feshbach and the Project Director is Dr. Gregory Guroff.

Start: September 1996

Complete: March 1998

Russian Partners:

The Russian team is composed of Yuliya Y. Abrosimova and Sergei P. Ermakov, members of the Research Public Health Institute (MedSocEconInform); Vladimir Artyukhov and Aleksandr Martynov, senior researchers at the Reforma Foundation and formerly of the Nature Research Institute; Emma Bezuglia, member of the Laboratory for Ecological Monitoring; and Boris B. Prokhorov, a Doctor of Geography, from the Academy of Sciences. Aleksei Yablokov, Chairman of the National Security Council's Interagency Subcommittee on Environmental Security provides consultation and assistance. Administrative support for this project is provided by the Moscow Public Science Foundation.

Activity Manager:

Lori Freer

Major Implementation Accomplishments

The joint Russian-American team is constructing an interactive model, utilizing Netscape Navigator, which will be incorporated in the development of the Atlas Part II and the continuing database. The monograph, *The Health of the Population and the Status of the Environment in Russia* has been completed. A shorter version has also been completed and translated and is being disseminated. Using GIS programs from the Environmental Systems Research Institute (ESRI) we have developed new flexibility in map presentation. We are able to place bar charts or pie charts directly on the maps, as well as utilize sidebar charts to demonstrate change over time. The maps offer a significantly clearer and more comprehensive means of describing and analyzing the environmental and health situation in Russia.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.3, *increased capacity to deal with environmental pollution as a threat to public health.*

Major Issues or Problems

As has been the issue in the past, we face increasing difficulty in garnering access to environmental and health data. The work on environmental research has proceeded apace, but has been complicated by the changing and uncertain climate in Russia concerning the openness of data and analysis. At the same time, the situation is in fact a great deal more complicated. Russian institutions are extremely strapped for funds, and thus are trying to earn money through whatever resources they have. Thus much of the data are being made available to the research team for a price. In short, data acquisition is not only more difficult, it is becoming more expensive.

Upcoming Outreach Opportunities/Plans

The project's long term goal is the preparation and publication of an updated and revised version of the *Environmental and Health Atlas of Russia*. The team has written a monograph *The Health of the Population and the Status of the Environment in Russia*. A long version (265 pages) is being translated and will be ready for publication in both Russian and English versions shortly. A short version (31 pages) has also been completed and translated into English. We are now disseminating this monograph to interested policy makers and professionals.

MRS ID: 11000035-RUS-CPSS001 (3)
Award No: EPE-0003-G-00-6025-00
Date Report Prepared: October 29, 1997

Environment Roll-Out

This dissemination and replication activity builds upon and expands existing environmental activities in an effort to multiply the positive effects that have resulted from the USG environmental assistance program initiated in 1992. The ROLL Project provided resources to Russian partners to enable them to spread the program's effect more broadly within Russia.

U.S. Implementing Partner:
Institute for Sustainable
Communities (ISC)

Start: September 1996
Complete: September 2000

Russian Partners:

State Committee of
Environmental Protection;
Ministry of Natural
Resources, Ministry of
Education; Roshydromet;
Ministry of Health; State
Duma; Federal Forestry
Service; NGOs;
government, non-
government, and private
sector representatives
from Volgograd,
Novokuznetsk, Nizhnii
Tagil, Moscow, RFE, and
Lake Baikal

Activity Manager:
Lori Freer

Major Implementation Accomplishments

The ROLL Project is under full implementation. Through a partner matching and subgrants program, the project is supporting Russians to identify the best methodologies, practices, and technologies of the USG technical cooperation program and replicate them in other cities, industrial plants, and federal agencies throughout Russia. Fifteen grants have been provided to Russian organizations to implement such activities in 32 different regions throughout Russia -- thus greatly extending the impact of foreign assistance in the environment. The second grant round is currently in process.

Activity Contributions to Targets

This activity contributes to Strategic Objective 3.3, *increased capacity to deal with environmental pollution as a threat to public health.*

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

The ROLL project is an outreach project. The next Advisory Council meeting will be held in January 1998 to approve the grants for the second grant round.

MRS ID: 11000031-RUS-INSC001 (4)
Award: 118-0003-A-00-617-00
Date Report Prepared: October 27, 1997

Lead Study

This activity is part of the USAID/Russia Environmental Health Strategy aimed at reducing environmental risks to public health. It includes:

- *creation of a policy paper on lead pollution or "White Paper",*
- *development of a set of policy recommendations to address lead hazards in Russia.*

U.S. Implementing Partner:
none

Start: June 1996
Complete: January 1997

Russian Partners:
RF Environmental
Information Agency

Activity Manager:
Elena Gurvich

Major Implementation Accomplishments

A policy level report was produced which proposed a list of actions that will help the Russian government develop its plan to address lead hazards. More than 30 governmental and nongovernmental organizations contributed to this policy study. The White Paper was presented to the Eighth session of the Gore - Chernomyrdin Commission (GCC) on February 7-8, 1997.

This American-Russian joint effort to reduce health risks from environmental lead exposure in Russia received high praise from Vice President Gore and Prime Minister Chernomyrdin.

Activity Contributions to Targets

This activity contributes to the Strategic Objective 3.3, *increased capability to deal with environmental pollution as a threat to public health* by helping the Russian Government develop policies, laws and regulations that provide incentives for compliance and adoption of new pollution reduction techniques/technologies.

Major Issues or Problems

None

Upcoming Outreach Opportunities/Plans

The Lead Policy Report was considered by the government of Russia in developing a Russian Federal Program aimed at reducing lead hazards in Russia.

MRS ID: 11000031-RUS-REIA001 (5)
Award No: 118-0003-c-00-6124
Date Report Prepared: October 22, 1997

Environmental Education and Communication

This activity provides support to USAID/Russia initiatives in environmental education to increase understanding and awareness of environmental concerns and citizen stewardship of the environment. It is a hands-on environmental science education program. The work will result in schoolchildren and teachers' active participation in an international science education program, and the development of linkages between schools in Russia and with others around the world in the observation and monitoring of local environment parameters. 57 target schools have been chosen in the Perm region to create a regional network. This network can serve as a model for possible replication in other regions of Russia. One of the specific objectives is the creation of a regional center in Perm for the GLOBE program.

US Implementing Partner:
GreenCom/GLOBE

Start: May 1997
Completion: May 1999

Russian Partners:
Perm State University
Teacher Training Center

Activity manager:
Elmira Starchevskay

Major Implementation Accomplishments

The first 5 schools have been selected to participate in the GLOBE Project; their activities are coordinated by a representative of the Perm State University Teacher Training Center.

Computers and measuring equipment for program implementation have been purchased and delivered to Perm.

The first seminar for GLOBE teachers, which was aimed at working with measuring and monitoring equipment, took place in September.

Activity Contributions to Targets

This is an activity under Project 0001. The activity itself is process-oriented, rather than results-oriented.

Major Issues or Problems

There are no major issues at this time.

Upcoming Outreach Opportunities/Plans for Next Period

More seminars are planned for the teachers of GLOBE schools on various aspects of the Program.

More schools will be identified in the Perm region to participate in the Project.

MRS ID: 11000033-RUS-ISAR001 (6)
Award No: CCN-0003-A-00-3048-00
Date Report Prepared: October 27, 1997

SO 4.0 Special Initiatives and Cross-Cutting Activities

Key Activities Being Implemented as of November 15, 1997

Special Initiatives

1. Russia Far East - Sustainable Natural Resources Management, CH2MHill
2. Nature Conservation in the Russian Far East, World Wildlife Foundation US (WWF/US)
3. Sustainable Development of Lake Baikal, Ecologically Sustainable Development (ESD)
4. Ecologically Sustainable Development in the Ussuri River Watershed and the Altai Region, Ecologically Sustainable Development (ESD)
5. Washington State University - Pushchino State University Partnership, Washington State University
6. Russian Officer Resettlement Program, Parsons International
7. Russian Officer Resettlement Program, Abt Associates

Cross-Cutting Activities

8. Continuing Education and Professional Development: The Institutional Partnerships Project (IPP), International Research and Exchanges Board (IREX)
9. The NIS Exchanges and Training Project (NET), Academy for Education Development (AED)
10. Russian Longitudinal Monitoring Survey (RLMS), University of North Caroline-Chapel Hill
11. G-7 Support Implementation Group (SIG), Lingva
12. Russia Training for Development (TED) Project, Academy for Educational Development (AED)

Russian Far East - Sustainable Natural Resources Management

This project seeks to demonstrate desirable policies, practices, and approaches to environmental and natural resource management of the forests of the Far East during Russia's transition to a market economy. The major components include:

- *policy analysis/reform,*
- *regional land-use planning strategies,*
- *NGO development/public awareness,*
- *sustainable forest management, and*
- *biodiversity conservation management.*

U.S. Implementing Partners:
CH2M Hill, Harvard
Institute for International
Development, ISAR, US
Forest Service, World
Wildlife Fund

Start: May 1995
Complete: September 1998

Russian Partners:
Project Coordinating
Committees (PCC) of each krai,
Federal Forest Service,
Primorskii Regional Forest
Service, Pacific Institute of
Geography, Federal
Zapovedniks, Krai Zakazniks,
Zov Taigi, International
Environmental Center, Wildlife
Foundation, Far Eastern State
University, Geographic Society,
Krai Administrations, Institute
of Forestry in Khabarovsk

COTR: Lori Freer

Activity Manager:
Lyudmila Vikhrova

Major Implementation Accomplishments

Policy analysis/reform. The second draft of the first Russian regional forest code for Khabarovsk Krai was completed at the end of June 1997 and reviewed by public and international experts during the fall of 1997, both sponsored by HIID. The review process with a set of public meetings and hearings was the first one of its kind for developing legislation in the RFE. It generated many valuable recommendations for the third draft of the code which will be submitted to the Krai Duma for legislative action. Work continues on the analysis required to establish leasing mechanisms and fee/charges for forest resources.

Regional land-use planning strategies. Timber stand level planning, based on the landscape level plan for the Chuguevskii Raion, has been completed as has a biodiversity plan for the Sikhote-Alin region of Primorsky and Khabarovsk Krai. A Geographical Information System (GIS) is in place with current data for use by forest administrators in determining resource allocations. Economic and ecological assessments have been completed for 2 proposed national parks. Results of a tiger census were analyzed and served as the basis for the Federally Targeted Program which was approved in July 1997.

Institutional strengthening and public awareness. Environmental centers are operating in two krajs. Small grants, seminars, conferences and publication programs have resulted in strengthening environmental NGOs throughout the region. Environmental education is being incorporated into school curricula and public awareness to environmental issues is greater due to the project sponsored Association of Environmental Journalists.

Sustainable forest management. Greenhouse and seed breeding centers are operational at two sites in Khabarovsk Krai and will produce in excess of a million seedlings in 1998 to be planted in extensively logged and fire damaged areas. Fire detection and fighting equipment has been delivered. Equipment has been provided to enterprises engaged in value added wood processing. Traditional non-wood forest product enterprises have been stimulated with the provision of processing equipment and training resulting in economic advances at the village level.

Biodiversity conservation management. Extensive technical and financial assistance to the natural reserves has been provided to support operations and maintenance. Administrators have been guided in the preparation of management plans, science and environmental education centers opened/enhanced and anti-poaching programs supported through funding and training provided by WWF. Proposals for additions to the reserve system are pending government action based on project funded reports.

Activity Contributions to Targets

This activity is a special initiative which responds to the unique environmental resource base of the Russian Far East.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

Finalizing a draft forest code and its submission to the Krai Duma by December 1997; drafting of regulations to support the code underway; training seminar on implementation of integrated planning and resource management for key managers, establishment of multi-disciplinary board in both krajs to guide strategic planning for environmental initiatives including an EE curriculum for grades K-12, targeted US/Russian exchanges to develop partnerships and market arrangements for wood and non wood forest product enterprises; clearinghouse for wood product enterprises established, business plans for greenhouse complex, and the Conservation Trust Fund established to finance biodiversity conservation projects.

MRS ID: 11000035-RUS-CH2M022 (1)
Award No: CCN 0003 Q 11 3165 00
Date Report Prepared: October 27, 1997

Nature Conservation in the Russian Far East

This activity is designed to increase long-term sustainability of nature conservation in the RFE by:

- *developing ecological tourism at nature reserves and strengthen environmental education for promoting public awareness and support for biodiversity and generating income for nature protection activities,*
- *encouraging innovative, cost-effective conservation programs, which provide models for future initiatives.*

U.S. Implementing Partner:
World Wildlife Foundation
(WWF/US)

Start: October 1995
Complete: September 1998

Russian Partners:
Ministry of Environmental Protection and Natural Resources of the RF, Federal zapovedniks, Krai zakazniks (refuges), Federal Forestry Service, Wildlife Foundation, Zov Taigi, Krai Administrations

Activity Manager:
Lyudmilla Vikhrova

Major Implementation Accomplishments

Environmental Education. A seminar on environmental education planning and development was conducted for environmental educators from Dalnevostochny-Morskoy (DM) and Ussuriysky nature reserves. Nature reserve staff members from Primorye were trained by US and local teachers in designing ecological summer camps for kids. Renovation of the ecological museums was completed and ecological centers are operational and used for environmental education, public awareness and ecotourism development purposes in both reserves. Office renovation activities in Ussuriysky natural reserve were undertaken to turn the old office into a small hotel to host environmental tourists. A new office for the zapovednik was renovated in Ussuriysk. Three environmental classes for schoolchildren were developed and taught and plans laid for future cooperation with the Regional Department of Education and other educational organizations. The first summer ecological camp for schoolchildren and teachers established in Ussuriysky, Lazovski, DM, and Kedrovaya Pad' refuges. Funds provided to conduct Environmental Conference for schoolchildren, Methodological Environmental Education Course for schoolteachers, and 'Forest Day' Festival in Primorie. A Steering Committee was created and conducted meetings to coordinate WWF, EPT, ISAR, and Peace Corps environmental education activities in the RFE.

Public awareness. A program of lectures was developed and introduced to the public during environmental trail excursions in nature reserves. 25 excursions resulted in training 380 people in Ussuriysky and DM natural reserves. Films about nature museums and environmental trails as well as environmental center in DM nature reserve were shown on local TV, many articles about WWF biodiversity activities were published, and a series of 16 radio programs entitled "The Environment" aired to raise public awareness. This radio program won the All-Russian Competition for environmental journalists. With WWF assistance a film on tiger protection was created and shown in Australia and resulted in fund-raising campaign for tiger-breeding program in the RFE.

Ecological tourism. Ecological routes for potential tourists were designed and developed for five RFE nature reserves. Recommendations for assessment of maximum allowable use of protected areas were completed. To provide potential ecotourists with information about nature reserves in Primorye and contact information a special calendar and advertising brochures were published and distributed among travel agencies. A field training program for foreign students was developed on the basis of the RFE nature reserves and advertised at US and German universities. The first tour around all nature reserves in Primorie for a group of German environmental scientists conducted and resulted in recommendations for the future ecotourism development in each protected area. A workshop on ecotourism and development and management for nature reserves' directors was conducted and lead to the decision to create an ecotourism coordinating center for the region.

Far East Leopard Protection. An International Conference for 70 participants, held in Vladivostok, resulted in the national strategy and action plan for leopard preservation in the RFE. A working group was created for follow-up activities.

Activity Contributions to Targets

This is a special initiative which recognizes the unique natural resources of the Russian Far East.

Major Issues or Problems

None

Upcoming Outreach Opportunities/Plans

Advertise educational and ecotourism tours in the RFE nature reserves among foreign universities, scientific organizations, travel agencies, etc. Publish advertising and information brochures on ecotourism and environmental education as well as 'The National Strategy for the Far East leopard conservation'. Start implementation of the Far East Leopard Preservation Program.

MRS ID: 11000035-RUS-WWLF001 (2)
Award No: 118-0003-A-00-5303-00
Date Report Prepared: October 27, 1997

Sustainable Development of Lake Baikal

This activity promotes sustainable development in the Lake Baikal watershed, demonstrating that environmental quality and economic development are inextricably linked. The underlying concept is described in "Lake Baikal in the Twenty-First Century: A Model of Sustainable Development or Continued Degradation? A Comprehensive Program of Land-Use Policies for the Russian Portion of the Lake Baikal Region (1993)." USAID support:

- provides technical assistance in budgeting, staffing, project review, and program development to the region's land-use departments; and
- implements model projects related to agriculture, ecotourism, sustainable forestry, land use, and settlement plans for zoning.

US Implementing Partners:
Ecologically Sustainable
Development, Inc. (ESD)

Start: May 1994
Completion: April 1998

Russian Partners:
Chita Regional Dept. on
Baikal; Federal Forestry
Service; Raion
administrations; Chita
Technical University, Chita
Institute for Natural
Resources, Pedagogical
Institute, NGOs

Activity Manager:
Elmira Starchevskaya

Major Implementation Accomplishments

Land use planning and management. The activity introduced comprehensive concepts in land-use planning, including sustainable economic development, environmental protection, and recognition of traditional and cultural land uses. These have resulted in increased local and regional government capacity in land-use planning and interagency coordination on natural resource issues. GIS maps have been prepared, using new satellite photos, for more effective land use planning and management.

Model implementation. The activity developed a regional approach for ecotourism that is economically beneficial to the people; completed a regional assessment of ecotourism potential and a description of significant sites for tourism; prepared promotional material to highlight the region's cultural and natural attractions; developed and distributed a regional tourism guidebook with maps and sample itineraries to tour operators in the United States and Europe. Information on possible tours and points of contact in the region was placed on the Internet site. The first model ecotour took place in July, and now it is being promoted on the tourist market. The exterior restoration of a historic church of St Nicolas is completed under the model project on revitalizing a Baikal shoreline community in Bolshoe Goloustnoe; the shoreline embankment stabilization of the waterfront park is complete. Invaluable assistance was rendered by a team of US specialists in landscape planning and community development. Also successfully promoted were sustainable agricultural activities, involving creation of a model dairy farm and a vegetable farm to demonstrate sustainable agriculture; purchase of milk-processing equipment and a meat smoker for the use of a cooperative that is being formed; creation of two sustainable agricultural centers, one on Olkhon Island and one on mainland Olkhon Raion to help farmers develop sustainable agricultural practices. The Island's cultural museum was opened in October. Finally, ESD participated in the development of protected land in valuable ecological and cultural areas. This work has used local interest and support to empower people legally to protect areas of significance to the Lake Baikal watershed. Results include the legal designation of Arakhley Lakes as a refuge. The licensing procedures and regulations developed by the Russia project staff for game fishing in the Arakhley Lakes were adopted by the responsible governmental agencies. In the Okinsky Raion, the passage of the Oka Declaration by an overwhelming majority of voters has set course for the protection of the Okinsky National Anthropological Reserve that will preserve critical habitat for endangered species and protect cultural sites of the Buryat and Soyot peoples.

Activity Contributions to Targets

This activity is a special initiative, focused on the integrated development of an environmentally-unique region. It does not fit neatly into the Mission's Strategic Framework. However, as noted by the evaluation team "ESD's efforts fit well with USAID's overall assistance strategy and contributes significantly to the Agency's strategy for sustainable development."

Major Issues or Problems

The project received a positive evaluation in July 1996. There are no major issues or problems at this time. \$55,000 were added to the CA to finalize the activities in Altai and disseminate the results widely.

Upcoming Outreach Opportunities/Plans

Model projects will be finalizing their activities, moving towards close-out.

MRS ID: 1100035-RUS-ESD1001 (3)
Award No. 110-0003-A-00-4018
Date Report Prepared: October 23, 1997

Ecologically Sustainable Development in the Ussuri River Watershed and Altai Region

The Ussuri project supports Russian participation in the development of a trilateral (Chinese-Russian-American) ecologically sustainable development program for the Ussuri River Watershed. In the summer of 1996, USAID also began to provide support for the development of a sustainable development and land use planning project for the Altai Republic. Working in close collaboration with the government and academic institutions in the region, the project builds upon and replicates many of the lessons learned in the Ussuri River Watershed Project.

U.S. Implementing Partner:
Ecologically Sustainable
Development, Inc. (ESD)

Start: May 1994
Completion: January 1997

Russian Partners:
Pacific Institute of Geography
(Vladivostok), Khabarovsk and
Primorski Krai Administrations,
and Institute of Water Ecology
in Khabarovsk

Activity Manager:
Elmira Starchevskaya

Major Implementation Accomplishments

ESD completed and published an ecologically sustainable economic development plan that includes a comprehensive set of land use policy recommendations, performance standards, and a land allocation map showing proposed land use. This plan brought together policy makers, scientists, and specialists in Primorski and Khabarovsk Krai in Russia and in the neighboring Chinese province to discuss and plan the future of the shared ecosystem. In Spring 1996, while in the region, President Yeltsin signed a memorandum of understanding with the Chinese government which endorsed several of the recommendations made in the plan. ESD convened an international conference on "Sustainable Development in Mountain Regions" in the Altai Republic and published conference proceedings. The final version of the Ussuri report will be widely distributed and disseminated. In the Altai Republic, the Project Steering Committee meeting has met and discussed the draft of the land use plan; public hearings throughout the Krai have been held.

Activity Contributions to Targets

This activity is a special initiative which recognizes the unique environmental resources which are part of Russia.

Major Issues or Problems

As of the original end date for this project (January 31, 1997) \$114,753 remained unspent.

The Ussuri part of the project was not completed in time due to unanticipated communication delays and a lengthy, tri-lingual revision process of the final report. Additional time is needed for report distribution and dissemination, as well as final report writing. These activities were all included in the original grant. In the Altai Republic, additional time is needed to convene the Steering Committee (originally scheduled for January) meeting, hold public hearings throughout the Krai, and complete the final draft of the comprehensive program (scheduled for December). All of these activities were included in the original grant, although the public hearings process was expanded with the approval of the former USAID grant manager (Christine Nasser).

It was decided that the grant is closed out in January 1997, as previously planned. The Altai component (mainly dissemination of the results) has received additional funding of \$55,000, and the work continue under the Baikal CA.

Upcoming Outreach Opportunities/Plans

Under the Baikal CA the following activities are planned to take place:

- printing and distributing 1,000 copies of the Final Program report and Land Use Allocation map in Russian;
- creation of sustainable development demonstration projects;
- training for Altai implementors in legislation, land use planning and protected area management;

MRS ID: 11000035-RUS-ESDI002 (4)
Award No. 118-0003-G-00-5199
Date Report Prepared: October 23, 1997

Washington State University - Pushchino State University Partnership

This project linked Washington State University and the Pushchino Center and its member organizations (the Biological Research Center, Pushchino State University, and the Agro-Technological College in Pushchino) for technology transfer to support sustainable economic development and environmental protection in the South-Central European Region of Russia. The principal areas of partnership were:

- *strengthening the infrastructure of the Center,*
- *enhancing educational performance,*
- *generating of environmental technologies,*
- *generating technologies for sustainable agriculture, and*
- *the commercializing technologies.*

U.S. Implementing Partner:

Washington State University in association with three member schools of the University of California system

Start: September 1994

Complete: June 1997

Russian Partners:

Pushchino State University (PSU) and the Biological Research Center of the Russian Academy of Sciences

Activity Manager:

Dmitri Fadeyev

Major Implementation Accomplishments

The project is completed.

Strengthening infrastructure of the center. The University of Tennessee and Texas A&M University have joined the Consortium for this activity. Libraries were expanded and their use increased by 30%. The Office of Grants and Research Development facilitated four grant awards to Pushchino researchers (valued between \$10,000 - \$80,000).

Enhancing educational performance. A new model of teaching methodologies for Russia has been developed and approved by the Russian Ministry of Education. Modular courses in fruit and vegetable growing for area farmers were developed. UC-Berkeley completed a 4 month course for faculty and 25 MSc students in order to strengthen the economic teaching capabilities in PSU.

Generation of environmental technologies. New technology for bioremediation of soils contaminated by black oil and diesel fuel was developed and used for actual oil-contaminated sites in Western Siberia. Biological methods for the control of soil-borne wheat diseases were developed and successfully tested. The biosensor analyzer for environmental control of pesticides was completed and presented to agricultural producers in the Pushchino region.

Sustainable agriculture and a market-based food system. New technologies for the biocontrol of diseases affecting greenhouse cucumbers and tomatoes were developed and applied in greenhouses in Nizhnii Novgorod, Belaya Dacha and other sites. PSU completed field experiments on the integrative protection of wheat, apple trees and vineyards and provided technical assistance to new Plant Protection Stations in Krasnodar. A basic system of potato protection from diseases and insects was developed and presented to several large Joint Stock Companies.

Commercialization of technology (Technopark). A licensing agreement to produce biopreparations for plant protection from fungal diseases on grape vines was reached with the private firm "Ecoservice." A contractual agreement on integrated remediation of oil-polluted sites and surface waters with the JSC "LUKoil-Uralneftegas" was negotiated and completed.

The Environmental Policy and Planning conference for local and regional decision makers was held in March 1997.

Activity Contributions to Targets

The activity supports SO 1.3. accelerated development and growth of private enterprises and SO 3.3. increased capability to deal with environmental pollution as a threat to public health as well as institutional development. It is, therefore, considered to be a special initiative, SO 4.

Major Issues or Problems

The planned Joint Masters Degree program has not been established. The Technology Transfer Unit achieved very limited results in extension services due to the lack of a coordinated administrative structure and strategy within the government. The Technopark progress is slower than planned. Only two contracts have been completed and no significant income has been received yet.

Upcoming Outreach Opportunities/Plans

None. The project is closed.

MRS ID: 110000122-RUS-WSUN002 (5)

Award No: CCN-0012-G-00-4111

Date Report Prepared: October 22, 1997

Officer Resettlement Program

This activity began as a foreign policy initiative. In April 1993, President Clinton pledged to President Yeltsin at the Vancouver Summit up to 450 housing units for demobilized Russian military officers returning to Russia from the Baltic States. In July, 1993 this activity was expanded with a pledge of up to 5,000 additional housing units as a follow-on activity, 2,500 units of which were implemented through a general construction management contract. This report deals only with the construction portion of the activity as the distribution of 2,441 units through a market-based voucher program was largely completed by 12/31/95.

U.S. Implementing Partner:
Ralph M. Parsons Company

Start: August 1994
Complete: November 1997

Russian Partners:
Ministry of Construction, local and regional administrations in project cities

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

To date 1,953 housing units have been constructed; of these, 1,773 have been transferred to beneficiaries; and 1,638 have been occupied. The program had a significant positive impact in Latvia and Estonia on easing of tensions with regard to the demobilized Russian military personnel issue.

Activity Contributions to Targets

Although this special initiative was not intended as a reform-oriented project, there have been many residual effects. Local construction companies have learned to use more efficient building techniques. The building companies and inspectors have set higher standards for new construction Developers and real estate managers learned about open real estate markets.

Major Issues or Problems

There were delays in the provision of infrastructure for the final construction projects as they approached completion, which tied to delays in provision of financing by the GOR. To date, however, most local administrations have managed to complete infrastructure so that only one project remained unfinished.

Political and economic uncertainties made it difficult for our counterpart institutions to provide consistent support for the activity in terms of tax and customs abatements. Contractors were also exposed to financial pressures due to inflation. Nevertheless, overall construction to date has been completed within the authorized budget level of \$25,000 per housing unit, average.

The last construction site, 175 housing units at Kursk, continues to experience problems, with construction suspended at 84% completion. We are working closely with Parson and our GOR counterparts to resolve the issues and complete the construction this FY.

Upcoming Outreach Opportunities/Plans

Completion of one remaining project. Follow-up monitoring of the unit occupancy process.

MRS ID: 11000081-RUS-PARS001 (6)
Award No.: CNN-C-00-94-00082-06
Date Report Prepared: October 31, 1997

Officer Resettlement Program

This activity began as a foreign policy initiative. In April 1993, President Clinton pledged to President Yeltsin at the Vancouver Summit up to 450 housing units for demobilized Russian military officers returning to Russia from the Baltic States. In July, 1993 this activity was expanded with a pledge of up to 5,000 additional housing units as a follow-on activity, 2,500 units of which were implemented through a general construction management contract. The remaining 2,500 were to be provided through the provision of vouchers which would permit returning officers to purchase apartments in the newly-emerging housing market in Russia. This report deals with the voucher (or housing certificate) portion of the program.

U.S. Implementing Partner:
Abt Associates

Start: August 1994
Complete: October 1997

Russian Partners:
Interministerial Committee for
Implementation of the State Program
"Housing" Ministry of Construction
Ministry of Defense Local and
regional administrations in project
cities

Contract complete. Final invoice pending.

Activity Manager:
Hugh Winn

Major Implementation Accomplishments

To date, Abt Associates has successfully completed the housing certificate portion of the activity ahead of schedule and significantly under budget. 1,859 certificates were processed and 1,521 move-ins are verified by Abt Associates. An additional 582 certificates were processed by the Urban Institute under an expedited portion of the program. Apartments were purchased on the open market by eligible beneficiaries who were free to search the market and select and negotiate for their own apartments. Local banks received extensive training on administration of housing finance programs.

Identification and verification of beneficiaries to fill all units is substantially complete. More than 4,900 beneficiaries will have been served by the program when all components (including construction) are complete.

Activity Contributions to Targets

The Russian Officer Resettlement Activity is a Special initiative (S.O. 4.1). Nevertheless, secondary contributions to several I.R.s have been realized during implementation. IR 1.3.3, land and real estate market mechanisms operating and accessible and being used by businesses. Abt Associates worked with local administrations, lending institutions, and real estate companies to ensure a clear understanding of how a free real estate market should operate. IR 1.3.3.3, procedures have been adopted by banks for real estate loans collateralized by real property and lending has begun. Abt Associates and the Urban Institute worked with the participating lending institutions and local administrations to train them in management techniques for housing voucher programs. Many of the acquired skills can be used by the banks in the administration of housing construction and mortgage loan programs later.

Major Issues or Problems

During the course of implementation, the political and social conditions in the Baltics have improved, and the Government of Latvia and the Government of Estonia have relaxed their residency requirements for demobilized Russian military officers to the extent that the potential pool of eligible beneficiaries for the activity has decreased more quickly than expected. This fact has necessitated a series of changes in eligibility criteria to ensure that all units are utilized on a timely basis. Nevertheless, there are now fewer than 20 beneficiaries remaining to be identified to fill all units. Delay in the completion of the final construction project at Kursk, under the direct-construction portion of the program, is requiring close coordination with Baltics authorities to ensure that beneficiaries who can not yet move are treated equitably.

Upcoming Outreach Opportunities/Plans

With the conclusion of the Abt Associates contract, remaining activities related to beneficiary coordination have been moved 'in-house' and will be completed by USAID/Russia/GDO staff. Follow-up monitoring of the beneficiary relocation and unit occupancy process. Final reporting and dissemination of lessons learned will follow the completion of the Kursk construction project.

MRS ID: 11000081-RUS-ABTI001 (7)
Award No: CCN-C-00-94-00093-08
Date Report Prepared: October 31, 1997

Continuing Education and Professional Development: The Institutional Partnerships Project (IPP)

The activity seeks to strengthen the capability of

- *Russian educational and technical training institutions to provide sustainable continuing education programs, and*
- *professional associations to provide sustainable services to their members thereby increasing their professionalism and effectiveness as agents of change.*

A related purpose of IPP is to facilitate technology transfer and cooperation on global issues of mutual concern.

IREX, as the manager for the activity, has responsibility for establishing and overseeing the partnerships; developing and coordinating public information; and maintaining a product library.

U.S. Implementing Partners:

International Research and Exchanges Board (IREX); PACT; Iowa State University; Texas A&M University; US Feed Grains Council; America's Development Foundation; Urban Homesteading Assistance Board; World Institute on Disability; Center for International Private Enterprise; University of Alaska; University of Massachusetts; American Road and Transportation Builders Associations; American Society of Mechanical Engineers; South Carolina Universities Research and Education Foundation; American Red Cross; Association of University Programs in Health Administration; University of Iowa; University of Rochester

Start: September 1994
Complete: March 1998

Major Implementation Accomplishments

All 16 Russian-American partnership projects were completed by July 15, 1997. IREX will submit final program and financial reports by the end of December 1997.

Over 7,200 Russian professionals received training through Training-of-Trainers and internship programs over the life of the project. Russian professional membership organizations such as the Russian Grain Union, Russian Road-builders Association, Russian Chamber of Commerce and Industry, etc., drastically increased their number of members. A number of new sustainable organizations emerged, including: 5 NGO resource centers, 2 continuing education centers, a Trade Office in Pskov and a Center for Family Medicine in St. Petersburg. More than 500 products were created by the partnerships, including reports, curricula, textbooks, manuals, and training videos. IREX distributed them to 125 repositories disseminated. Some of the products are available electronically, all are free of charge in the NIS.

Continuing Education/Business

(1) Iowa State University and the College of Business at Nizhni Novgorod State Agricultural Academy (NNSAA) established a Continuing Education Center (CEC) at the NNSAA. The seminars have been provided both on fee-for-service and free-of-charge basis. The seminars have covered a broad range of agribusiness topics, e.g., marketing, accounting, and farm management. CEC has become a de facto department at NNSAA and primary vehicle for implementing the goals of the ISU/NNSAA partnership. Thru the completion date of the project, March 1997, over 20 NNSAA faculty have been trained through a series of institution-building seminars at NNSAA and short- and long-term training internships in Iowa. Over 250 government employees, farmers and business entrepreneurs have attended commercial seminars organized by CEC. The partnership has developed transcripts of over 35 seminars covering topics such as Basic Economic Theory and Accounting. It also developed a series of six study guides to be used by NNSAA faculty to teach their students.

(2) Texas A&M University's Agricultural Economics Department, the Ministry of Agriculture, and the Tatar Institute of Retraining and Agribusiness in Kazan have trained over 250 members of the Russian agricultural community. All of TAMU's Russian partner institutions have been provided with new computer and telecommunication equipment. The partnership has developed textbooks on fundamentals of marketing and comparative study of the agricultural systems.

(3) The University of Massachusetts and Pskov Polytechnical Institute jointly designed and developed courses in Regional Planning and Municipal Management. Over 20 PPI senior and junior faculty have been trained in aspects of market economics and Geographic Information Systems. The trained instructors have formed the core of the new Department of Regional Planning and Municipal Management, the first of its kind in Pskov and Pskov Region. The partnership has delivered 25 short courses to government officials of Pskov and Velikiye Luki on various aspects of Regional Planning and Economic Development. Trade offices have been established and collected economic data in the two regions, stimulated business activity between the two regions, and provided impetus for closer governmental ties between Pskov Region and Massachusetts.

(4) The U.S. Feed Grains Council has aided the Russian Grains Union and Intensivnyi Korm, Ltd. to develop more stable operations and its membership has increased to 103. The Russian Grain Union has become a powerful lobbying organization in Moscow and has played an important role in reversing several

Russian Partners:

Nizhni Novgorod State Agricultural Academy; Ministry of Agriculture and Provisions of the Russian Federation, and six regional agribusiness academies; Intensivnyi Korm, Ltd, and Russian Grain Union; Moscow Research Center for Human Rights; Citizens Foundation, All-National Fund for Decent and Affordable Housing; All-Russian Society of the Disabled; Russian Chamber of Commerce and Industry; Yakutsk State University; Magadan International Pedagogical University and Yuzhno-Sakhalinsk State Pedagogical Institute; Pskov Polytechnical Institute; Russian Association of Territorial Bodies of Highway Administration; Institute for Machine Sciences, Russian Academy of Sciences; Institute for the Biology of Inland Waters, Russian Academy of Sciences; Russian Red Cross; Association of University Programs in Health Administration; St. Petersburg Medical Academy of Postgraduate Studies; International Biomedical Agency Ekaterinburg; Chelyabinsk State Medical Academy; Kazan State Medical Academy; and Ural State Medical Academy

Activity Manager:
Olga Moshkova

counter-reform and inter-regional grain trading laws.

The partnership has trained over 300 agricultural specialists from all over Russia in various aspects of agriculture, and most notably in western feed formulation techniques. The partnership produced a number of products dealing with feed formulation and agricultural production. (Courses on feed grains production and broiler production and an annual digest of the Grain Union). The completion date was June 30, 1997.

(5) University of Alaska, American Russian Center has 4 Russian partners. The partnership completed its activities at the end of June 1997. During the life of the project over 20 YSU faculty members were trained in the teaching of various aspects of western business. 12 faculty members of the Department of economics were trained at the International Pedagogical University. The instructors developed 13 short business courses deals with an area of market economics. These courses are used now as part of University curriculum.

Professional Associations/Business

(6) The Center for International Private Enterprise (CIPE) and the Russian Chamber of Commerce and Industry (RCCI) noted many concrete changes as a result of the partnership's training. Local and regional chambers increased in membership, established local government relations programs, implemented public outreach efforts, and developed new member services. A small grants program disbursed to regional chambers over \$177,000 in seed money to promote institutional development projects in 19 regions across Russia. Examples of projects include: publication of a business atlas (Novgorod), establishment of a non-state arbitration court (Penza) and creation of a legal consultation service (Rostov-on-Don).

(7) The American Road and Transportation Association (ARTA) and the Russian Association of Territorial Bodies of Highway Administration (RADOR). RADOR membership expanded from 25 to 47 territorial highway administrations. The number of RADOR members with e-mail capability increased from 10 to 32, and RADOR created a home page. Six US-Russian sister-region partnerships were developed in the transportation sector. RADOR has become more effective as a trade association through the creation of public-policy working groups which draft and critique new legislation and the establishment of a media relations and public affairs program which highlights issues of concern and importance to Russia's highway sector.

Professional Development

(8) *Human Rights.* America's Development Foundation (ADF) and the Moscow Research Center for Human Rights conducted 21 human rights education and advocacy seminars during the life of the project. Over 350 people at nine regional affiliate human rights organizations were trained. The partnership distributed human rights reference materials to all regional affiliates. ADF conducted 7 institutional development seminars for the Center's Board of directors, Directorate staff, and member organizations, covering such topics as fundraising and management. The project was completed in April 1997.

(9) *Community Development.* The Urban Homesteading Assistance Board (UHAB) & Citizens Foundation and the All-National Fund for Decent and Affordable Housing established the Support Institute for Citizens Initiatives. The Institute continues to train community activists, housing group organizers, and Moscow city officials in community development and resident-controlled housing options. The project completion date was June 30, 1997.

(10) *Community Development.* The World Institute on Disability (WID) and the All-Russian Society of the Disabled (ARSD) partnership project ended in June 1997. The partnership trained a core group of 35 Training Organizers from 20 regions on disabilities issues. The partnership conducted a very successful publicity campaign to reach out to non-ARSD constituents and the general public to extend the ARSD's networking throughout the world. This included the delivery of communications equipment to regional ARSD offices and training in electronic mail use.

(11) *Community Development.* The American Red Cross (ARC) and Russian Red Cross (RRC) conducted the final Training-of-Trainers session, for 15 more instructor-trainers, in Samara in April 1997. By the end of the project (June 1997) 30 more visiting nurses were trained in Astrakhan, Ulan-Ude, and Kemerovo.

(12) *Environment.* The American Society of Mechanical Engineers (ASME) and the Mechanical Engineering Research Institute (MERI) created a blueprint for a possible future professional society like ASME for Russia.

(13) *Environment.* The South Carolina Universities Research and Education Foundation (SCUREF) and the Institute for the Biology of Inland Waters (IBIW) published some papers developed by the partner organizations in scientific publications in September 1997. The partnership created several products which were not originally planned, such as a map of Rybinsk Reservoir which shows contaminated water and sediments in the Rybinsk region and a website.

(14) *Health.* The American Association of University Programs in Health Administration (AUPHA) and seven Russian educational institutions created the Association of Educational Programs in Health Administration as a registered legal entity in Russia to ensure the continued development and delivery of specialized training and degree-granting courses in health care administration for a new generation of Russian health care administrators.

(15) *Health.* The University of Iowa's Department of Family Practice and the St.Petersburg Medical Academy of Postgraduate Studies (MAPS) opened a new department of family medicine in the same building as the new clinic. 30 Russian medical residents entered a new eight-month family medicine internship program. In addition, 36 experienced physicians have also completed two-month in-service training programs at the faculty.

(16) *Health.* The University of Rochester's School of Medicine and Dentistry worked collaboratively with Urals State Medical Institute (Ekaterinburg), Kazan State Medical Academy, and Chelyabinsk State Medical Academy to form several groups of faculty trained in test development, administration, and analysis.

Activity Contributions to Targets

This activity contributes to several of the Mission's SOs, and is therefore, included with SO 4.1, *cross-cutting initiatives*, as well as contributing to SO 2.1, increased, better informed citizen's Participation in political and economic decision-making, SO 1.3, accelerated development and growth of private enterprises, and SO 3.2, improved effectiveness of selected social benefits and services.

Major Issues or Problems

None.

Upcoming Outreach Opportunities/Plans

The Cooperative Agreement with IREX was extended through March 31, 1997. A follow-on program, "Robin Hood" grants, is underway. More than 55 proposals from partner organizations were submitted to IREX. Approximately 20 Russian partner organizations will be awarded follow-on grants in support of their projects' fundamental original goals. These small grants will allow the best partnerships to undertake activities such as curricula development, strategic planning, computer equipment purchase, etc. IREX will also conduct training and networking for their existing partners organizations in areas such as:

- ▶ the use of electronic mail,
- ▶ the writing of business plans, and
- ▶ the development of grant-writing skills.

MRS ID: 110000122-RUS-PSCO001 (8)
Award No:CCN-0012-A-00-4134-00
Date Report Prepared: October 26, 1997

The NIS Exchanges and Training Project (NET)

The NET Project was an NIS regional project, whose general objective was to implement a training program in the United States to equip leaders and professionals from the NIS with skills needed to guide their new nations' transition to free market economies and democratic governance. All participants were also eligible for follow-up training in Russia.

U.S. Implementing Partner:
Academy for Educational
Development

Start: September 1993
Completed: January 1997

Russian Implementing Partners:
n/a

Activity Manager:
Dmitri Fadeyev

Major Implementation Accomplishments

The NET Project is completed. During the Life of Project 4,323 Russian participants attended U.S.- based training; 387 participants attended short-term training courses in Russia; and 4,131 participants previously trained in the U.S. were involved in follow-up training and other follow-up activities in Russia. Participants have included Duma members, senior civil servants, municipal leaders, business managers and managers of public and private sector service organizations throughout Russia. The level of female participation was 37.5% (goal 40%). More than 10% of all participants were trained at HBCU's - meeting Agency goals.

Breakdown by sector:

Agriculture:	9.2%	Environment:	8.6%
Business Development:	12.3%	Special Mission Requests:	6.0%
Democratic Initiatives:	15.2%	Health:	11.0%
Economic Restructuring:	11.2%	Housing:	9.6%
Energy:	9.1%	PVO/NGO:	7.6%

In September-October 1996 five NET Project Alumni meetings took place in Moscow, St. Petersburg, Yekaterinburg, Novosibirsk and Toliatti. The meetings have fostered cross-sector networking for alumni of the NET Project, provided participants with an opportunity to share their Russian implementation experiences, successes and constraints, identify further training needs, develop strong relationships in their respective regions, and establish new contacts with other participants and representatives of the US business communities in Russia. For example, a NET alumni from the St. Petersburg Committee on Education ("Health Education" course) was able to create a network of volunteers who are working on the "Health of Schoolchildren" program.

Activity Contribution to Targets

This activity refers to Strategic Objective 4.1, and contributes to all Mission Strategic Objectives.

Major Issues

None.

Upcoming Outreach Opportunities/Plans

On January 31, 1997 the Mission signed a one year delivery order with AED (with two option years) under the Global Training for Development contract. The new activity is called "Russia Training for Development (TFD)." The purpose of TFD is the same as the NET Project; however, the TFD approach differs from NET in the following ways:

- TFD is a bilateral, not a regional activity;
- The concept of "follow-up" has changed.

Under the NET Project "follow-up" consisted almost exclusively of in-country training. Under TFD the definition has been broadened to include a range of activities designed to strengthen the initial training experience. Examples: alumni meetings, resource centers, mailing lists, etc.

MRS ID: 110000121-RUS-AED1003 (7)
Award No: CCN-0012-Z-00-3155-00
Date Report Prepared: March 10, 1997

Russian Longitudinal Monitoring Survey (RLMS)

This activity ensures that objective, nationally-valid information on economic, health, and other social conditions is routinely available for monitoring the situation in Russian households and the impact of economic and political reforms on that situation over time.

U.S. Implementing Partner:
University of North Carolina,
subcontractors Paragon
Research International.

Start: 1992
Completion: June 1998

Russian Implementing Partners:
The Russian Institute of
Sociology and Anthropology,
the Institute of Nutrition

Activity Manager:
Greg Brock

Major Implementation Accomplishments

Seven rounds of the RLMS have been completed. Rounds 1 through 4, conducted between 1992 and 1994, were carried out with the involvement of the State Statistical Agency, Goskomstat. Rounds 5-7, completed in late 1994, 1995 and 1996, were done independently and with a new national sample. In both cases, the sample included about 4,000 households and 10,000 individuals. Summary information in three topic areas (economic status, health conditions, and family planning/abortion) are provided to USAID within two months of completion of the field work. All data from Rounds 1, 5 -7 are available in SPSS files through the Internet on www.cpc.unc.edu/rlms.

The data have been important in highlighting issues of poverty, wage arrears, housing changes, the incidence of abortion, and the impact of policy changes on households of different types and confirming the movement of the labor force into the private sector. The data have also been used in a large tax reform model being used to assess potential changes in the Russian tax code.

Activity Contribution to Targets

The RLMS information supports analysis of issues addressed in all strategic objectives. It is, therefore, considered to be a special initiative and part of SO 4.

Major Issues or Problems

No alternative funding source of this survey has been found despite attempts to reach out to the private sector. While the World Bank continues to fund some work at Goskomstat to improve their family budget survey, comprehensive reform of that survey will not happen soon meaning that there will not be a high quality household survey for Russia in the upcoming year. Thus we will not have a good read on the issues mentioned above except by assuming that there is some relationship between the low quality official data and previous work. With poverty at an all time high, the intensive monitoring of it is coming to an end. Spending on this survey is lumpy, with large expenditures on the Russian side occurring when the survey is being done and going to near zero soon after. The Russian partners receive the bulk of the funding for this activity.

Upcoming Events

A training component has been added to this activity to permit two rounds of training of regional analysts beyond doing the survey itself. The first group will complete training this month by submitting policy papers using RLMS to the RLMS team. A second group will be trained by June 1998. Training will ensure that a small group of individuals in the regions will know how to use the RLMS data and train others in large sample analysis. Hopefully this training will allow us to continue to track the important issues mentioned above in the regions and generate interest there in doing further household monitoring.

MRS ID: 11000121-RUS-UNNC001 (8)
Award No: 118-0001-G-00-5275
Data Report Prepared: October 14, 1997

G7 Support Implementation Group (SIG)

This activity seeks to improve conditions for implementing the USG assistance program in Russia in two ways: (1) through the creation and maintenance of the Donor Assistance Database (DAD), which is used to collect and report on assistance programs of all the G7 countries; and (2) through maintenance of the Support Implementation Group as a multilateral venue for raising implementation issues with the Government of the Russian Federation, such as taxation of assistance, customs issues, development problems to be addressed through assistance, and registration with the GORF, of contractors and grantees.

The USG provides the Director of the G7 SIG (a Foreign Service Officer posted at Embassy/Moscow) and finances staff, equipment, and office space costs. Other donors providing parallel financing include the European Union and Japan (lease since 4/1/97). Switzerland has also promised financing.

Implementing Partners:

Lingva Company, Ltd. (staff),
Citibank/Ducat Place
(lease till 3/30/97),
Andre & CIE S.A.
(lease since 4/1/97)

Start: April 1996

Completion: December 1997

Activity Manager:
Ekaterina Druzhinina

Major Implementation Accomplishments

The G7 Support Implementation Group has successfully created a dynamic database -- and a simple system for regularly updating the data -- covering all assistance projects in Russia financed by the G7 countries. The system consists of two parts: the DAD software, which is user-friendly and presents information about donor projects conveniently; and the data exchange system, through which donors have access to the updated data so long as they continue to update their own data contribution. The G7 SIG now receives frequent requests, from organizations outside the data exchange, for reports from the DAD.

The G7 SIG has had a role in the on-going discussions between the GORF and donors about taxation of assistance. The SIG has testified to the federal Duma about all assistance programs, regularly interacts with several Ministries and the Duma on pending taxation legislation, and holds frequent consultative meetings of donor representatives. The G7 SIG has also provided a forum for several donor "roundtables" on development issues in Russia, including social sector reforms and enterprise restructuring.

Activity Contributions to Targets

This activity is a special initiative that does not contribute to any one target in the USAID Results Framework. However, the activity is geared toward easing implementation bottlenecks for all activities in the portfolio and thus makes a small contribution towards achievement of all targets.

Major Issues or Problems

The G7 is planning to consider the future of the SIG at its summit in June 1997 and will decide at that time if the SIG will be continued as a G7 organization or will be "spun-off" into a Russian or other-donor organization. Simultaneously, the USG is weighing its contribution to the SIG, which to date has been financed through obligations made by the U.S. Treasury in FY 94. Upon the request of the SIG Director USAID has extended its current support until December 30, 1997 to allow for a smooth transition after these fundamental decisions are made.

Upcoming Outreach Opportunities/Plans

Through USAID support, the Donor Assistance Database has become available on the World Wide Web. Now you can surf the SIG site at www.g7sig.org! The site has been opened in April 1997. To get an access to the Database, you should contact: G7 SIG in Moscow via e-mail: mail@g7sig.org.

MRS ID: 110000121-RUS-LING001 (9)
Award No: 118-0001-C-00-6061
Date Report Prepared: October 23, 1997

Russia Training for Development (TFD) Project

The TFD Project is a bilateral USAID/Russia project, whose general objective is to implement a training program in the United States and in Russia to equip Russian leaders and professionals with skills needed to guide the transition to a free market economy and democratic governance. All participants are eligible for follow-up activities in Russia.

U.S. Implementing Partner:
Academy for Educational
Development (AED)

Start: January 1997
Complete: January 1998

Activity Manager:
Dmitry Fadeyev

Major Implementation Accomplishments

281 Russian professionals participated in 20 short-term USAID training programs in the U.S. since January 1997. Thus, the total number of Russian professionals trained by USAID in the U.S. since 1993 (under both NET and TFD projects) amounts to 4,800. Training covers all sectors of USAID assistance to Russia and is designed to complement work conducted under each Strategic Objective. For example, three Russian senior specialists from the State Statistical Committee (Goskomstat) completed a "Construction and Analysis of Price Indexes" program conducted by the Bureau of Labor Statistics. This course has created a much more receptive and creative attitude of the part of the Goskomstat Prices Department staff towards developing improved price indexes. 14 environmental decision makers from different regions of Russia completed an "Environmental Management for Decision Makers" course in Washington D.C. and New York. The training stimulated the Head of Khabarovsk Krai Environmental Committee to play an active role in the development of a Biodiversity Protection Strategy for the Sikhote-Alin mountain area which is Amur tiger and other rare species habitat. The trained environmental officials and the Sakhalin Oblast Vice Governor Shapoval facilitated the development of the procedure for environmental impact assessment for oil and gas development in Sakhalin Island.

As part of follow-up activities, eight regional documentation centers for returned participants have been created in Vladivostok, Yekaterinburg, Nizhni Novgorod, Samara, Volgograd, Moscow, Novosibirsk and St. Petersburg. All text-books and other learning materials produced during the life of project are available for participants' use. Examples include: "Financing Rural Social Programs", "Use of Land Resources", and "Basics of Market Economy."

A listserv for returned participants has been established. It will allow all participants who have Internet access or can use Public Access Sites to network with their colleagues in other regions of Russia.

A newsletter "RTD-Info" has been published. It contains addresses of documentation centers, information on how to access the listserv and advice on how to create an Alumni Association. The newsletter has been distributed to all returned participants.

Activity Contribution to Targets

This activity refers to Strategic Objective 4.1, and contributes to all Mission Strategic Objectives.

Major Issues

None.

Upcoming Events

In November 1997 AED will hold a conference on training policies and procedures for USAID contractors and grantees.

MRS ID: 110000121-RUS-AED1003 (10)
Award No: CCN-0012-Z-00-3155-00
Date Report Prepared: October 22, 1997

ACRONYMS AND ABBREVIATIONS

AA	Arthur Andersen
AARW	Alliance of American and Russian Women
ABA	American Bar Association
ADF	America Development Foundation
AEP	Applied Economics Program
AED	Academy for Educational Development
AIHA	American International Health Alliance
AMA	American Medical Association
AMM	Academy of Management and the Market
ANE	Academy of the National Economy
APR	Association of Physicians of Russia
ARC	American-Russian Centers
ARC	American Red Cross
ARTA	American Road and Transportation Association
ARSD	All-Russian Society of the Disabled
ASME	American Society of Mechanical Engineers
AUPHA	Association of University Programs in Health Administration
AVSC	Association for Voluntary and Safe Contraception
BAT	Budget Analysis model
BASICS	Basic Support for Institutionalizing Child Survival
BCC	Business Collaboration Center
BDP	Business Development Program
BEP	Business Education Project
BIHATA	Cooperating Agency, Bureau of International Humanitarian Aid and Technical Assistance
BMS	Bristol-Myers Squibb
BSC	Business Support Centers
BSI	Business Support Institution
BSOs	Business Support Organizations
BTC	Business Training Centers
BTIC	Building Technology Information Center
BU	Boston University
BVP	Business Volunteer Program
CBSD	Center for Business Skills Development

CBR	Central Bank of Russia
CCI	Center for Citizen Initiatives
CDC	Citizens Democracy Corps
CDC	Centers for Disease Control
CDI	Community Development Initiative
CEC	Central Election Commission
CEELI	Central and East European Legal Institute
CET	Center for Electoral Technologies
CFED	Center for Financial Engineering and Development
CHF	Cooperative Housing Foundation
CIC	Collective Investment Centers
CIPE	Center for International Private Enterprise
CLE	Continuing Legal Education
CNFA	Citizens Network for Foreign Affairs
CRETs	Commercial Real Estate Transaction
CRS	Congressional Research Service
CSRE	Consulting Services for Russian Entrepreneurship
CVD	Cardio-Vascular Diseases
DAD	Donor Assistance Database
DAI	Development Alternatives Incorporated
DM	Dalnevostochny-Morskoy (DM) nature reserve
EBRD	European Bank for Reconstruction and Development
EDP	Enterprise Development Program
EECIP	Energy and Environment Commodity Import Program
EED	Economic and Enterprise Development Program
EERPF	Eastern European Real Property Foundation
EPA	U.S. Environmental Protection Agency
ESD	Ecologically Sustainable Development, Inc.
FCSM	Federal Commission on the Securities Markets
FDA	Food and Drug Administration
FDD	Fund for Democracy and Development
FDI	Foreign Direct Investment
FEC	Federal Energy Commission
FLARE	Financing, Linkages, Accountability, Responsibility & Experience
FMA	Financial Management Analysis

FRC	Franchise Resource Center
FSHD	Fund for Social Health and Development
FTC	Formulary Therapeutic Committees
FTUI	Free Trade Union Institute
FSVC	Financial Services Volunteer Corps
GCC	Gore-Chernomyrdin Commission
GIS	Geographical Information System
GKI	State Property Committee
GMP	Good Management Practices
GORF	Government of the Russian Federation
Goskomstat	State Statistical Committee
GSU	Georgia State University
HB	Hagler Bailly
HHS	U.S. Department of Health and Human Services
HIID	Harvard Institute for International Development
HPI	Health Partnership Institute
IAS	International Accounting Standards
IBIW	Institute for the Biology of Inland Waters
IBS	Independent Broadcast System
IBTI	International Business and Technology Incubator
IBTCI	International Business and Technical Consultants International
ICMA	International City/County Management Association
IESC	International Executive Service Corps
IFA	International Franchise Association
IFES	International Foundation for Electoral Systems
IIE	Institute of International Education
ILBE	Institute for a Law-Based Economy
IPOs	Initial Public Offerings
IRI	International Republican Institute
IRIS	Institutional Reform and the Informal Sector
IRS	U.S. Internal Revenue Service
ISAR	former Institute of Soviet American Relations
ISC	Institute for Sustainable Communities
ITIC	International Tax and Investment Center
JAI	Junior Achievement International

JAR	Junior Achievement/Russia
JEPAS	Joint Electric Power Alternatives Study
JHPIEOG	Johns Hopkins Program for International Education in Obstetrics and Gynecology
JHU	Johns Hopkins University
KAP	Knowledge, Attitudes, and Practices
KPI	Kaiser Permanente International
LG	Local Government
LPCs	Local Privatization Centers
LPG	Loan Portfolio Guarantee Program
LPLA	Local Party Leaders' Academy
MAPS	Medical Academy of Postgraduate Studies
MCSTI	Moscow City State tax Inspectorate
MDP	Media Development Program
MERI	Mechanical Engineering Research Institute
MFM	Municipal Finance and Management
Minstroï	Ministry of Construction
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MOFSA	Market-Oriented Farm Support Activity
MOHMI	Ministry of Health and Medical Industry
MoU	Memorandum of Understanding
MSED	Micro and Small Enterprise Development Program
MSH	Management Sciences for Health
MSPS	Moscow School of Political Studies
MTTA	Technical Oversight of the Medical Technology Transfer Activity
NAHB	National Association of Home Builders
NAUFOR	National Professional Association of Market Participants
NDI	National Democratic Institute
NET	NIS Exchanges and Training Project
NGO	Nongovernmental Organization
NNSAA	Nizhnii Novgorod State Agricultural Academy
NPF	New Perspectives Foundation
NPI	National Press Institute
NRSBIF	New Russia Small Business Investment Fund
NSA	Nuclear Safety Account

NVK	Novokuznetsk (the town in Russia)
NWR	Northwest Russia
OECD	Organization for Economic Cooperation and Development
OTC	Over-the-Counter
PADCO	Planning and Development Collaborative
PAUFOR	Professional Association of Market Participants
PCC	Project Coordinating Committees
PCSED	Partnerships for Civil Society and Economic Development Program
PHARMEDINFO	Russian Center for Pharmaceutical and Medical Technical Information
PIES	Program for Intensive Enterprise Support
PPF	Partnership for Freedom
PLR	Policy, Legal, and Regulatory
PNM	Program on Natural Monopolies
PSU	Pushchino State University
PW	Price Waterhouse
RADOR	Russian Association of Territorial Bodies of Highway Administration
RAIB	Russian-American Institute of Banking
RAPIC	Russian-American Press and Information Center
RAR	Russian Accounting Regulations
RCCI	Russian Chamber of Commerce and Industry
RDI	Rural Development Institute
REIS	Real Estate Information System
RFA	Russian Franchise Association
RFCSM	Russian Federation Commission on the Securities Market
RFE	Russian Far East
RFPA	Russian Family Planning Association
RGR	Russian Guild of Realtors
RII	Regional Investment Initiative
RISE	Russian Initiative for Self-Employment
RLMS	Russian Longitudinal Monitoring Survey
RMA	Russian Medical Association
ROLL	Replication of Lessons Learned
RosEnergyAtom	State Nuclear Power Company
RPM	Rational Pharmaceutical Management
RPC	Russian Privatization Center

RPFB	Russian Project Finance Bank
RPHA	Russian Public Health Association
RRC	Russian Red Cross
RSA	Russian Society of Appraisers
RTI	Research Triangle Institute
RTS	Russian Trading System
SanEpi	State Committee for Sanitary and Epidemiological Surveillance
SBSC	Small Business Support Center
SCUREF	South Carolina Universities Research and Education Foundation
SEC	Subject Election Commission, also the U.S. Securities and Exchange Commission
SIG	Support Implementation Group
SMEs	Small and medium-sized enterprises
SO	Strategic Objective
SPAN	Sustaining Partnerships into the Next Century
SRO	Self-Regulatory Organization
STI	State Tax Inspectorate
STS	State Tax Service
SPAN	Sustaining Partnerships into the Next Century
SUNY	State University of New York
TAP	Technical Assistance Providers
TEC	Territorial Election Commissions
TFD	Training for Development Project
TOT	Training of Trainers
TTI	Territorial Tax Inspectorate
TUSRIF	The U.S. - Russian Investment Fund
UAA	University of Alaska-Anchorage
UHAB	Urban Homesteading Assistance Board
URC	Union of Russian Cities
USEA	U.S. Energy Association
UWI	United Way International
VCIOM	Russian Center for Public Opinion and Market Research
WB	World Bank
WI	Winrock International
WID	World Institute on Disability
WRHP	Women's Reproductive Health Program
WSU	Washington State University