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THE EURASIA FOUNDATION

Mid-Term Evaluation

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Executive Summary

This mid-term evaluation involves an independent assessment of the Eurasia Foundation's efforts to meet the ambitious terms of its projected \$75 million grant from the U.S. Agency for International Development. Basically, this evaluation found that:

♦ For a young organization operating in a dynamic and complex environment where grantmaking conditions are difficult, the Foundation is doing extremely well. In a remarkably short period of time the Foundation has created an impressive presence in the Newly Independent States (NIS).

♦ The Foundation's three areas of grantmaking interests (Economic Reform, Democratic Reform, and Media & Communications) are appropriate areas for philanthropic efforts in the NIS. The Foundation's interests in these areas have also evolved in appropriate ways, although precisely what the specific substantive focus within each area is could be further refined and prioritized.

♦ The Foundation has proven nimble at adapting to changing circumstances and generally seeking opportunities where U.S. assistance might not reach, although other funders are engaged in some of these same opportunities.

♦ As directed, the Foundation has been extremely responsive, with a virtually unrivaled turn-around time in the proposal review process.

Despite this impressive record of early accomplishments, there are numerous ways in which the Foundation could strengthen its procedures and activities, thereby enhancing its effectiveness. These include:

♦ The Foundation could be considerably more strategic in its grantmaking, delineating more precisely what are the "targets of opportunities" and prioritizing among them, as well as by focusing on considerably smaller numbers of these "targets."

♦ By being more strategically focused, the Foundation could also provide greater clarity about what is its "comparative advantage." This would potentially allow for a better use of its staff and financial resources, as well as perhaps generating more opportunities for leverage with other funders that share similar interests.

♦ Being more strategic would also help the Foundation learn more from its grants. Given its small, over-taxed staff, it has been difficult for the Foundation to develop mechanisms that optimize the learning associated with grantmaking so that each successive wave of grants clearly builds on earlier efforts.

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- ◆ There is also an underutilized opportunity to develop greater synergies among the Foundation's grantmaking activities so that, for example, the press or the media could be used to promote economics or business training.
- ◆ Enhancing staff development in ways that improve the strategic planning and program development process would likely enhance the effectiveness of the Foundation's overall work.
- ◆ Considerably more attention could be devoted to the issue of sustainability. This concern should be embedded to a greater extent in the Foundation's activities to increase prospects of reaching the goal of producing a "significant and sustained effect on the ground in the NIS."

In conclusion, this review has found that the Eurasia Foundation is a dynamic organization operating effectively in a complex and rapidly changing environment. The Foundation has dramatically and appropriately shifted the locus of its operations from Washington to the field, which should enhance prospects for sustainability, while also improving the quality of its grants. As a consequence of this and other factors, the Foundation, relative to its size, appears to have made as much of a contribution to reform efforts underway in the NIS as any other foreign assistance organization.

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I. Introduction

When the Department of State established the Eurasia Foundation (EF) in 1992, the Department charged EF with an ambitious mission. That mission was "to promote and strengthen market economies and institutions concerned with representative government in the Newly Independent States." This broad mission was described further in the May 18, 1993 grant award letter from the Agency for International Development (AID) that obligated the initial \$4 million of a projected \$75 million four-year grant. This grant letter provided the Foundation with three general grantmaking criteria:

1) Support private sector development and/or democratic institution building;

2) Produce a significant and sustained effect on the ground in the NIS; and

3) Represent a genuine transfer, adoption or creation of skills in the NIS.

In fulfilling its mission, AID directed that the Foundation "... function as a rapid-response mechanism capable of providing grants for technical assistance and training directed at the targets of opportunity for achieving durable market economies and democratic institutions." The Foundation was also charged to be responsive to changing circumstances and to "... seek unique opportunities which U.S. assistance programs might otherwise not reach, largely through small grants."

In accomplishing its broad and ambitious goals, the grant letter stated that EF would direct its resources at three broad substantive areas: 1) Economic Reform, focusing particularly on privatization and financial sector development; 2) Education and Training, including support for educational programs directed toward human resource constraints that limit the ability of the NIS to restructure their economies and develop businesses; and 3) Democratic Reform, addressing human rights, civil society, and rule of law issues, thereby strengthening both governmental and non-governmental agencies' efforts to establish the elements of democratic society in the NIS. EF was directed to pay particular attention to media and communications issues in supporting projects in these three substantive areas. In addition, EF was authorized to undertake "Special Initiatives." AID recognized the need for EF to have "maximum flexibility to respond to activities that are particularly relevant to the (Foundation's) overall purpose."

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One of the terms of this 1993 grant agreement was that EF receive an independent mid-term evaluation. This report represents an effort to evaluate how well EF has accomplished its mission during the first two years of the AID grant.¹ In particular, this evaluation has sought to compare EF's activities relative to other grantmaking entities in the NIS, to analyze whether EF is working in the fields most likely to produce results consistent with the broad goals stipulated in the grant, and to provide an independent assessment whether the AID grant funds have been well spent and to what results.

Given that EF is still a relatively young organization--in June 1995 it just completed its second year as a grantmaking organization--and that many of its field offices have just begun grantmaking, much of this assessment is necessarily preliminary. Also, recognizing the broad and complex goals of market-oriented, democratic reform that EF is working towards in the NIS, it is also extremely difficult, if not impossible, to detect discernible progress towards these goals attributable to the Foundation's efforts. Nevertheless, at this point, there is much that can be said about the style and structure of EF's grantmaking operations, as well as some early indicators of the results of its work.

This mid-term evaluation involved a three-step process including: 1) a review of EF's documentation (such as materials prepared for its Board of Trustees, "strategic" grant files, grant lists, the 1994-95 annual report, performance reviews, and prior evaluations); 2) 25 site visits and 68 interviews;² and 3) the preparation of a report that was reviewed by a panel of experts who have expertise in each of EF's three principal areas of grantmaking and then discussed with EF's senior staff.³

II. Findings

Basically, this evaluation has found that for a young organization operating in a dynamic and complex environment where grantmaking conditions are difficult, EF is doing extremely well. The reviewers heard virtually unanimously favorable comments about EF from a wide range of individuals including U.S. government officials, representatives of other funding organizations, as well as individuals generally knowledgeable about grantmaking in the NIS. EF and its staff are highly regarded and the Foundation is thought of as one of the most effective assistance programs in the NIS, a program that is providing intellectual and programmatic leadership to others.

In a remarkably short period of time, EF has created an impressive presence in the NIS. It is very unlikely that this could have been accomplished without the Foundation's free-standing structure. At

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this point, since so many of EF's projects are just getting underway or are only recently completed, there is not a great deal of evidence on concrete project outcomes. However, relative to its size, EF seems to have made as much of a contribution to reform efforts underway in the NIS as any single other foreign assistance organization. Part of its contribution results from funded activities, another part results from modeling the behavior and attitudes of an independent organization.

In this regard, EF's most important accomplishment may not relate to its funding activities. Rather, it may be the Foundation's structures, field presence, operating procedures, and grantmaking style. For example, with its network of field offices in Kyiv, Moscow, Saratov, Tashkent, Vladivostok, and the Caucasus, EF has virtually unparalleled reach and "on the ground presence" for a small grantmaking organization.

Another noteworthy accomplishment is the fact that EF has moved quite rapidly to shift the locus of its grantmaking from Washington to the field and moved away from grants to U.S.-based organizations to partnerships with NIS entities. In 1993, during its first year of operation, all 32 of EF's grants were made by the Washington headquarters. Now, two years later, more than two-thirds of its grants are made in the field. Two years ago, the preponderance of grants involved U.S. partners. Now, the majority involve local partners. This shift of focus to local partners has permitted EF to work with a wide and virtually unequalled range of individuals and institutions in the literally far-flung corners of the NIS. This shift has resulted in EF making tangible progress towards two of its primary goals of representing a transfer of skills and producing an effect on the ground.

EF has also proven to be remarkably nimble. Its proposal turn-around time averages five weeks. This means that the Foundation is meeting or exceeding the very demanding goal stated in the grant agreement, "... to provide a rapid response, flexible, on-the-ground instrument to make grants in support of economic reform and democratic institution building." This rapid response compares extremely well with other foundations, where a three to six month turn around on a grant proposal is not uncommon. EF's accomplishment is especially impressive in the difficult circumstances of the NIS.

In addition, EF has proven adept at adapting to changing circumstances. The development of a small business loan program in Kyiv and now in Armenia is just one example of how EF, consistent with its mandate, identified a major problem area--small businesses' access to capital--that was not receiving sufficient attention from other funders. In response, EF developed an

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innovative and imaginative pilot program that has the potential to be replicated in numerous situations, as well as having an impact on a problem that has become an impediment to the economic transition process.

EF has also succeeded in recruiting a high-calibre, energetic staff with good language skills and a keen sense and appreciation for the complexity of political, economic, and social circumstances on the ground. In fact, the Foundation's staff is a major contributory factor to its solid reputation in the field.

Although scant few of the Foundation's staff had prior grantmaking experience, the staff have shown themselves adept at mastering the basics of grantmaking. EF has developed generally sound proposal review and grant monitoring policies and procedures. As an earlier review of these procedures suggested, the mechanics of EF's grantmaking are certainly on par with those of the largest and most professional private foundations.⁴ This is especially impressive since EF had to pioneer many of these proposal review, grantmaking, and monitoring procedures in the NIS context. Of particular importance is the fact that EF's partners can apply in either Russian or English. This means that there is a much greater potential for widening the circle of partners, thereby avoiding a problem that plagues many foreign grantmakers in the NIS and Eastern Europe.

The reviewers were impressed that the three American directors we met (Beebe-Center, Bobrowsky, and Smith) had management styles that involved significant delegation of responsibility to their in-country colleagues. The willingness of the American directors to delegate responsibility to their local colleagues was quite distinctive, at least relative to the other U.S. organizations that we encountered. This delegation of responsibility was commented upon favorably by every one of the local staff interviewed and has important consequences for building democracy and the transfer of know-how. In fact, EF's operating style is consistent with and reinforcing of the demanding grantmaking criteria that AID provided.

Regarding substance, it appears as if the three areas of EF grantmaking--suggested in the grant letter and modified subsequently--are appropriate areas for philanthropic efforts in the NIS. Although the relative emphases among these are evolving, the "mix" among these three seems justified given circumstances in the NIS. Through June 1995, Economic Reform received the most support, 46 percent, Democratic Reform, 36 percent, and Media and Communications, 18 percent, respectively.

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EF's autonomy, "on-the-ground" presence, and efficient grantmaking procedures have resulted in a modest but important contribution to reform efforts underway in the NIS. While, given the broad nature of its mandate, there has been some overlap with the activities of other funders, the reviewers found much evidence of complementarity and no evidence of redundancy.

Despite this impressive record of early accomplishments, there are numerous areas where the Foundation could strengthen its procedures and activities. In particular, EF could be more "strategic" in its grantmaking, especially improving its program planning and development processes. Although the substance of EF's grantmaking seems generally appropriate given circumstances in the NIS, the reviewers detected little clear sense of what were the most propitious "targets of opportunities" in each of the Foundation's three designated fields of activities, let alone among the program concentrations.

For example, plans that EF staff characterized as "strategic" generally described potential areas of grantmaking in a specific context. They conveyed little sense of a recognition of the inevitable opportunity costs associated with grantmaking or of the impediments to the Foundation's grantmaking. That is, for any grant made there are other grants that would not be made, and in some cases those grants could conceivably have a greater impact. These plans were also vague about what were the precise areas where the Foundation was most likely to have the greatest impact by leveraging its philanthropic "social venture capital."

Greater clarity regarding what EF perceives as its own "comparative advantage" in each of its three substantive areas would potentially allow a better use of its resources, as well as perhaps more opportunities for leverage with other foundations that share similar interests. In addition, greater clarity in the Foundation's grantmaking emphases and approaches (and this can, and probably should, vary by field office) would likely simplify work at each of the stages of grantmaking: proposal review, grant administration and monitoring, and both formative and summative evaluations.

Being more "strategic" grantmakers would also help the Foundation learn more from its grants. Although EF has a clear mandate to provide rapid response, generally through small grants, this kind of assistance imposes significant costs. Despite some perceptions to the contrary, small grants often are as complicated and time-consuming as large grants. During its first two years of operation, EF has been involved in a great deal of activity. Through June 1995, EF made 678 grants totaling \$22.37 million. This is an extremely impressive record of grantmaking.

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The "art" of grantmaking, however, involves not just making good grants quickly but developing effective mechanisms to learn from the grants so that the next round of grants are even better and have greater impact. With its small, overtaxed staff, without greater clarity about the Foundation's "strategic" directions, it is virtually impossible to effectively monitor, not to mention adequately learn, from the Foundation's grantmaking. This requires that EF become clearer about precisely what its comparative advantage is, as well as what are the targets of opportunities in its main areas of activity in the respective contexts where it is engaged.

Although to some extent the Foundation does already do this by identifying areas of program concentrations, these concentrations tend to be drawn too broadly. With broad goals it is difficult to gauge whether a single project represents the most effective use of the Foundation's resources. As goals become more narrowly drawn, it becomes easier for the Foundation and others to better determine how well its resources are being used.

EF is not alone in having a lack of commensurability between its stated goals and available resources. However, EF is in a position to address this. If inclined, EF could develop a slightly different, indeed higher, threshold before recommending a proposal for funding. With such a threshold a grant would be recommended for funding not simply because it is a "good grant" consistent with the Foundation's mandate, but because this grant provides the potential for the Foundation to make measurable progress in a specific and clearly defined area that is considered important.

The "art" of grantmaking also requires that grantmakers seek a "gestalt," a type of cumulative effect to their grantmaking so that the total of the Foundation's work is more than simply the sum of its part. While generally appreciative of this perspective, most EF staff acknowledged that they still have not devised means to produce greater links among their grants that build on earlier ones and point towards future grants. The reviewers were pleased, however, that EF staff seemed genuinely interested in thinking about ways to draw links among grants and thereby maximize their impact. This was impressive given that this thinking is not always evident in private foundations that have had a considerably longer and more certain life-span than EF.

Given the Foundation's mandate to be responsive, the reviewers can understand how some might argue that "greater focus" and "responsiveness" are inconsistent. The reviewers suggest, however, that EF can become more strategic without sacrificing its basic mandate of being a flexible, rapid-response, small grants assistance mechanism. This will require a more rigorous and

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defined program planning and development process that encourages EF to be clearer about where it is going so that it can be responsive to grants that will further its strategic objectives. It may also mean that the Foundation would work in fewer geographic areas focusing on a smaller number of program concentrations. In this way, the Foundation could bring into sharper focus its scarce resources of both money and staff time. Without more attention on the front end of the grantmaking process, EF runs the risk of, as one trustee said, "spreading the butter so thin that you can't taste it on the toast."

The planning process initiated this year was a good, albeit first, step in this direction. The reviewers would encourage EF to devote more attention to this process, as the recent staff retreat in Huta, Ukraine did. Although more attention to planning may seem burdensome to a staff deeply engaged in the grantmaking process, as EF's staff--especially in the field--is, the reviewers believe that this will have significant dividends in terms of the staff's proposal review, monitoring, and evaluation efforts.

III. Discussion

At this point, before providing some further evaluative comments and making recommendations regarding how EF may enhance its effectiveness, this report will discuss the Foundation's structure, style, and program development process, including its work in three substantive fields: Economic Reform, Democratic Reform, and Media and Communications.⁵

A. Structure

EF's grantmaking and organizational structure serves it well in performing its mission of being a flexible, rapid-response assistance mechanism. In fact, if not for its free-standing nature it is doubtful that the Foundation would have accomplished as much as it has with as little resources. Coordinated by a small Washington-based staff of 16, EF now has six grantmaking regional offices (Moscow, Saratov, and Vladivostok in Russia; Kyiv in Ukraine; Tashkent in Uzbekistan; and an office in the Caucasus with field presences both in Yerevan and Tbilisi) involving approximately 45 field staff, including 6 Americans.

The Foundation's structure, with this heavy emphasis on a flexible and responsive field presence, is one of the keys to its success. While the staffing pattern and arrangements have been adequate in the first years of the Foundation's operations, they will probably not continue to be so. As the inevitable demand for resources rise, coupled with the growing need to monitor and evaluate current grants, EF's already thinly-stretched staff is likely to become

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extremely overburdened. There are essentially two answers to this dilemma: increase staff size or minimize the staff burden. The reviewers recommend that the burden on staff be reduced.

The governance of EF seems to serve the organization's purposes well. Although it has a Board of Trustees of 16, which is relatively large for a small, independent foundation, much of the Foundation's business in the intervals between the three board meetings per year is undertaken by a small, highly engaged executive committee. This executive committee, which meets monthly, apparently has lively discussions about policy, and its members seem to have a high degree of confidence in the work of EF's staff.

Early in its institutional history, EF's Board made a key decision to delegate grantmaking authority for up to \$200,000 to staff, with the provision that grants above this amount would need to be approved by the executive committee. This decision paved the way for EF to be a flexible and responsive grantmaker. Without this delegation of grantmaking authority, it is unlikely that the Foundation would be able to maintain its admirable record of reviewing and responding to over 2,000 proposals in the course of this past fiscal year.

This delegation of authority by the Board of Trustees to the Washington-based staff also facilitated the delegation of authority by the Washington-based staff to the field staff. Under this delegation, field offices are authorized to make grants up to \$25,000. Again, absent this delegation of authority, it is more than likely that EF's grantmaking would be considerably more bureaucratic, time-consuming, and unable to take advantage of the opportunities that it does.

Without making too much of this delegation of authority, the reviewers think that this has important implications for how EF is perceived in the field and has other potentially important consequences. These consequences go beyond boosting staff morale to ultimately affecting the Foundation's sustainability. A number of individuals that we interviewed commented favorably on how decisions related to their proposals were being made in the regional office. Decision-making without reference to the capital city was virtually unknown under communism. Encouraging local decision making is a key aspect of EF's democratic reform work. So it is important that, to the extent possible, EF's operating procedures and structures reinforce its grantmaking goals. Unfortunately, in a number of other funding programs that the reviewers encountered it seems as if the funding agent is unwilling or unable to delegate meaningful and appropriate authority, thereby undercutting the organization's democracy-promoting goals. In

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grantmaking it is extremely important that the Foundation's very means support its ends.

EF's structure is noteworthy in another regard. As a small private foundation operating in an immense, complicated, and politically uncertain terrain, EF is confronted with a formidable array of logistic, administrative, and programmatic challenges. It is virtually impossible to think that any organization, albeit one with a small staff and modest resources, split between two continents can operate in 12 countries, across 11 time zones. EF has responded in imaginative ways to these challenges. Two ways seem especially important to EF's success: staffing decisions and communication. To direct each of the regional offices, EF has identified extremely high-quality, motivated Americans who have superb language skills and extensive experience in, or knowledge of, the NIS. These individuals also seem extremely willing to delegate significant responsibility to their colleagues.

EF has so far avoided what might be a partial solution to this programming challenge, that is to significantly increase its staff. Besides the obvious budget constraints associated with staff increases, if the Foundation grows much larger it runs the risk of becoming overly bureaucratic and losing its distinctive characteristic of being flexible and timely. Thus, the reviewers suggest that it is important to develop strategies for minimizing the burden imposed on staff. One obvious way to do this is to reduce the numbers of proposals reviewed by becoming more "strategically focused," as discussed in other parts of this report. Having a small staff review over 2,000 proposals per year, make some 600 grants that they will monitor and a portion of which they will evaluate, as well as being engaged in program design and development is clearly untenable.

EF's other response to the challenges associated with grantmaking in the NIS has been the extensive and generally effective use of electronic communications. Although the staff have not yet perfected a way to electronically transfer grant files, there is a frequent and lively electronic exchange about grant ideas, techniques, and procedures. Although frequent e-mail does not entirely fill the distance gap, EF does seem to have found ways to use electronic communications, supplemented by frequent staff travel, and periodic program staff meetings and roundtables, to narrow this gap considerably.

Thus, in an important respect, the work of the Foundation itself pilots approaches and methodologies related to enhancing technology transfer and communications that have direct relevance to EF's mission itself. EF can and does appear to be modeling "best practices." This high degree of coincidence between the

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Foundation's structure, operating procedures, and grantmaking objectives enhances the Foundation's potential to have an impact.

B. Style

By mandate EF was designed to be a reactive grantmaking organization providing modest grants in a timely fashion to NIS entities. In terms of basic style, EF has admirably met these initial design objectives. The Foundation's activities are also remarkably consistent with its original purpose. In its first two years, EF made a large number of small grants in support of market-oriented, democratic reform with a majority (53 percent) of these grants going to NIS partners. EF has also shown that it could adapt to changing circumstances, while still being true to its initial mission. There are, of course, a variety of other possible designs that might be equally, or perhaps more, effective. There also might be slight variations on the current design that result in greater efficiency.

Unlike some independent foundations that can become mired in a debate about grantmaking styles that takes on Hamletesque characteristics--to be reactive or to be proactive--EF seems to have steered clear of this debate. The Foundation is designed to respond to circumstances on the ground, and consequently seems to stand on the reactive end of the grantmaking spectrum. That is appropriate given its mission.

Despite this perception, EF has shown itself to be quite flexible in adapting to changing circumstances, and when those circumstances warrant, to be extremely proactive. For example, after recognizing that lack of access to capital was stifling the development of small business in Ukraine, EF designed and initiated a small business loan program. This is an example of being highly and appropriately proactive.

This example suggests that a neat stylistic label does not easily fit EF's grantmaking style, which did not trouble the reviewers. Rather, we recognize that much of the discussion about grantmaking styles can be misleading because it construes style in excessively narrow terms. This discussion tends to look at where the impetus for grantmaking is, and, if it is with grantseekers, to characterize the activity as "reactive;" and if it is with the grantmaker to characterize the activity as "proactive."

Of course, in much good grantmaking it is extremely difficult to precisely locate where the real impetus for the grant rests. Consequently, much of the discussion about grantmaking styles misses key variables, such as accessibility, flexibility, and responsiveness. For the reviewers, these variables are every bit

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as important as whether the Foundation is reactive or proactive. Thus, we think that it is important that a foundation have a broad concept of responsiveness. Besides responding quickly to grantseekers, being responsive means that funders, especially in difficult circumstances such as the NIS, be open to new ideas, institutions, and individuals. It also means responding to other problems directly related to the mission where others are not responding sufficiently. Despite what skeptics might argue, it is possible to be both more "strategic" in grantmaking while still being "responsive."

As far as the reviewers were able to ascertain, it did appear as if EF's staff were responsive in this much broader sense. The Foundation's staff generally seemed to be open to a broad array of opportunities, to move beyond traditional ideas or institutions, and to widen the circle of individuals involved in EF's grantmaking. These broad-based "responsive" attitudes that appear to underlie EF's grantmaking style are an important reason why the Foundation has earned the favorable reputation that it has.

From a more technical point of view, the Foundation's style, in some ways, has come to be characterized by its use of competitions. As of August 1995, EF had supported 17 competitions, in virtually every corner of the NIS and in many program concentrations, including economics education, NGO development, public administration, and regional press. This record suggests that EF is somewhat enamored of the use of competitions as a grantmaking technique. Although EF has used competitions to considerable effect, especially in moving into new geographic areas, there are a variety of other techniques that may serve its grantmaking purposes as well at this point in its institutional development. As a recent staff technical paper that has become the basis for new policy suggests, these competitions would be enhanced if "an integral part of the design of each competition [included] a plan for evaluating the competition".⁶

Although EF's flexible and generally "reactive" style has served it well to date, there are some evident downsides to this approach that suggest some modifications. For example, if the Foundation is open to any good idea that is consistent with its very broad goals, it may be difficult to credibly attribute progress toward addressing these goals through EF-sponsored grants. In addition, EF runs the risk of spreading itself too thin, by being involved in too many substantive and geographic areas, thereby minimizing the possibility of having discernible effects either on its institutional partners or the issues that it is trying to address.

EF's senior and field staff, as well as the board, are sensitized to the trade-offs between breadth and depth. And for the moment

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they are inclined to be slightly broader and more responsive rather than trying to be deeper. A broader and more inclusive style is appropriate at an early stage of grantmaking, as a foundation surveys the field, learns what are the real targets of opportunities, and develops staff capabilities in program design and in discerning among the myriad of grantseeking requests. However, now in its third year of grantmaking, it would be more appropriate for the Foundation to look for greater depth within fewer areas of program concentration, so that its grantmaking has more readily apparent cumulative effects. It is also possible, and entirely consistent with its mandate, for the Foundation to target specific geographic areas. There are positive indications that the Foundation is moving in this direction.

C. Program Development

In general, the Foundation's programs appear to be relevant to the problems associated with the NIS. Two of the key questions explored in the course of this evaluation were whether EF had identified an appropriate market niche, and whether it had developed a sense of the opportunity costs associated with its activities. In particular, did the Foundation have a clear sense of what were the other grantmaking possibilities available and why the program concentration chosen was a more appropriate choice for EF? Another important issue the reviewers considered was whether the Foundation's efforts were leading toward sustainable institutions.⁷ While generally EF staff were sensitive to issues of sustainability, they tended to think of it in narrow rather than the necessarily broader terms including not only financial but also leadership, administrative, and other considerations. In this section, this report will discuss both how EF develops its program, as well as the substance of its principal grantmaking activities.

EF establishes program policies and concentrations through its Board of Trustees (often acting through the Executive Committee which reviews program issues monthly) and through its Washington-based and field staffs, who draw upon both their own experiences and those of NIS and U.S. citizens who are involved in or knowledgeable about efforts to promote economic and democratic reform in the NIS. Program ideas are also discussed electronically; at biannual program staff retreats, such as the ones in August, 1995 in Huta, Ukraine, in Suzdal, Russia in October, 1994 and in Washington, D.C. in June, 1994; annual program performance reviews for AID; in annual program policy reviews prepared for EF's board; and in periodic "discussion roundtables," where a small group of experts meet with EF's staff to explore a topic, such as management training, the Foundation's role vis-a-vis other donors, and evaluating the impact of EF-funded programs.

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At this point, EF appears to have an appropriate set of mechanisms for program planning and development. Certainly, these mechanisms are comparable to those of other private foundations. Although these mechanisms exist, they might be better utilized to develop more targeted programs. The particular challenge for EF is to utilize these mechanisms more fully, without becoming overly bureaucratic or detracting from the Foundation's ongoing work. One way is to develop more focused program plans. This most likely would require additional staff training and development.

Regarding program, as mentioned earlier, EF's May 18, 1993 grant agreement with AID outlined the Foundation's work in three broad areas: Economic Reform, Education and Training, and Democratic Reform. As mentioned before, these three broad areas are appropriate targets for assistance efforts in the NIS. However, as is often said, "the devil is in the details". The question of programming is much more than what are the subject areas, but which aspects of these subjects will be addressed and in what fashion.

Within these three broad areas, AID in the grant agreement suggested a list of some 13 areas of emphases and recommended that EF, in all its work, pay attention to media and communications. (Much of the suggested emphases for Education and Training related to Economic Reform and thus became subsumed under that "stream" of grantmaking). AID also provided EF a remarkable amount of latitude to develop "Special Initiatives" consistent with these three broad substantive areas and in response to changing circumstances. This category gave EF the latitude to fund programs that "are particularly relevant" and would include the environment, science and technologies, and other areas where the Foundation might see opportunities consistent with its overall mission.

In a remarkable show of self-discipline (and perhaps recognizing some lack of commensurability between EF's mission and its available resources), in May 1993 the Board voted to eliminate the "Special Initiatives" category of program. Since the Board's 1993 decision eliminating one potential program area, EF has further refined its grantmaking focus to place less emphasis on certain issues, such as human rights and defense conversion issues. The Board recognized that the Foundation did not have a comparative advantage in these areas; that others--a number with significantly more resources--were active in addressing these issues; and that the Foundation needed to husband its resources. Yet, at the same time, EF's Board also made the decision not to completely rule out work on these issues. The Board, however, sensibly urged that any work be tied to issues or activities consistent with the major areas of program concentration, such as strengthening the management and communications capabilities of environmental NGOs.

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1. Economic Reform

Overall, Economic Reform has represented the largest amount of the Foundation's grantmaking in its first two years, involving 256 grants, totaling \$10.2 million or 46 percent of all funds provided. Focusing EF's principal efforts on economic reform is easily justified given the importance of economic reform to promoting growth that may lay the foundation for further political reform.

Within the broad area of promoting economic reform, EF has developed a number of program concentrations. These include: business education, economic education, management training, small business development, and program related investments. During the first two years there have been some slight changes among and within the program concentrations. For example, these changes included an appropriate deemphasizing of management training and placing relatively more emphasis on practical and systemic means to assist business development, such as through a small loan program organized as a program related investment. Following are brief discussions on each of the Economic Reform-related areas of program concentration:

a. Business education

This has been one of the principal areas of Foundation activity both in dollar and volume terms. Since its inception, EF has awarded 67 grants for the purposes of business education, totaling \$2.6 million or 26 percent of this category. In fact, the Foundation's largest investment to date falls in this category, a series of grants for \$416k in support of a joint effort between the Universities of California/Berkeley and St. Petersburg to establish a graduate business management program. Other large investments were made in organizations such as the American Institute of Business and Economics in Moscow, involving 2 grants, totaling \$130,000 (the reviewers interviewed its director by phone), and Kyrgyz State, which the reviewers visited.

In general, although business education is an important and worthwhile activity, it is relatively expensive. It seems as if there are now a number of other private and public funders who would conceivably have some interest in funding business education (as there are in management training activities.) In fact, there are probably more funders involved in funding activities in this program concentration than any other program concentration. Thus, at this point, there is less of a role for the kind of "philanthropic venture capital" that foundations like EF can provide. Consequently, the Foundation staff have rightly suggested that business education should be lower priority. In the future, the Foundation should place particular emphasis on business

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education efforts that are tied to institutional development at organizations that EF has made a long-term commitment to develop (such as the business management program in St. Petersburg) or closely connected to projects that are critical to the Foundation, such as the training program for Aval Bank.

b. Economics education

The Foundation developed this program concentration in response to an underappreciated fact: the deplorable state of economic literacy in the NIS and the importance of economics education to the development of a market society. EF's activity to date, involving 59 grants, totaling some \$1.9 million or 18.6 percent of Economic Reform-related grantmaking, reflects the magnitude of this problem and represents one of the Foundation's main areas of grantmaking.

In fact, the Foundation's \$350k investment to develop the New Economic School in Moscow (in conjunction with the Soros Foundation, which is the principal sponsor) represents one of its largest projects. This project, which the reviewers visited, is impressive and may potentially be one of the Foundation's most important legacies, if successful. However, much like the Center for Economic Research and Graduate Education at Charles University in Prague (upon which it was modeled, in part), the New Economic School faces a number of formidable challenges. The School is still dependent on external sources, not only for financing but also for faculty and curriculum. While much of this dependency is to be expected during the early years of any new institution, the School needs to find ways to indigenize support more rapidly and to develop local faculty. On some level, it seems as if the School is a foreign virus grafted onto a somewhat inhospitable Central Institute of Mathematical Economics of the Russian Academy of Sciences. These comments are not to imply that this is not an important grant and a good use of the Foundation's resources, but rather to suggest that to be successful it will require concerted efforts by EF and others. This will more than likely involve a significant use of EF resources, staff, time, and money.

EF's work in trying to enhance economic literacy more broadly also seems to be an especially appropriate use of philanthropic resources. It is strategic and broad-based. Many efforts in economics education, as well as in other substantive fields that the reviewers are aware of, tend to affect relatively small numbers, most often capital city elites. Using electronic media to enhance economic literacy seems to be an activity consistent with all three basic aspects of the Foundation's work: providing economic literacy, which is the basis for economic reform; expanding the circle of individuals with this knowledge, which is

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essential for citizen participation; and utilizing media and communications for the purpose of promoting reform.

Over the past few years, EF has devoted considerable time to developing a consortium that may include the World Bank and a number of private foundations, such as The Ford Foundation, that would fund major programs to enhance economics training and research in Russia and Ukraine. EF is right that there are considerable unmet needs related to economics education, needs which far exceed EF's available resources. If successful, this consortium would be an outstanding example of how EF identified a major problem that was impeding economic reform, piloted (with Soros) an innovative program to address this in the NIS context, and then worked to leverage its resources to address this problem in a broader context, harnessing resources way beyond its own means. This consortium may help address some of the long-term challenges associated with economics education institutions with which EF is working, such as The New Economics School. In short, it would be an exemplar of innovative philanthropy.

c. Management training

This represents a significant commitment of EF's resources, involving 49 grants, totaling \$1.8 million or 17.6 percent of grants in this category. Management training grants include support for projects as diverse as training air traffic controllers and providing consultancies for businesses through business development centers. The Foundation has also supported a number of innovative training projects targeting special populations, such as women entrepreneurs.

Similar to business education, management training is expensive and has numerous other potential public and private funding sources outside of EF. While some of these projects have been very successful on their own terms, they tend to be more isolated grants that do not have the potential for a more cumulative or systemic effect. In the future, this program concentration should probably be a lower priority except in those instances where the Foundation has made a commitment to a particular set of institutions, such as the business centers (discussed below). Management training activities could be used to enhance these centers' long-term sustainability or improve the prospects of a particular project, such as the management training for Aval Bank participants in the small business loan program.

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d. Small business development

This has also been another major area of grantmaking. Through June 1995, EF has made 29 grants totaling \$1.4 million in support of small business development. A number of these grants have involved support for small, indigenously managed business information centers, such as the Saratov Business Development Center that the reviewers visited. Unlike other AID-funded business centers, EF's centers tend to be small and locally run. Consequently, EF believes that they are much more likely to be sustainable.

The Saratov Center appeared to benefit from the involvement of Peace Corps Volunteers who provided assistance on organizational development, strategic planning and marketing, among other issues. With its local management, the Saratov Center also appeared capable of reaching out to local businesses and government to garner support. Recognizing that a local staff is much less expensive and transitory than an expatriate staff, EF's rationale of working with locally managed business information centers seems extremely sound. While perhaps these centers will not have the same results in promoting U.S. business interests, they are--if they outlast EF's support--probably going to make a much greater contribution to local business and economic development.

Finding ways for these centers to draw on other resources, such as volunteer technical advisors through either Peace Corps, the MBA Enterprise Corps, or the International Executive Service Corps, should be encouraged. Given that as of early 1995, EF had supported the development of centers in nine locales (Russia: Saratov, Nizhny Novgorod, Togliatti, Pyatigorsk, Vladivostok, Murmansk; Moldova: Chisinau; and Ukraine: Kyiv, Lugansk), the Foundation now has a major institutional challenge: how to ensure that the best of these many diverse centers survive. Given EF's role in establishing these centers, in the future EF should concentrate its efforts on finding ways to ensure the sustainability of these centers. Another tactic may be to more consciously seek programmatic links between EF's work in small business development and other program concentrations, such as business education and PRIs. Without these links, the Foundation runs the risk of spreading its scarce resources across too many concentrations without having much to show for its efforts.

e. Program-related investments

Last year EF received authorization to initiate program-related investments (PRIs). The first of these was in response to the needs of small business to access capital. Although the Foundation's innovative \$1.0 million small business loan program in Ukraine still has to overcome several remaining obstacles, it has

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the potential to make a contribution to helping small businesses access capital. Perhaps, even more importantly, with appropriate training and support it could be replicated by other banks in the NIS.

In conducting these PRI programs, EF has discovered that they are incredibly demanding on staff. They require a greater level of relevant expertise, scrutiny, and involvement than most other projects. PRIs also have a different standard of success than grants. Given the institution-building and training objectives associated with the small business loan program in Ukraine, a high recovery rate, in and of itself, may not mean that the program is successful. In a PRI, the Foundation needs to be extremely clear about precisely what its objectives are because in some cases a goal of a high recovery rate may conflict with a goal of the broader public good.

Although the reviewers did visit the Aval Bank project and met with the staff involved in the small business loan program both in Washington and Kyiv, we did not specifically evaluate this program concentration. We understand that it will be evaluated separately. The reviewers would hope that such an evaluation would help EF develop clearer measures of success for PRIs, as well as developing more precise means of gauging whether these types of pilot projects can be replicated and under what circumstances.

Although the reviewers were initially quite skeptical about PRIs, especially given possible problems of private inurement associated with successful small businesses, in the course of this review we became convinced that this program fills a definite need that is entirely consistent with EF's mission. It is also apparent that given the small size of these loans, generally \$50k or less, these projects are much too small for other potential funders, such as the European Bank for Reconstruction and Development or the Overseas Private Investment Corporation. However, given the rapidly changing conditions in the NIS it would be useful to frequently assess whether PRIs continue to be an appropriate response, and, if so, in which contexts.

2. Democratic Reform

With 264 grants, more grants have been provided for Democratic Reform than for any other category. Despite the largest numbers of grants, those related to Democratic Reform represent only the second largest category of EF's grantmaking in funds, involving \$8.15 million or 36.4 percent of all grants. Within the broad area of strengthening democratic reform, EF has developed concentrations in NGO (non-governmental organization) development, public administration, and democratic institution building. Generally,

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the numerous public and private funders engaged with Democratic Reform-related projects have been much more interested in NGO development than public administration, although reforming public administration may be as important for the ultimate success of democratic reform.

a. NGO development

This has been perhaps the largest area of the Foundation's work, involving some 110 grants, totaling approximately \$2.3 million. Part of the reason for this large role is that this is a broad category, encompassing a wide range of programs, including management training, infrastructure development, and networking for NGOs. In effect, virtually every project that involves a private NIS partner relates to the NGO development program concentration. Although NGO and/or civil society development has become the mantra for numerous other public and private funders, including AID, EF staff argue that their particular niche relates to working directly, and on a small scale, with NIS private, voluntary organizations. Consequently, there is some reason for staff's sense that, "... the Foundation is possibly the most useful donor to the NGO sector in most parts of the NIS."⁸ In fact, this sense was confirmed by a recent report on the NGO sector in Russia.⁹

The principal technique that the Foundation has used to support NGOs has been "competitions." These competitions generally involve public announcements inviting proposals for EF support in a particular geographic area. These competitions are extremely staff intensive, since the staff are often deeply engaged in fielding inquiries regarding the competition, and, in almost every case, providing extensive amounts of technical assistance to the participants. The competitions also involve multiple layers of reviews, most often two rounds by advisory committees before final staff recommendations are made. Virtually every field office has held or plans to hold a form of "NGO competition."

The reviewers had the opportunity to observe the second round of an NGO competition hosted by the Moscow office. The advisory committee had a mix of Russian NGO leaders and Americans who were engaged in the NGO sector in Russia. The advisory committee members seemed remarkably well prepared, with detailed notes on each of the proposals under consideration.¹⁰ The conversation among the committee members was extremely frank and lively. The process, by virtue of its openness and integrity, seemed to reinforce the Foundation's goal for this program concentration.

In the reviewers' visits to other field offices we also discussed their competitions. While generally these are extremely effective devices for learning about a substantive field or geographic area,

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they have a number of disadvantages, including the fact that they are a relatively coarse grantmaking instrument. Unless refined and carefully targeted, they can impose excessive burdens on staff and advisory committee members, as the staff seem to increasingly recognize. Without this refinement it is unlikely that in the future the investment of time, energy and talent in these processes will be commensurate with the return. Although the Moscow advisory committee members that we saw were clearly engaged in the review process, the reviewers wonder whether some of their enthusiasm and energy might flag after repeated rounds of relatively untargeted NGO competitions.¹¹

Another downside of these broad NGO competitions, which EF's staff freely acknowledged, is that they stimulate significant demand, much of which can not be met by EF given its available resources. When questioned about these competitions, EF's field staff often suggested that any downsides were more than offset by the upsides. The clearest upside was that these competitions enabled EF to learn about many new organizations and to help a good number of them receive funds. Almost all of them would never have been in a position to receive funds previously.

b. Public administration

This program concentration has been an area of moderate interest to the Foundation. In its first two years, EF has made 42 public administration-related grants, involving some \$1.9 million. Although this program concentration was mentioned as a high priority for all the field offices that the reviewers visited, it did not seem especially well defined. While the Foundation does not seem to have a particular substantive or methodological focus related to this broad field, EF staff suggests that local government reform is the area of highest priority. Given this lack of a particular focus, the Foundation's grantmaking in this program concentration ranges over a very broad, and at times uncertain, terrain. Recently, much of the work has involved support for intensive training for local officials in fields related to the transition process.

Early in its work in this program concentration, EF relied on a large number of partnerships between U.S. and NIS institutions, such as a research and training partnership between California State University/Sacramento and the Institute of Municipal Government in Kaluga. Sister city arrangements were also an early and seemingly effective component of the Foundation's strategy. More recently, an increasing percentage of the activity has shifted to local partners, such as the Academy of Public Administration and Local Government in Ukraine, which the reviewers visited.

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In this concentration, the field offices appear particularly involved in pushing the shift of locus to local partners. For example, the Kyiv office conducted a competition for local level administration. One of the winners of that competition, Kyiv Management Consulting, was one of the most interesting projects that the reviewers visited. Unlike many EF-sponsored projects, this project exclusively involved Ukrainians. Kyiv Consulting is a firm comprised of 6 Ukrainian partners who received advanced training as trainers in Western Europe. As part of the competition, Kyiv Consulting put in a bid to provide training to human resource managers in Kyiv and the surrounding districts. Their strategy is to use these human resource managers as an entry point to other public managers. Although they are a for-profit entity, all of the partners of Kyiv Consulting are interested in doing some public-sector work. As a Ukrainian owned and operated organization, there is little question whether this organization will outlast EF's funding, which is an extremely modest portion of their annual operating budget. Thus, in this project, unlike many other funded by EF and other donors, sustainability is not a central issue.

c. Democratic institution building

Democratic institution building has involved some 41 grants, totaling \$1.7 million. The largest activity involves a series of grants to Western institutions on issues related to the social sciences or elections. Examples include support for the Civic Education Project, which places recent social science graduates in teaching and policy advising assignments in the NIS. Other large grants include a joint effort between Freedom House and its Ukrainian partners, Democratic Initiatives, and an effort by the New School to develop social science curriculum and joint teaching programs in Ukraine and Armenia.

Without doubt this is an important area of grantmaking that is clearly consistent with EF's mandate. In some ways, virtually everything that the Foundation does somehow relates to this program concentration. However, institution building as a program concentration per se seemed to be less coherent and defined than many of the other program concentrations. Unless a clearer strategy is developed, the Foundation's efforts in this area should be deemphasized.

3. Media and Communications

Some 158 grants, totaling \$4 million or 18 percent, relate to this program concentration. In its efforts to pay particular attention to media and communications, EF has focused especially on the regional press and strengthening electronic communications. While

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in some ways everything that the Foundation does could have a media and communications component, EF has decided to have a discrete program area to express its programmatic interests in media and communications. In fact, the reviewers were somewhat surprised, given the ever-increasing costs of telephone and fax use in the NIS, that computer communication was not an integral part of every project. At this stage of EF's development, it seems reasonable that every grantee should receive a modem and basic training in the use of e-mail.

a. Regional media

Consistent with the Foundation's general interest in supporting efforts to help decentralize the formerly centralized states, EF has supported the fledgling movement towards regional media. In this regard, EF has made approximately 112 grants, involving some \$2.5 million. (This can be divided roughly into two components: 92 grants for \$1.4 million to print media and 20 grants for \$1.1 million to broadcast media). This has included press competitions in the Volga and Ural regions, as well as modest support for an innovative civic literacy project in the town of Marx, in the Saratov oblast, which the reviewers visited.

The Foundation has also supported programs in broadcast media, such as an innovative and highly successful news program called Nova Mova in Ukraine. In addition, EF has funded a number of projects addressing media policy issues, as well as supporting the Russian-American Press Information Center's efforts to expand its activities outside of Moscow, in Ekaterinburg and Rostov. Generally, the Foundation's projects in this concentration do not seem to have a clear programmatic or methodological focus. Selection seems to be more opportunistic than programmatically-driven. While the individual projects seem meritorious, in this area it is unclear whether there is any real "gestalt" associated with these activities, since it is not apparent that the total effect of these projects is greater than the sum of its parts.

b. Strengthening electronic communications

Since its inception, strengthening electronic communications networks in the NIS has been a key part of EF's grantmaking strategy. This is an entirely appropriate focus. In some ways, EF helped pioneer this approach in an area that is central to strengthening democracy. Among private funders, the Soros network of foundations shares this interest. To date, EF has made a modest, but important, effort in this regard. It has provided \$1.5 million for 42 projects related to establishing or strengthening electronic communications networks. Examples include a series of grants to the International Research and Exchange Board (IREX).

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These projects have generally aimed at increasing low-cost access for NGOs, universities, and other non-profit organizations.

During the site visits, the reviewers did not visit any of the electronic project sites in Central Asia per se, but we did have the opportunity to discuss these projects with EF staff and grantees, as well as others who were the beneficiaries of these projects. We also discussed these electronic projects in other contexts (e.g., through e-mail interviews). Our sense is that this is an extremely important sphere of grantmaking, but there are considerable institutional and infrastructural impediments which make success difficult to achieve without significant involvement of other partners. For example, the \$95k grant to establish a basis for a nation-wide electronics communications network in Kyrgyzstan is dependent upon a much larger, and as yet unrealized, commercial investment. Also, due to infrastructural issues beyond EF's control, Silk Net, the Foundation's electronic bulletin board in Central Asia, has encountered more start-up difficulties than originally anticipated.

These comments are not to suggest that the Foundation is not doing important work in this program concentration or that it should discontinue work with electronic communications. Rather, it is to suggest that there are considerable impediments to successful interventions in this sphere, and to recommend that EF maintain this focus, while being modest about what it can accomplish, and perhaps more consciously integrating concerns regarding electronic communications into other program concentrations. It seemed to the reviewers that the projects that were most successful were those that had electronic communications as one component rather than the project's exclusive focus.

IV. Evaluation

To date, the Foundation has relied on a number of different mechanisms to evaluate its activities. These include evaluations of specific projects or groups of projects, broader evaluations of programs, including the one done by Harley Balzer and this mid-term evaluation, or a more process-oriented review such as the one conducted by Sheila McLean. In this fiscal year, EF expects to evaluate 16 percent of its grants. While these evaluation mechanisms are adequate, the Foundation could, without detracting from its ongoing activities, strengthen these mechanisms in ways that build greater effectiveness.

For example, at its recent program staff meeting in Huta there were discussions about plans to make greater use of "trained outside evaluators." While these are potentially useful, the Foundation may want to consider how more of this work can be done internally.

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In the reviewers' experience foundations are more likely to learn about their grantmaking if they undertake some of these reviews and evaluations themselves. Therefore, the Foundation may want to consider further institutionalizing evaluation and perhaps assigning a senior staff with the responsibility for designing, monitoring, and reviewing these evaluations. If this had occurred, EF may have made more readily apparent progress toward responding to Sheila McLean's suggestion that the Foundation "give more attention to building evaluation criteria into grants when they are made so that a grant can be assessed and its part in a larger picture understood."¹²

Conversations with staff and a review of the grants made does suggest, as Sheila McLean stated, that evaluation criteria are not clearly defined and consequently sometimes the "larger picture" is lost. A better and more fulsome evaluation process may help keep that picture in sharper focus. However, this can not be done in isolation. The reviewers think there is an ineluctable connection between developing a better strategic planning process and an enhanced evaluation process. One without the other is insufficient. Although this is a challenge, the reviewers think that, if given appropriate attention, it is manageable.

V. Institutional Relationships

To succeed, the Foundation needs to manage an unusual number of complex institutional relationships. These include the internal relationships between field and headquarters staff, staff and the board, as well as between the Foundation, AID missions, U.S. embassies in the NIS, AID/Washington, the State Department, and the authorizing and appropriating committees of the Congress. It is also important that EF have cooperative relationships with other public and private funders active in the NIS and in its areas of substantive interests.

For EF, clearly the central institutional relationship is with AID. The Foundation seems to have succeeded well in managing this complex and potentially problematic relationship. The Foundation has generally established good working relationships with AID/Washington and most AID Missions in the countries where it is working. AID, for the most part, seems supportive of the Foundation and not overly intrusive, although there is apparently some variation among the Missions.

Although this seems to have been a difficult challenge for parts of AID, EF has developed these relationships while encouraging AID to respect its independence. AID has provided EF considerably more latitude than other grantees, such as not requiring approval--but mere notification--before EF staff travel in the region, and

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authorizing use of grant funds for fundraising purposes. Without autonomy in decisionmaking, the reviewers think that it would be unlikely that the Foundation could fulfill its basic mission of being a rapid-response mechanism, providing timely, on-the-ground assistance through mainly small grants in areas where most U.S. official assistance does not reach.

Despite this uncharacteristic latitude, EF, on some level, is still too closely tied to AID to be truly independent. Both the Board and the Washington staff seem to spend extensive amounts of time and energy in managing the relationship with AID, especially related to funding issues. This, in some ways, may inhibit EF's effectiveness in the field. This will continue until EF can significantly diversify its funding.

Regarding other relationships, EF has also partnered well with a number of private foundations, especially the Soros Foundation. With Soros there are numerous examples of a mutually productive relationship that extends beyond joint funding to sharing of ideas and approaches. Despite frequent rhetoric to the contrary, this kind of partnership between Soros and EF is relatively rare. This partnership is possible since there is considerable overlap in geographic distribution and programming, yet there is still enough difference so that there can be considerable complementarity. The reviewers were also pleased to hear that the Soros staff recognize the grantmaking expertise of their EF colleagues. In one case, a Soros staff suggested that although Soros is considerably larger, has more staff, and has been grantmaking longer in the NIS, "We now look to EF for their expertise."

The Foundation is also seeking to develop other institutional relationships, especially with multilateral institutions. Although EF has not entered into long-term and sustained relationships with the major multilateral funding agencies, such as the World Bank and the European Bank for Reconstruction and Development, it appears as if there are open and frequently used lines of communication between them. If the consortium on economics education comes to fruition, that would be a major accomplishment for the Foundation, resulting in another significant set of institutional relationships.

VI. Conclusions

In its first two years of grantmaking, EF established an enviable track record, one which is unsurpassed by other public and private funders operating in the complex NIS environment. The Foundation has demonstrated that it is highly effective at providing rapid response to requests for mainly modest support from local organizations in the NIS.

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There are numerous reasons for the Foundation's success. Among the most important are its energetic, highly-motivated, primarily local staff, who have been empowered to make decisions. This has enabled the Foundation to relatively rapidly shift the locus of its grantmaking away from U.S.-based institutions to NIS partner institutions.

The organization's structure, with its "on-the-ground" presence and relatively broad reach, aided by its "responsive" grantmaking style, is another important reason for EF's success. The Foundation has had a remarkable accomplishment in establishing, in under two years, six offices in the NIS and training local staff to make grants. There is no other organization that has a comparable track record.

Regarding substance, it is much more difficult to assess how successful the Foundation has been. Part of the explanation for this are the measures of success. If EF's grants are measured against the ambitious goals of "promoting and strengthening market economies and institutions concerned with representative government in the NIS," clearly, two years is insufficient time to make discernible progress against those goals. Twenty-two million dollars is also clearly inadequate for these purposes.

However, if the grants are measured by what they are individually accomplishing, the 25 site visits that the reviewers made suggest that EF's grants are substantively sound and certainly compare favorably with other independent foundations active in the NIS or Eastern Europe. What that means is that EF's grants appear to involve appropriate individuals and institutions, and they are meeting stated objectives that are consistent with the Foundation's overall purposes.

At this point, given its own funding situation, EF should probably begin to more clearly conceptualize exit strategies and consider how its projects can be shifted to a self-sustaining basis. The reviewers understand well that there is no simple or single answer to this question. One part of an exit strategy might involve providing grantees with computer communication equipment and training as a part of each grant, as well as covering the costs of their accounts and connect time for a few years beyond the grant period.

Despite EF's impressive track record in its first two years of grantmaking, there are a number of steps that the Foundation could take to increase the likelihood that its grantmaking will have a more demonstrable effect. In particular, EF should:

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♦ *Strive for greater focus in its grantmaking.* This can be done by reducing the number of program concentrations and/or identifying narrower targets within these program concentrations. For example, the Foundation's Economic Reform program seems too broad for a field crowded with other funders, and relies to a large degree on an American model with basically American participants. While the American model is undoubtedly in demand, this heavy reliance on this model has serious implications for the ultimate sustainability of this approach. Greater focus in grantmaking could also involve further integrating Media and Communications projects into the other two programs. In fact, at this point, telecommunications activity could be integrated easily into each grant. (This would also contribute to an important ancillary goal of developing greater synergy among the Foundation's activities, as well as potentially simplifying reporting and information dissemination.) Greater focus in EF's grantmaking could also have some important practical benefits. It could result in substantial reductions in staff time spent on reviewing proposals, thus freeing up the necessary time for program monitoring and development. Thus, even with the same staff resources, EF would likely be in a better position to have a more sustained substantive impact.

♦ *Enhance staff development; especially by improving strategic planning/program development process.* It may be self-evident, but foundations are ultimately only as good as their people. Since virtually all of EF's staff are new to grantmaking, most of the Foundation staff are still proceeding up a relatively steep learning curve. The staff training material that the Foundation has developed is generally quite good, and certainly comparable to that prepared at the best known larger private foundations. EF's senior management seems committed to staff training, but this is an issue that could use further attention. (This relative lack of attention is understandable given the myriad of challenges that any new organization such as EF must inevitably face).

In particular, it might be extremely beneficial for EF to develop a better strategic planning/program development process that more explicitly encourages staff to develop clearer and more identifiable, if not measurable, "targets of opportunity." This planning process would also more explicitly recognize the inherent trade-offs involved in foundation work. Explicit discussion about why some issue areas are pursued and others are not focuses grantmakers' minds in unexpected ways. This greater clarity regarding the specific grantmaking niche that EF is trying to fill in each context will help staff in their interactions with potential grantees. In the reviewers' experience greater clarity also facilitates grant selection, administration, as well as

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monitoring and evaluation. Simply put, investing time in planning pays dividends.

♦ *Develop a greater variety and more sophisticated use of grantmaking tools.* Competitions, as discussed, are an extremely effective grantmaking tool. However, they are not appropriate in every situation or at all stages of program development. Thus, it would be beneficial if the Foundation could develop a wider variety of grantmaking tools, such as targeted competitions, invited proposals, as well as greater use of staff-developed projects that consciously seek to build on previous and point toward future activity.

♦ *Develop a greater emphasis on sustainability.* To date, EF has seemed more focused on starting or strengthening institutions than developing concerted approaches to ensuring the sustainability of its partner organizations. Given its own uncertain funding situation, EF is perhaps ideally suited to work with its NIS partners on the issue of sustainability. Such work will necessarily go far beyond financial sustainability to address issues such as leadership, governance, administration, and staffing. The concern of sustainability should be embedded into every aspect of program work, and the Foundation should more consciously strive to consolidate its efforts building on earlier activities. The reviewers expect that by making a more concerted effort in this regard EF can have a much greater impact, regardless of what its ultimate longevity might be. In fact, there is probably no more important issue for the Foundation to help its NIS partners systematically address.

APPENDIX A: Interviews

11 May	World Bank	Robert Beschel
22 May	IREX	Mark Pomar
24 May	Eurasia Foundation DC	Bill Bader
08 June	Georgetown University	Harley Balzer
09 June	Office of Budget Management	Ron Silberman
13 June	Eurasia Foundation DC	Craig Sarsony
13 June	Eurasia Foundation DC	Eugene Staples
15 June	Carnegie Endowment, formerly of the Ford Foundation	Paul Balaran
15 June	Eurasia Foundation DC	Greta Bull
21 June	Pew Economic Freedom Fellow	Constantine Rizhinashvili
22 June	Eurasia Foundation DC	Kathryn Wittneben
22 June	Woodrow Wilson Center	Julia Smith
23 June	USAID DC	Hans Shrader
26 June	World Bank/Pew Economic Freedom Fellow	Olga Arkhangelskaya
28 June	AIBEC	Ed Dolan
30 June	Eurasia Foundation Moscow	Yelena Yartseva
30 June	Eurasia Foundation Moscow	Olga Lapunova
30 June	Eurasia Foundation Moscow	Horton Beebe-Center
30 June	USAID auditor (at EF Moscow)	David P. Young
30 June	New Economic School, Moscow	Gur Ofer, Barry Ickes, Danny Kahn, Valery Makarov
30 June	Prison Reform Center, Moscow	Valery Abramkin, Valery Sergeev

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30 June	Russian-American Press and Information Center, Moscow	Peter Klebnikov, Renny Hart
01 July	Eurasia Foundation Moscow	Board for NGO Competition (Yuri Dzhibladze, Lisa Hoffman, Igor Donenko, Kate Young, Andrei Vakulenko, Martina Vandenberg, Dmitri Daushev, Yelena Topoleva, Kevin Gardner, Irina Tsareva)
03 July	Saratov Business Center	Vladimir Koulikov, Bob Giovannini, Elena Malyavskaya
03 July	Russian American Cultural Center, Saratov	Asad Haroon
03 July	Association of Doctors/ "Health to Children" (at EF Saratov Office)	Tatyana Grazdova
03 July	Business English at Foreign Language Dept, Saratov State University	Yelena Abrosimova
03 July	Foundation for Support of Families and Children (at EF Saratov Office)	Tatiana Innozemtseva
03 July	Eurasia Foundation Saratov	Igor Bobrowsky
03 July	Eurasia Foundation Saratov	Irena Klokotova
03 July	Eurasia Foundation Saratov	Irina Tsareva
04 July	Marx Journalists Union, Peremena	Mikhail Sokhinov, two youths involved in paper (Lena and Olga)
05 July	Eurasia Foundation Central Asia	Fred Smith, Jamilla Babajanova

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05 July	Interlegal, Almaty	Sergei Zlotnikov, Vadim Nee
05 July	Green Salvation, Almaty	Sergei Kuratov
06 July	International Univ. of Kyrgyzstan San Francisco State Project, Bishkek	Asylbek Aidaraliev, Nurgul N. Djanaeva, Valery Zhivoglyadov
06 July	Kyrgyz State University American School, (Nebraska University), Bishkek	Camilla Sharshekeeva
06 July	The Citizens Network (Counterpart Consortium Partner), Bishkek	Thomas J. Carmody
06 July	International Center "Interbilim" of the Kyrgyz Republic, Bishkek	Asiya Sasukbaeva
07 July	Kyrgyz Technical University, Press/Media Center (Kansas University), Bishkek	Ryspek Usubamatov
07 July	US Embassy, Bishkek	Ambassador Maloy, IREX rep. Jonathan Korn
08 July	ISAR, Almaty	John Sturino
08 July	Counterpart Consortium, Almaty	Leonard Klein
10 July	Eurasia Foundation Kyiv	Sergei Konoplyov
10 July	Association of Local and Regional Authorities	Boris Ivanovich Mechinsky
10 July	Eurasia Foundation Kyiv	Valeriy Oliynyk
10 July	Academy of Public Administration, Kyiv	Glen Wright, Anatoly Oleksienko
10 July	Kyiv-Mohyla Academy, Kyiv	Oleksandr Yastremsky

APPENDIX A: Interviews

11 July	Kyiv Management Consulting	Andrei Sosnovsky, Vladislav Kadloubitsky, Nataly Lisun
11 July	Democratic Initiatives, Kyiv	Ilko Kucheriv, Evhen Golovakha
11 July	Petro Mohyla Business Center	Yuri Marchenko
11 July	Eurasia Foundation Kyiv	Sergei Perepelitsyn
12 July	USAID Kyiv	Patricia Liefert
12 July	PERU	David Snelbecker, Colin Harper, Natasha Shevchuk
12 July	Renaissance Foundation, Kyiv	Oleksander Sydorenko
12 July	Avalbank, Kyiv	Wendy Jaggerson, Julia Bereschenko, Oksana Motornaya
13 July	Nova Mova, Kyiv	Alexander Tkachenko
20 July	Representative of Internews and former EF consultant (via e-mail)	Eric Johnson
04 Aug	US-Russia Business Council	Eugene Lawson
09 Aug	Brookings Institution/EF Board	William Frenzel
17 Aug	Steptoe and Johnson/EF Board	Sarah Carey
21 Aug	Ford Foundation	Joseph Schull
25 Aug	IREX	Daniel Matuszewski, Robert Huber
19 Sept	University of Pittsburgh	Daniel Fogel

APPENDIX B: Site Visits

DATE	ORGANIZATION	CONTACT	LOCATION	FIELD	SUBJECT	SUSTAINABILITY?	IMPRESSIONS
30-Jun	New Economic School	Makarov	Moscow	EC REFORM	EC ED	Possible, not in near term.	Excellent program. Extensive American involvement may complicate indigenizing efforts.
30-Jun	Prison Reform Center	Abramkin	Moscow	MED/COMM	BROADCAST	Highly dependent on single personality.	Necessary function, but EF money could be used better elsewhere.
30-Jun	Russian-American Press and Information Center	Klebnikov	Moscow	MED/COMM	BROADCAST	Not charging fees, prominently run by Americans, not likely without re-thinking.	Great service to the community at no cost, great space. Why not a Russian-run center?
03-Jul	Saratov Business Center	Koulikov	Saratov	EC REFORM	SMALL BUS DEV	Willing to charge, understand necessity of self-sufficiency, can do so in future.	Good programs, willing people, not overly-American run (PC), branching out. Good local contacts.
03-Jul	Association of Doctors: "Health to Children"	Grazdova	Saratov	DEM REFORM	NGO DEV	Mostly volunteer run, so possible.	Filling important need, also serves as link to other NGOs in area, capable leader.
03-Jul	Russian American Cultural Center	Haroon	Saratov	DEM REFORM	NGO DEV	Now nominal payment, more in future.	Good program, but what happens when the PC volunteer leaves? No apparent training of Russians to take over.
03-Jul	Business English, Saratov State University	Abrosimova	Saratov	EC REFORM	BUS ED	If can keep texts, train teachers, possible.	Very ambitious program. No links to other likely programs (Saratov Business Center). Have used money and texts well thus far.
03-Jul	Foundation in Support of Families and Children	Innozemtseva	Saratov	DEM REFORM	NGO DEV	Possible. Many volunteers, advertise by success, have govt. support as well, volunteers creating own projects.	Acts as an umbrella organization, and thus serves the entire NGO sector; no problem getting volunteers.
04-Jul	Marx Journalists' Union	Sokhin	Marx	MED/COMM	PRINT	Not charging for services, but should be able to get money from selling the papers, and if expand to broadcast/radio.	Good program, clearly planned, obvious impact through direct line and polling, as well as in the outspoken nature of the youths involved, plan to replicate it and to expand to other media genre.

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DATE	ORGANIZATION	CONTACT	LOCATION	FIELD	SUBJECT	SUSTAINABILITY?	IMPRESSIONS
05-Jul	Liana Conference	Kenesbaeva	Almaty	DEM REFORM	NGO DEV	N/A	Conference brought women business leaders from all over the region.
05-Jul	Interlegal	Zlotnikov	Almaty	DEM REFORM	NGO DEV	Admit have no income sources, but always looking for new funders.	Seem to be performing needed consultations, also effecting govt., many future plans but few funds.
05-Jul	Green Salvation	Kuratov	Almaty	DEM REFORM	NGO DEV	Yes, with help from other sources.	Haven't used email to disseminate info because costs too much; have definite audience for the information, continue working to get it out.
06-Jul	International University of Kyrgyzstan	Aidaraliev	Bishkek	EC REFORM	EC ED	Have enough students (550) to be sustainable in future if charge fees.	Good idea to take best aspects of both Soviet and American curriculae/systems; seem to have benefitted from their training sessions, still in process of curriculum writing.
06-Jul	Kyrgyz State University American School	Sharshekeeva	Bishkek	EC REFORM	BUS ED	Getting money from sponsors, want to live on alumni donations-- may be possible in far future.	Have computers that they are not using at all, still very political. Students pleased, striving to get experience even while studying, willing to go through the difficult curriculum to "open their own business".
06-Jul	Interbilim	Sasukbaeva	Bishkek	DEM REFORM	NGO DEV	Discussing ways to become self-sufficient, shies away from charging for services.	Important umbrella organization, as sector becomes more developed, should become unnecessary. Have no type of feedback, leader admits she is not trained enough herself to help others go beyond a certain point.
07-Jul	Kyrgyz Technical University	Usubamatov	Bishkek	MED/COMM	BROAD/PRINT	Have enough students to sustain program, but have yet to actually begin work on the center.	Seminars were a great success, some question as to motives for opening the center. Are searching constantly for funders. No concrete results of project just yet.

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DATE	ORGANIZATION	CONTACT	LOCATION	FIELD	SUBJECT	SUSTAINABILITY?	IMPRESSIONS
10-Jul	Association of Local and Regional Authorities	Mechinsky	Kyiv	DEM REFORM	PUB ADM	A good amount of interest has been shown in the Councils; project could support itself through membership fees.	Successful in bringing together the local council members, but other groups exist to do so already. Stress placed on non-partisan character of the association. Have set up new contacts and are discussing various models.
10-Jul	Academy of Public Administration	Oleksienko	Kyiv	DEM REFORM	PUB ADM	Likely to be sustained after grant, with 5-6 applicants per space.	Admit to problems inherent in extensive use of interpreters in classes; Ukrainian-language materials are lacking, but they are publishing their own.
10-Jul	Kyiv-Mohyla Academy	Yastremsky	Kyiv	EC REFORM	EC ED	Most of the project's budget supplied by the govt.; also funds from Soros. Likely to be sustainable, with 5 applicants per space.	School is well known; program involves mostly texts and faculty workshops.
11-Jul	Kyiv Management Consulting	Sosnovsky	Kyiv	DEM REFORM	PUB ADM	Definitely self-sustainable. Conducting many projects, already charging fees depending on the service and the client, future plans well conceived.	Have govt. support, allowing govt. participants flex-time hours; programs are clear and concise; instructors very well trained (TACIS). Have own equipment, participants must contribute to costs of program. Likely to be replicated throughout local govt. bodies.
11-Jul	Democratic Initiatives	Kucheriv	Kyiv	DEM REFORM	NGO DEV	Exploring funding by private organizations or through TV programs; could be self-sufficient in the future.	Filling a need for reliable social science data, many worthy partner organizations, use independent experts; may be too close to Rukh party.
11-Jul	Petro Mohyla Business Information Center	Marchenko	Kyiv	EC REFORM	SMALL BUS DEV	Not charging for services, haven't thought about self-sufficiency or expansion yet. In current location, probably cannot be sustainable.	Location is horrible, difficult to access, uncertain input, some overlap.
12-Jul	PERU	Snelbecker	Kyiv	EC REFORM	EC ED	Not without charging or government (like CRS) or outside support.	Impact is apparent-- deputies are using the materials on the parliament floor, have the interest to make an impact. Question of their own expertise?

APPENDIX B: Site Visits

DATE	ORGANIZATION	CONTACT	LOCATION	FIELD	SUBJECT	SUSTAINABILITY?	IMPRESSIONS
12-Jul	AVAL Bank	Jaggerson	Kyiv	EC REFORM	PRI	Yes, if can train the bankers well.	Has great educational impact, even if loans aren't recovered (both for bank employees in Kyiv and in branches and for those trying to get loans, who are taught how to write business plans); the bank's own restrictions may defeat the purpose of helping small, new businesses get off the ground.
13-Jul	Nova Mova	Tkachenko	Kyiv	MED/COMM	BROADCAST	Yes. Have 20-40% of the population watching each week, already 70% is funded by advertising time, and 20% by sponsors.	High quality show, lots of viewers and need, run by competent president who is obviously able to get sponsors and money for present and future plans. Couldn't the same results have been achieved through Nova Mova's own resources and advertising base, so EF could use its resources elsewhere?

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Endnotes

1. This report could not have been written without the cooperation of the Foundation's Washington and field staffs. We are especially grateful to Rocky Staples for his guidance, and Beverly Pheto, Kathy Carley, Craig Sarsony, and Dimeterice Chandler who responded quickly to a myriad of requests involved with this evaluation. We also appreciate the time that the field staff spent with us, in particular, Fred Smith and Jamilla Babajanova, who traveled from Tashkent to meet Q & A in Almaty and then accompanied us to Bishkek.
2. Please see Appendix A for a list of interviews undertaken for this mid-term evaluation and Appendix B for the projects visited.
3. This panel involved Dr. Ed Sanders, President of Sanders International, who has a broad background on economic reform issues; Dr. Juliana Pilon, Director of Programs, International Foundation for Electoral Systems, who has extensive experience in political reform-related issues; and Dr. Harley Balzer, Director of the Russian Area Studies Program at Georgetown University, who has broad experience in media and communications issues in the NIS. Dr. Balzer was the author of an earlier program review, upon which this report draws, entitled, Evaluation of Eurasia Foundation Program Development.
4. See Sheila Arvin McLean's report entitled, Report for the Eurasia Foundation: Grant Decision Making Processes.
5. The program description included with the grant letter of May 18, 1993 describes EF's work as being in Economic Reform, Education and Training, and Democratic Reform. It further suggests that in all its work the Foundation should emphasize media and communications. Recognizing that there are obvious overlaps among these areas, EF's board interpreted this mandate as involving three areas and established guidelines for the Foundation's work by suggesting approximate allocations among the areas of economic reform, democratic reform, and media and communications. Although there have been some changes of emphasis within these three areas, the Foundation has basically adhered to these three substantive fields since it began grantmaking.
6. See "Technical Paper for Internal Discussion-- Competitions," dated August 5, 1995 and prepared by Greta Bull, p.2.
7. See, for example, the side-by-side table on the site visits that includes the reviewers impressions regarding the sustainability of the projects visited.

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8. Rocky Staples, Draft Memorandum, "Discussions at Huta Field Staff Meetings, August 3-7, 1995," p.5.

9. In fact, the NGOs surveyed in Russia suggested that, "The Eurasia Foundation has clearly amassed knowledge, skills and a powerful reputation among regional NGOs for being among the first Western technical assistance organizations to provide concrete support." "The NGO Sector in Russia: Challenges and Trends," a July 13, 1995 report prepared by Lisa Hoffman, p.13. This report is filled with many good ideas, but could be improved if it recommended clearer priorities for future activities and helped the Foundation better internalize the concept of opportunity costs.

10. Relative to numerous other advisory committee processes that the reviewers either observed or participated in, the committee members were among the most prepared and the process among the most deliberative.

11. If implemented, the recommendations in the August 5 technical paper mentioned earlier should alleviate many of these problems associated with competitions.

12. Grant Decision Making Processes, p.26.