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CENTER FOR TRADE AND INVESTMENT SERVICES

Business Resource Guide for the New Independent States of the Former Soviet Union

What is USAID?	1
Center for Trade and Investment Services.....	2
USAID Procurement Process.....	3
USAID Country Profiles.....	8
Selected USAID Business Support Programs.....	30
Eurasia Foundation.....	35
USAID Enterprise Funds.....	37
Investment Funds and SME Credit Programs.....	39
Trade Finance for US Companies.....	48
Pre-Project Finance.....	50
Investment Insurance.....	50
Project Finance.....	52
Other US Government Information Service & Business Support.....	55

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**Other free publications available from the
Center for Trade and Investment Services:**

- ◆ *Guide to Doing Business with the U.S. Agency for International Development*
 - ◆ *Guide for Doing Business in Sub-Saharan Africa*
 - ◆ *Business Resource Guide for Central and Eastern Europe*
 - ◆ *Asia Business Resource Guide*
 - ◆ *Guide to Business Assistance Programs in Agribusiness*
 - ◆ *Business Assistance Programs in Energy and the Environment*
 - ◆ *Guide to Business Assistance Programs in Housing and Construction*
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If you have questions or comments about this Guide or other USAID programs, or wish to be placed in the CTIS database to receive information via the Business Opportunity Broadcasts, please call (202)663-2667, send a fax to (202)663-2670, or e-mail to dkorsun@usaid.gov.

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

What is USAID?

Since 1961, the U.S. Agency for International Development (USAID) has been charged with implementing programs that further American self-interest and demonstrate American humanitarian concern. Spending less than one half of one percent of the federal budget, USAID works in four interrelated areas crucial to achieving U.S. foreign policy objectives: improving health and population conditions; promoting economic growth; protecting the environment; and supporting democracy. In addition, USAID's assistance to victims of famine and other natural and man-made disasters saves thousands of lives every year.

Why Foreign Aid?

Foreign aid addresses fundamental threats to American security in the post-Cold War era. This new generation of threats is marked by the breakdown of international order, mass migrations, and the failure of nations. Foreign assistance is a vital foreign policy tool for preventing crises and avoiding the high cost of peacekeeping and emergency relief operations. Also, by fostering an enabling environment for free markets and increasing the economic capacity of developing nations, foreign aid creates markets abroad for U.S. goods and helps ensure the economic well-being of the United States into the next century. By the year 2000, four out of five consumers will live in the developing world. Last year alone, U.S. exports to developing countries grew by over 14 percent.

Results

U.S. foreign assistance has contributed to major breakthroughs like the "Green Revolution" in India, the worldwide eradication of smallpox, the widespread use of oral rehydration therapy to save the lives of millions of children each year, and the holding of free elections in countries like South Africa and El Salvador. The lives of more than 3 million children are saved every year as a result of USAID-sponsored immunization programs. USAID assistance also has helped millions of entrepreneurs (many of them women) start or improve their own small businesses. These are just some examples of the successes of U.S. foreign assistance programs.

Reinvention

Under the leadership of Administrator Brian Atwood, USAID has undertaken a rigorous program of reform designed to create an agency that can achieve results.

In the last year, Atwood announced the closure of 21 USAID missions around the world, enabling the agency to adopt a more focused and strategic approach in the countries where USAID continues to have missions. This year, USAID is reforming its personnel and procurement systems and USAID continues to be one of the lead agencies in the National Performance Review.

USAID'S Approach

USAID uses foreign assistance as a foreign policy tool to effectively move nations toward free markets, free governments, and greater prosperity. U.S. foreign assistance is also used to respond to pressing humanitarian crises around the globe and to help the victims of floods, famine, and war.

Open governments and open markets go hand in hand. When considering a nation for development assistance, USAID looks at a number of important factors including: strategic interests, a country's commitment to social and economic reform; a willingness to foster democracy; and the ability of a nation to work as a good development partner.

Most economists agree that significant economic growth and a better quality of life do not come from economic policy alone. Economic growth is spurred by a proper blend of good government, sound economic policies, and investments in key social sectors like education, health, and environmental protection. USAID's programs help create an enabling environment for economic growth and higher standards of living by focusing on the four areas that have

the greatest impact in the developing world today: economic growth, democratic governance, population and health concerns, and environmental policy. Development programs in all four areas reinforce one another. To promote development, USAID works in close partnership with other U.S. government agencies, U.S. business, private voluntary organizations, indigenous groups, and universities.

USAID is based in Washington, but derives its strength from its field missions abroad. USAID staff work with teachers, farmers, microentrepreneurs, nurses and other members of the local community in Africa, Asia and the Near East, Latin America and the Caribbean, and Central and Eastern Europe and the New Independent States of the former Soviet Union.

CENTER FOR TRADE & INVESTMENT SERVICES (CTIS)

The USAID Center for Trade & Investment Services is a Washington-based information center providing a central point of contact at USAID for the U.S. business community, and a vital link with USAID and the developing countries it serves. USAID plays an important role in developing markets and creating economic opportunity for U.S. companies in the developing world, and is a valuable source of commercially relevant information about developing country economies.

The Center is the focal point in USAID for information collection and dissemination on the Agency's programs and activities in development-related sectors, such as environment, energy, agribusiness, health, and training. CTIS ensures that the opportunities and information generated by USAID activities are made available to the U.S. business community. CTIS serves to educate the public about USAID and its missions in order to broaden the participation of businesses and private voluntary organizations (PVOs) in sustainable development, and to encourage the U.S. business community to respond to opportunities generated by USAID's development activities.

The Center is set up as an information clearinghouse with regional analysts specializing in the USAID-assisted countries in Asia, Africa, Latin America and the Caribbean, Near East, Central and Eastern Europe and the New Independent States. Clients ranging from U.S. and developing country firms, PVOs, other U.S. government agencies, international organizations and foreign governments can access CTIS by a toll-free 1-800 number (within the continental United States), phone, fax, mail, or on-line through Internet. Each request is handled on a one-on-one basis to ensure that assistance is appropriate and timely.

CTIS offers valuable counseling assistance to small and medium businesses interested in pursuing contracting and procurement with USAID and proactively distributes materials on these opportunities. By providing information about process, procedures, programs, and opportunities, CTIS helps to foster a larger, more competitive pool of knowledgeable and qualified companies that can bring new ideas and solutions to development work with USAID.

On behalf of its clients, CTIS has undertaken many initiatives to offer greater access to information, assistance and opportunities:

- ◆ **Established networks:** CTIS has established close working relationships with development and business organizations, whose established networks "multiply" the reach of its information. Among these are the National Association of State Development Agencies, the Small Business Foundation, World Trade Centers, and Chambers of Commerce. CTIS also coordinates closely with other U.S. Government agencies, especially the Commerce Department, Trade and Development Agency, Overseas Private Investment Corporation, Export-Import Bank, Small Business Administration and the Environmental Protection Agency.
- ◆ **Information systems and publications:** CTIS develops and disseminates sector-specific guides to USAID programs and information. For example, in response to the great demand by CTIS clients for information, assistance and financing for environmental and energy business ventures, CTIS produced the *CTIS Guide to Business Assistance Programs for Energy and the Environment*.

- ◆ **Business Opportunities:** CTIS utilizes advanced computer and communications technologies that offer innovative vehicles for disseminating opportunities. CTIS has developed an automated fax broadcast system, the *CTIS Business Opportunities Broadcast*, to disseminate timely and relevant information about USAID opportunities. CTIS derives targeted groups from its client database of over 10,000 companies and broadcasts information via fax-modem. CTIS utilizes Internet to receive requests and provide responses, and to access research databases.
- ◆ **Resources:** The CTIS staff works closely with the professional and technical staff located in Washington, D.C. and the field missions, and with the numerous contractors and private voluntary organizations implementing USAID programs overseas. CTIS has built a wide network of government and private sector contacts in developing countries.

In addition to CTIS in Washington, DC, USAID has outreach offices on the West Coast, Portland, Oregon and Long Beach, California, and in the Midwest, Chicago, Illinois. The **USAID West Coast Outreach Program** can be contacted at the following addresses: One World Trade Center, Suite 1670, Long Beach, California 90831. Tel: (310) 980-4550. Fax: (310) 980-4561. Internet: USAID.WCO@ORTEL.ORG; One World Trade Center, Suite 240, 121 SW Salmon Street, Portland, Oregon. Tel: (503) 229-6734, ext. 229. Fax: (503) 229-6113.

The **USAID Midwest Business Opportunities Center** serves the states of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Wisconsin. Contact: 200 World Trade Center, Suite 929, Chicago, Illinois 60654. Tel: (312) 467-0550. Fax: (312) 467-0615.

HOW TO FIND OUT ABOUT U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT PROCUREMENT PLANS

WHAT DOES USAID PURCHASE?

- ◆ **Technical Assistance:** Includes contracts for managerial and technical services in projects developed by USAID missions in collaboration with foreign host governments.
- ◆ **Commodities:** Includes equipment and supplies needed to fulfill USAID projects, as well as materials provided through the USAID-funded commodity import programs (CIPs).
- ◆ **Training:** Includes academic or professional training which is a part of the implementation of USAID projects.

HOW DOES USAID ADVERTISE PROCUREMENT OPPORTUNITIES?

Commerce Business Daily (CBD): The CBD includes advertisements for all USAID commodity procurement, technical assistance and training contract opportunities with a value greater than \$25,000, as well as other government procurement opportunities, contract awards, subcontracting leads, and sales of surplus property. Contact the U.S. Government Printing Office at (202) 512-1800 to subscribe to the print version or the U.S. Department of Commerce at (202) 482-0632 for a list of companies marketing the electronic version. The annual subscription cost is \$324.00 for first-class mail and \$275.00 for second-class mail. A six month trial subscription costs \$162.00 for first-class mail, and \$137.50 for second-class mail.

Procurement Information Bulletin (PIB): The PIB is a USAID publication that provides information on USAID financed commodity procurements estimated to exceed \$25,000. These procurements include Invitations for Bids, Requests for Quotations, announcements of prequalification questionnaire availability, and other general

information. Examples of commodity procurement opportunities include medical equipment and supplies, computers, laboratory equipment, and utility vehicles. The PIB is also available on the internet.

USAID Listservers (free of charge):

- To receive Commerce Business Daily announcements via email send the message: "subscribe USAID-CBD-L your name" to listproc@info.usaid.gov. For example: "subscribe USAID-CBD-L Jane Smith". (Do not use quotes.)
- To receive periodical summaries of *USAID commodity procurement opportunities* from the Procurement Information Bulletin send an email to the following address: listproc@info.usaid.gov. In the body of the message include "subscribe PIB-L your name".
- To receive *USAID press releases* via email send the message "usaid_press" to listproc@info.usaid.gov.

Internet: USAID procurement information is now available on the internet, including USAID announcements that are posted in the *Commerce Business Daily* and the *Procurement Information Bulletin*. Interested organizations should use the following addresses: 1) <http://www.info.usaid.gov>; 2) FTP: [ftp.info.usaid.gov](ftp://ftp.info.usaid.gov); or 3) gopher: [gopher.info.usaid.gov](gopher://gopher.info.usaid.gov).

Additional Sources of USAID Information

The **Center for Development Information and Evaluation (CDIE)** serves as the institutional memory for the U.S. Agency for International Development. CDIE maintains a database of over 90,000 USAID-funded programs and project documents. CDIE also provides interested individuals and organizations outside USAID with access to its database. Please contact CDIE through the Development Information Services Clearinghouse to order specific documents or the Development Information Center for general information.

The **Development Information Services Clearinghouse (DISC)** is the repository of USAID's database on USAID-funded programs and projects. If you know the identification number of the document you would like to obtain, you may order it directly from the DISC. The document identification begins with the letters PN- or PD-. There is a charge for some publications. The address for the clearinghouse is 1611 Kent Street, Suite 200, Arlington, VA 22209-2111. Tel (703) 351-4006; Fax (703) 351-4039. E-mail: docorder@disc.mhs.compuserve.com.

The **Development Information Center** maintains reference materials and microfiche access to USAID documents. For general information about USAID or to get order numbers for documents, contact the Development Information Center, formerly known as the AID Library. Reference librarians assist customers Monday through Friday, 10:00 a.m.- 4:00 p.m. The center is located at 1601 N. Kent Street, Room 105, Rosslyn, Virginia. The mailing address is PPC/CDIE/DI, SA-18, Room 105, USAID, Washington, D.C. 20523-1801. Tel (703) 875-4818; Fax (703) 875-5269.

The **USAID Contracts and Grants and Cooperative Agreements with Universities, Firms and Non-Profit Institutions for Fiscal Year 1995** or "Yellow Book" can be accessed and searched via the USAID internet site at <http://www.info.usaid.gov/business/procurement/ybook.html>.

The **Guide to Doing Business with USAID: A Manual for U.S. Businesses Including U.S. Small Business and Disadvantaged Enterprises** includes a general description of the organization of USAID and USAID procurement process. Copies can be obtained by telephoning the Office of Small and Disadvantaged Business Utilization at (703) 875-1551 or the Center for Trade and Investment Services at (800) 872-4348.

USAID BUREAUS

USAID has a bureau in Washington for each region, including Europe and New Independent States (ENI), where the Agency has programs. In 1994, the Agency created the Global (G) Bureau in Washington and, under the Global Bureau, there are five technical centers reflecting the sectors on which USAID focuses on: Center for the Environment and Urban Programs; Center for Population, Health and Nutrition; Center for Democracy and Governance; Center for Economic Growth; and Center for Human Capacity Development. The USAID Center for Trade and Investment Services is a part of the Center for Economic Growth.

USAID BILATERAL PROGRAMS

On an annual basis, USAID prepares the Congressional Presentation (CP) which outlines programmatic emphases and budgetary levels for bilateral country programs as well as regional programs overseen by USAID/Washington or regional offices overseas. The *Congressional Presentation (CP)* provides a projected programmatic and budgetary overview of USAID activities by country and region for the coming fiscal year. The Fiscal Year 1997 USAID Congressional Presentation may be purchased from the National Technical Information Service at (703) 487-4650 or (800) 553-6847. The main volume (PB96 190 756) costs \$35.00 paper and \$14.00 microfiche; volume II (PB96 190 806) costs \$139 paper and \$57 microfiche; the summary tables (PB96 190 764) cost \$21.50 paper and \$10.00 microfiche; the statistical annex will be available following enactment of the FY 1997 appropriations. The 1997 CP can be accessed via the USAID internet site at <http://www.info.usaid.gov/pubs/cp97/>.

The following are abbreviated synopses taken from information from the Congressional Presentation. For full text, please refer to the CP.

USAID ASSISTANCE IN THE NEW INDEPENDENT STATES

Economic Restructuring

USAID has played an instrumental role in achieving sweeping economic changes, including mass privatization, land privatization, banking systems and energy sector restructuring. Establishment of private property rights and the growth of entrepreneurship have given ordinary citizens a stake in the new economic system. Most countries have made systemic changes such as creation of laws and institutions to permit private business, as well as specific changes in the practices such as adopting Western accounting principles and banking practices. Some successes in the overhaul of these previously command-based economies include the following:

Mass privatization in Russia, which was successfully completed in July 1994 with U.S. assistance, resulted in one of the largest transfers of state-owned assets to the private sector in history and in the creation of over 40 million new shareholders. Today over 60% of gross domestic product (GDP) is generated by the private sector, and almost 50% of Russia's workers are employed in private firms, which is almost three times as many as in 1992.

USAID technical assistance facilitated the opening of the Central Asian Stock Exchange in Almaty, Kazakhstan in April 1995, and the establishment of an independent Securities Commission. These are important steps in the development of secondary financial markets in the country.

Ukraine's thermal power sector is being rapidly transformed from a state-owned monopoly to a competitive private system. USAID assistance helped break down eight mammoth monopolies and reconfigure them into a system of over 33 leaner companies. In addition, U.S. assistance helped create a National Electricity Regulatory Commission, the first of its kind in the NIS, to regulate retail tariffs and ensure fair competition.

In Kazakstan, which energy analysts believe holds a substantial portion of the world's fossil fuel resources, USAID assistance strengthened the oil sector management control systems, and influenced relevant oil and gas laws, tax codes, and export policies. Control systems reforms are helping the World Bank to attract investors for the Zen oil field, currently the largest producing field in the country.

USAID-sponsored grantees helped Russian reformers develop a new Russian civil code which has been hailed as the most important Russian document of the last decade. The code spells out in detail the elements of law essential to market systems: contracts, insurance, liability, torts, leasing, loans and credits, transportation, labor contracts, and securities. Similar codes based on the Russian model were adopted in Kazakstan and the Kyrgyz Republic.

Specific strategic objectives for FY97 are: increased transfer of state-owned assets to the private sector (enterprises, land, housing stock, financial institutions and utilities); sound fiscal policies and fiscal management practices; accelerated development and growth of private enterprises; a more competitive and market-responsive private financial sector; and a more economically sound and environmentally sustainable energy system.

Democratic Transition

Democratic governance is critical to these formerly single party authoritarian state. During the period of communist rule, there was widespread abuse of civil and human rights and little access to information or citizen participation in political decision-making. Now free and fair elections are being held across the region, governments are being decentralized, independent media access is making information available and increasing governmental accountability, and non-governmental organizations (NGOs) are attracting support and influencing policy as they help articulate citizen's needs.

USAID funding has helped establish an alternative television news distribution system in the NIS. In 1995, many of the stations involved in this system gave viewers their only exposure to objective information on the war in Chechnya.

In Georgia, USAID is facilitating greater parliamentary transparency and independence, enabling elected officials to develop reform-oriented policies and laws as a co-equal branch of government. USAID-funded internet access to U.S. and international legal resources supported the drafting of the Georgia constitution and will continue to aid in the country's legal infrastructure development.

Specific strategic objectives for FY97 are: increased, better-informed citizen's participation in political and economic decision-making; legal systems that better support democratic process and market reforms; and more effective, responsive, and accountable local government.

Social Stabilization

When social dislocation is ignored or inadequately addressed, citizens suffer. Citizens associate their plight with reforms, and in some cases have used their newly acquired voting rights to re-elect former communist leaders who exploit these concerns. Neither USAID nor other donors can finance social "safety nets," but can provide targeted technical assistance to strengthen the countries' own social protection systems.

USAID-funded health reform programs in Russia, Central Asia, and Ukraine improved efficiency in 1995 by introducing new reimbursement systems and encouraged facilities to adopt merit-based pay for health

providers. This program encourages the development of private medical practices. This year, nine Russian and sixteen Kyrgyz primary care practices opened, serving as models for others.

In Russia, the Rational Pharmaceutical Management program is helping to reduce waste, and improve resource allocation, use and managerial efficiency. The program already has helped regional authorities save scarce resources through competitive procurement of pharmaceuticals, and prepared the first restrictive drug formulary, which led to the removal of 1,500 costly, unsafe, or ineffective drug products from the market.

Supplemental food assistance was provided to the most economically vulnerable small children and pregnant and nursing mothers in Armenia and Georgia. Food and transport funding was provided to refugees and internally displaced persons through the World Food Program in Azerbaijan and Tajikistan.

Strategic objectives for FY97 are reduced human suffering and crisis impact; improved sustainability of social benefits and services; and reduced environmental risks to public health.

Donor Coordination

Donor coordination has allowed the United States to leverage hundreds of millions of dollars for the region, and to obtain the maximum benefit from limited resources. USAID coordinates its activities with the World Bank, the European Bank for Reconstruction and Development (EBRD), and the European Union (EU) PHARE program. USAID's technical assistance often has set the stage for World Bank and EBRD work in energy, housing, and social sector restructuring loans. For example, USAID's analysis of the Armenian energy sector paved the way for World Bank lending for a major power plant construction program. In Russia, a USAID housing technical feasibility analysis led to a \$400 million World Bank loan.

Resource Allocation and Phaseout Considerations

Country strategies concentrate on core reform areas that are fundamental to creation of democratic market economies. The pace of the transition will continue to vary from country to country. The extent to which systemic reforms are in place is one factor in determining resource allocations and in determining phase-out strategies. Other considerations include host-country performance, effectiveness of USAID assistance and U.S. foreign policy interests. Countries will be assessed individually and flexibly.

In the NIS, progress in achieving fundamental reform also has been uneven and the transition challenge in general remains considerably greater than in Eastern Europe. Economic reform has generally outpaced democratic change. In some cases, such as Russia, the economic reform effort has progressed far enough to begin phasing down technical assistance. A combination of factors, include declining resources, changing conditions in the NIS, and improved reform climates in some countries has led to a shift of emphasis away from Russia toward Ukraine and Armenia. In FY 1994, two-thirds of NIS assistance went to Russia. In FY96 and FY97, the proportion is about one-fourth. The Ukraine and Armenia programs are growing considerably, while solid, but smaller programs will be maintained in Kazakstan, Kyrgyz Republic, Moldova, and Georgia. U.S. technical assistance programs in Russia should end within three years, and in other NIS countries, within five to seven years.

Country Profiles

ARMENIA

Between 1992-1995, USAID primarily focused its resources on humanitarian assistance. Humanitarian assistance will still be required for several more years, but at diminishing levels. Greater emphasis - and a greater proportion of USAID funding - will now be directed to the restructuring of the energy and financial sectors; creating a legal, regulatory, and policy framework for broad-based competition and economic growth; and promoting a democratic transition through better-informed citizen participation in political and economic decision-making.

Selected USAID Programs, FY 1997

Fiscal Reform USAID will assist the Ministry of Finance (MOF), the State Tax Inspectorate (STI), and will coordinate with the Ministry of Economy and the Central Bank of Armenia (CBA) to develop fiscal reforms which lead to an internationally-accepted and market-oriented system of national budgeting, tax codes and administration and accounting systems which encourage private enterprise and investment. Short and long-term technical assistance is being provided to the MOF to improve the methodology for the preparation and administration of the national budget, beginning with the drafting of a new national budget law. Assistance will be given to the STI to achieve a cost-effective and fairly administered system of personal, property and commercial tax codes. USAID's property registration activities will assist the establishment of market-valued methods of property assessment which in turn will expand the municipal revenue base to finance legitimate community services and infrastructure projects. USAID will assist the MOF to develop a government securities program to provide a non-inflationary means to finance the national budget which will provide the banking system with instruments and markets to effectively implement monetary policy.

Principal Contractors, Grantees or Agencies: US Treasury; International City/County Managers Association.

Private Enterprise

With USAID assistance the Ministry of Economy and Parliament enacted the first market-oriented real estate law and the first condominium association law in the former Soviet Union. USAID also assisted with the drafting of bankruptcy and mortgage laws. These laws are important to develop real estate markets, ensure legal property rights and create market values for taxing real property. The USAID-funded Center for Economic Policy Research and Analysis (CEPRA) was established to provide technical assistance and training to better enable policy-makers (Government, Parliament and Executive branches) to formulate market oriented economic policies based on accurate measurement of key macroeconomic indicators and projected impacts of alternative policies. CEPRA will also provide policy and legal assistance to develop a commercial code to support private enterprise and will provide training for lawyers, judges and business persons in adjudication of commercial disputes. USAID will assist the Government to design, test and develop a unified system of property registration based on legal descriptions contained in the real estate law; and a service to legally register property, convey title and record property values based on market prices. USAID will also assist the Government and municipal authorities to develop unified urban planning and development policies (e.g., zoning ordinances), building ordinances, public property auctions. In addition, the new Trans-Caucasus Enterprise Fund will be established to support private sector development.

Principal Contractors, Grantees or Agencies: University of Maryland/IRIS; KPMG/Barents Group (for CEPRA). International City/County Managers Association (ICMA) is responsible for housing privatization, housing law and property registration.

Financial Reform

USAID is providing technical assistance to the Central Bank and Ministry of Finance to establish a new national accounting system based on internationally-accepted accounting standards and practices that are appropriate for Armenia, including: an accounting practices law or decree, and modernized operating practices for an automated system. After the accounting conversion is well underway, USAID will launch a program to train bankers. The focus of bankers training will be portfolio management including savings mobilization, debt management, strengthening of prudential relationships between the Central Bank and commercial banking sector, plus the development of sound lending procedures and systems of loan recovery. To facilitate the creation of capital markets USAID has funded the Eurasia Foundation to establish a commercial lending facility for small and medium enterprises (SMEs), through competitively-selected local banks. To help stimulate the demand for such loans, USAID grantees (VOCA, IESC and Peace Corps) will identify and assist potential clients to prepare viable investment and business plans to the benefit of both the borrower and lender.

Principal Contractors, Grantees or Agencies: Motorola, Lotus, Sprint and the Federal Reserve Bank of Richmond (Electronic payments system). Eurasia Foundation established the Small and Medium-Size Enterprise Loan Fund in Armenian commercial banks. KPMG/Barents is implementing the accounting conversion program. Volunteers in Overseas Cooperative Assistance (VOCA) and the International Executive Service Corps (IESC) assist entrepreneurs qualify for loans.

Energy

USAID's emphasis is two-fold: (a) through technical assistance, training, and limited commodity support, to increase energy efficiency and reduce waste in power generation, transmission, and distribution; and (b) to assist in the development of an institutional framework, including policy reform, to achieve planned restructuring. The Ministry of Energy has begun restructuring the energy sector. Armenergo, the state-owned electric utility, has been divided into generation, transmission, and distribution companies. The Government of Armenia (GOA) expects that these new companies will eventually be partially or fully divested. Plans are also underway to restructure Armgas, the national gas utility, into two state enterprises to be engaged separately in the transmission and distribution of natural gas. The restructuring process is on-going with plans to spin-off non-power production enterprises into private joint stock companies.

USAID focuses on four activity areas: improvement of energy efficiency; improving the institutional framework to promote market reform; indigenous fuel promotion; and regulatory nuclear safety. Hagler Bailly is responsible for providing technical assistance to support development of an institutional framework conducive to restructuring and eventual divestiture of state firms to private sector ownership. Burns and Roe is providing technical assistance and limited commodity support to improve energy efficiency of the generating system and will also focus on the development and implementation of an energy supply and demand plan to facilitate the closure of the Medzamor nuclear plant by 2002. The U.S. Energy Association is providing short-term training in all activity areas. The USGS is providing assistance to the Ministry of Environmental and Internal Resources to implement a more effective coal exploration program.

Legal Systems

USAID contractors and grantees will begin work in FY 1996 and FY 1997 with legal institutions, such as the National Assembly, Constitutional Court, Ministry of Justice, Procuracy and Executive offices, on legislative and institutional reform and restructuring. Additionally, USAID will sponsor assistance in the retraining of the country's judges, lawyers and parliamentarians in international legal norms, as well as work on the grass-roots level with indigenous bar associations and legal advocacy non-government organizations, and the dissemination of legal information to the general population.

Principal Contractors, Grantees, or Agencies: US firms will be contracted to carry out activities.

AZERBAIJAN

Since U.S. Government assistance to the Government of Azerbaijan (GOA) is prohibited by Section 907 of the FREEDOM Support Act until Azerbaijan takes steps to cease the offensive use of force and lift its embargoes against Armenia, all U.S. assistance continues to be targeted to organizations and individuals not associated with the Azerbaijani government. The focus of this assistance is primarily humanitarian provision of clothing, food and medicines - which are channeled through U.S. private voluntary organizations (PVOs) to Azerbaijan's refugees and internally displaced persons (IDPs). In addition to distributing clothing, food and medicines, PVOs work on projects to construct shelters, to build water-supply and sanitation systems, and to provide basic medical services to remote refugee/IDP camps.

In the event of a peaceful resolution of Nagorno-Karabakh and subsequent repeal of Section 907, U.S. economic assistance will likely shift from humanitarian provision of food and medicines to more developmentally-oriented assistance. Technical assistance could be provided to help Azerbaijan initiate economic reform and restructuring activities to promote the growth of the private sector through the newly established Trans-Caucasus Enterprise Fund. However, until full peace is negotiated, and full scale extensive well-targeted activities are implemented, Azerbaijan probably will not be able to engage in a comprehensive transition to a democratic market-based society.

Selected USAID Programs, FY 1997

Crisis Management

There are almost a million refugees and displaced persons within Azerbaijan as a result of the Nagorno-Karabakh conflict. Many of these refugees live in abysmal conditions by the sides of roads, in decrepit public buildings and in rail cars. The more fortunate live in camps where they receive some but inadequate assistance. Most of these people are passing their third winter in such conditions and continue to need food, shelter and clothing. Although considerable financial and administrative resources are being devoted to this situation, it is likely that Azerbaijan will continue to absorb massive humanitarian assistance in the near future. Through USAID funded NGOs and contributions to international organizations, the U.S. government has been providing humanitarian assistance to the people of Azerbaijan since 1992. USAID-funded grants to PVOs have provided food, clothing, shelter, medical assistance and other commodities to more than 650,000 internally displaced persons. USAID donations to the UN's World Food Program have helped IDPs throughout the country and contributions to UNICEF resulted in the immunization of the entire population against diphtheria.

Principal Contractors, Grantees, or Agencies: Save the Children, CARE, ADRA, World Vision, International Rescue Committee, Relief International, and the American Red Cross.

Citizens' Participation

USAID-sponsored programs have been instrumental in promoting the slow, albeit continuing evolution of democratic and participatory governance. USAID provided \$400,000 for election related activities for the November 1995 presidential and parliamentary elections. Leaders of 12 independent parties, selected by the US Embassy in Baku, received training in political party strengthening and governance, and 36 Azerbaijanis received USAID sponsored training in electronic media, journalism, commercial law, and political party development. A joint program sponsored by USAID and USIA for journalists representing each of the Caucasus, served as an opportunity to promote cooperation within the region.

Principal Contractors, Grantees, or Agencies: USAID sponsored activities are implemented by non-government organizations such as Internews, Free Trade Union Institute, International Foundation for Election Support (IFES), and National Democratic Institute.

BELARUS

The development challenge continues largely unchanged from the previous year. Priorities for U.S. technical assistance, outside the Nunn-Lugar program, remain economic restructuring, democratization, and humanitarian assistance. Limited U.S. assistance will remain targeted on reform-minded elements and take advantage of opportunities to encourage progress where possible.

Selected USAID Programs, FY 1997

Privatization

USAID has funded a small-scale privatization program since May 1993. The technical assistance program began with a pilot project in Brest, which held the first open auction in Belarus in September 1993. Since then, the program has expanded to three additional cities: Grodno, Orsha and Minsk. As of October 1995, USAID-funded cities have privatized 251 enterprises, including 168 through competitive auctions. USAID's activities will include privatization seminars for privatization officials, state enterprise employees and local entrepreneurs; implementation of an incentive scheme to encourage employee-leaseholders to buy out enterprises; drafting a decree to lower action start prices for objects; working on an amendment on the process of valuation for objects; continuing public relations campaign to promote privatization programs, improve Belarussians' understanding of privatization and market reform, and to encourage private sector involvement in the privatization process; and design and implementation of government condominium privatization.

Principal Contractors, Grantees, or Agencies: The International Finance Corporation is implementing the USAID-funded small scale privatization program in Belarus.

Legal Systems

USAID-supported activities have focused attention on legal issues and helped maintain attention on legal reform issues in Belarus. Legal professionals and legislators have access to important resources and are provided with expert advice, analysis of draft laws, legislative drafting training, ABA/CEELI advisors had a significant impact on the parliamentarians who adopted the 1994 post-Soviet constitution, and have provided assistance on drafting a new labor code.

Principal Contractors, Grantees, or Agencies: ABA/CEELI.

Local Government

Local governments in other NIS countries are becoming the venue for the development of democratic leaders and governance, through the introduction of a variety of mechanisms such as more open

budgeting, town meetings, citizen task forces, constituency outreach and local government watchdog groups. Municipal governments are improving their financial management while becoming more transparent and accountable to their citizens. Important reforms include associations of cities, capital improvements, and more public dissemination of government activities. USAID will begin activities in FY 1997 to help bring these reforms to Belarus. The USAID role in Belarus will be consistent with our inventions in other countries. Efforts will focus on the development of an association of municipalities, planning capabilities, and more transparency in government operations.

Principal Contractors, Grantees, or Agencies: USAID's activities in local government reform are implemented by the Research Triangle Institute.

GEORGIA

Since 1992, the bulk of USAID assistance has been in the form of emergency humanitarian aid. To meet the changing nature of the development challenge in Georgia, USAID is gradually shifting its emphasis toward economic and social sector restructuring and democratization. Given its late start down the reform path, Georgia's successful transition to free-market democracy will require donor assistance beyond the year 2000.

USAID has been the largest bilateral donor, providing more than half of the country's emergency needs, and assisting over 750,000 Georgians since 1992. Human suffering was reduced substantially. During the same period USAID assistance has financed heavy oil for electricity generation and winter heating. Over 100,000 displaced persons have received non-food assistance and over 35,000 supplemental food packages.

Selected USAID Programs, FY 1997

Private Enterprise

The Center for Economic Policy Analysis and Reform (CEPAR) currently conducts applied economic analyses to identify key policy options. The CEPAR will continue to support policy-makers and key national leaders in the formulation of economic reforms required to achieve an enabling environment for private sector growth and identify opportunities for market-driven development. CEPAR will continue to establish the analytical capacity in economic and legislative institutions to produce an integrated policy framework designed to accelerate the growth of private enterprise. Legal assistance will continue to be available through CEPAR to Georgian institutions and policy makers responsible for organizing, drafting and enacting economic laws, especially in export-driven markets. CEPAR's role will continue to complement other legal work performed under USAID democracy objectives as new commercial law and civic codes are integrated into Georgia's new Civil Code. The newly established Trans-Caucasus Enterprise Fund will also contribute to USAID's goal of a competitive market economy.

Principal Contractors, Grantees or Agencies: Chemonics.

Financial Reform

USAID assistance will support implementation of an electronic payments systems that will permit more timely financial transactions to take place among domestic banks and between the central bank and its seven regional clearing branches; improve banking supervision; and provide financial market data to bank managers and their clients. USAID will provide short-term technical assistance to train commercial bank managers and officers. The focus of this training will be portfolio management, including savings mobilization, debt management, strengthening of audit and supervision functions and the development of sound lending policies and procedures. USAID-funded Eurasia Foundation will select a commercial

bank to initiate a small and medium enterprise lending program. Loan funds could be used to form small companies which harness the technological expertise existing in the Georgian labor force, refocusing on new products and services, as appropriate. To help stimulate demand for credit, USAID-funded non-government organizations will identify and assist clients to prepare viable investment and business plans. USAID will provide technical assistance to private farmers' unions and other producer groups to improve association organization, management and services to their membership.

Principal Contractors, Grantees or Agencies: USAID activities are implemented by US firms, and US private voluntary organizations, including Save the Children Federation, CARE, Eurasia Foundation, Volunteers in Overseas Cooperative Assistance, and International Executive Service Corps

Energy

USAID focuses on three activity areas: power sector restructuring and privatization, including legislation and regulatory reform; limited commodity support to facilitate restructuring and privatization; and energy supply system rehabilitation. Assistance is channeled through three institutional contractors: one provides technical assistance in support of power sector restructuring and privatization, including legislative and regulatory reform; another provides technical assistance and commodity support to facilitate restructuring and privatization as well as energy supply system rehabilitation; and the third is providing short-term training in all activity areas.

Principal Contractors, Grantees, or Agencies: Three institutional contractors: Hagler Bailly (restructuring and privatization); Burns and Roe (rehabilitation of power systems); and the U.S. Energy Association (training in all energy areas).

Legal Systems

USAID contractors and grantees will begin work in FY 1996 with legal institutions, such as the Parliament, Constitutional Court, Ministry of Justice, Procuracy and Executive Office, on legislative and institutional reform and restructuring. In addition, USAID will sponsor assistance in the retraining of the country's judges, lawyers and parliamentarians in international legal norms, as well as work at the grassroots level with indigenous bar associations and legal advocacy non-governmental organizations, and the dissemination of legal information to the general population. These activities will continue in FY 1997, and evolve based on the changing needs and growth of Georgia's legal infrastructure.

Principal Contractors, Grantees, or Agencies: The American Bar Association's Central and East European Law Initiative (ABA/CEELI) has already begun work in this area in Georgia. Additional implementors have not yet been determined.

Local Government

A USAID contractor/grantee will work with senior municipal staff, providing training in key technical areas, e.g., taxation, city management, and budgeting, in selected cities. Contractor/grantees will also work to develop a mayors' municipal association, which will aid in the dissemination of lessons learned and best practices among municipal officials and help to create an effective mechanism for lobbying the central government on issues of concern to local governments.

Principal Contractors, Grantees, or Agencies: To be determined.

Social Benefits

In order to refine the targeting of humanitarian assistance, USAID is co-financing a major national assessment of vulnerability in partnership with the UN's Department of Humanitarian Affairs (UNDHA),

European Community Humanitarian Organization (ECHO) and CBIHA. Through SCF, USAID is funding the team leader of the assessment. Household data on income, nutrition and health status will be collected to establish country-specific vulnerability criteria for identification of humanitarian aid beneficiaries. USAID continues to fund IOM to carry out capacity building within the GOG in the areas of emergency management and coordination of humanitarian aid. Both the newly established Ministry of Refugees and Resettlement (MRR) and the CBIHA receive technical assistance and training through IOM programs.

Principle Contractors, Grantees, or Agencies: USAID implements activities primarily through SCF and IOM.

KAZAKSTAN

USAID's strategy for helping Kazakstan achieve a democratic, market-based society focuses on four main areas: economic and financial restructuring; democracy building; social transition; and participant training. Economic restructuring remains the single most significant part of the portfolio, though the emphasis over time has shifted from privatization (which is now being phased out) to broader legal and regulatory concerns. This in turn represents a natural "next step" toward the ultimate purpose of the aid program: promoting and sustaining private commercial trade and investment relationships for which aid is no longer needed.

The planned 1997 program anticipates further work in the fiscal area, mainly by providing hands-on practical training and support for administering a modernized tax code and managing a more transparent budgetary process. Private firms, whether newly privatized or established by an emerging entrepreneurial class, will benefit from improvements in the overall legal and regulatory environment. Trade and investment issues receive special attention, including speeding up Kazakstan's membership in the World Trade Organization. Further support for financial sector development is envisaged by building on Central Asia's first stock market, established in Almaty in spring 1995. Plans are to improve and expand operations. Planned democratization programs include a mix of support for independent media, for strengthening the judiciary and parliament, and for developing local NGOs as an essential feature of a more open civil society. Work in the social sectors will be closely linked to the economic restructuring objective, especially by using sustainable, incentive-based market systems to deliver needed social services. Finally, a continued training program is envisaged, cutting across all sectors, with greater emphasis on in-country training and on follow-on programs which ensure greater effectiveness of newly acquired technical skills in Kazakstan.

Selected USAID Programs, FY 1997

Fiscal Reform

USAID advisors are working with Kazakstani counterparts to ensure a more efficient revenue collection system and to shape more rational and transparent budgetary processes. Now that a new tax code is in place, the focus is shifting to training and hands-on instruction in how to manage and implement the new system. In the budgeting area, advisors work directly with counterparts to improve systems and to rationalize the expenditure and taxation authority among the various levels of government (national, oblast, local).

Principal Contractors, Grantees, or Agencies: USAID activities are implemented through two private U.S. firms and the U.S. Department of Treasury.

Private Enterprise

Private sector support represents by far the biggest USAID activity in Kazakstan. In the area of legal and regulatory reform, advisors are working in key areas including trade and investment, bankruptcy reform and general business law reform; a large training effort in all three areas is anticipated. The general business component targets constraints to business operations, including passage of legislation in such areas as contract law and property rights. The bankruptcy area is designed to help establish the rights of creditors and develop a framework for disposing of unproductive assets and channeling them toward more efficient economic uses. Many of these efforts are needed to maintain the momentum created by the privatization process and to expand opportunities for US trade and investment in Kazakstan. The Central Asian American Enterprise Fund is also available to help facilitate and promote this type of investment. People-to-people efforts and exchange programs such as those supported by the International Executive Service Corps (IESC) and the various farmer-to-farmer programs have proven to be excellent vehicles to identify potential investment opportunities and develop appropriate business plans.

Principal Contractors, Grantees, or Agencies: International Executive Services Corp (IESC), Agricultural Cooperative Development International (ACDI), Volunteers in Overseas Cooperative Assistance (VOCA), and Winrock.

Financial Reform

USAID's main role is to provide technical assistance and training to nascent institutions in the financial sector. Work often entails drafting and introducing new laws, procedures, and operating systems. Hands-on work and on-the-job training receives special emphasis. Banker training is conducted through a series of one-week classroom sessions. High level policy advice is accompanied by efforts to ensure that counterparts develop the capacity to undertake such research and analysis on their own.

Principal Contractors, Grantees, or Agencies: USAID activities are implemented through several U.S. firms in cooperation with local counterparts at the National Bank, Ministry of Finance, Central Asia Stock Exchange, and National Securities Commission.

Social Benefits

The rapid privatization of large numbers of pharmacies represents the most significant achievement to date. Since the decision to privatize was approved by the Cabinet of Ministers in July 1995, 438 auctions have been held and 239 pharmacies have been privatized. Immediate results include lower prices and increased availability of key pharmaceuticals. USAID-funded advisors and training also helped draft a Presidential decree to establish health insurance. USAID-funded advisors from the Centers for Disease Control (CDC) are working to improve health surveillance and introduce more effective, efficient and less costly health surveillance measures. Already, CDC advice on eliminating a costly, inefficient and outdated TB detection program for children should result in savings of around \$2.4 million annually. Also, USAID-funded advice to the Ministry of Health resulted in revised immunization schedules consistent with world standards. This will reduce the required number of vaccinations for children under age 17, reduce current expenditures on commodities by 16.5 percent, and result in annual savings of \$1.75 million. In the housing sector, USAID advisors have played an influential role in helping the national government address the costly problem of local governments' subsidizing housing and utilities. The government is in the process of adopting a national policy which expects cities to reduce these subsidies through the year 2000. USAID has also helped one city, Semipalatinsk, implement a housing allowance program. As a result, the city has been able to increase utility service fees, raise much-needed municipal revenue, and still protect low-income households and vulnerable groups.

USAID work focuses mainly on health and housing, with health representing the most significant area of concern. At the policy level, advisors prepare analyses and discussing with government counterparts new approaches to dealing with problems in key social sectors such as health and housing. Training programs, both within Kazakstan and in the U.S., further support and supplement this effort.

Principal Contractors, Grantees, or Agencies: Several USAID-funded groups are involved in the area of social transition, including commercial contractors and the Centers for Disease Control (CDC) in Atlanta.

KYRGYZ REPUBLIC

USAID's strategy in Kyrgyzstan emphasizes both economic and political reform, reflecting the belief that both issues must be addressed in order to build and sustain democracy and a market-based economy in Kyrgyzstan. The largest share of aid resources are devoted to the economic transition, though the composition of the program is changing over time. For example, the privatization program is scheduled to wind down this year and no new resources are anticipated in this area. At the same time, work in other areas such as trade, investment, legal and regulatory environments, and land registration are due to be increased. Democratization programs will increasingly focus on developing the basic foundations for a civil society, in large part through promoting a variety of independent means of communication and in building an indigenous non-government organizations (NGO) sector. Social sector programs are tied closely to broader economic restructuring objectives, emphasizing for example the importance of health reform in bringing about more sustainable approaches to health care.

Selected USAID Programs, FY 1997

Private Enterprise

Support for private sector expansion represents by far the biggest area of USAID activity in Kyrgyzstan. As USAID support for mass privatization winds down, greater emphasis is being placed on legal and regulatory work. Advisors work with counterparts on a number of key areas, including trade and investment, bankruptcy reform and general business law reform. Many of these efforts should also help pave the way for foreign investors interested in Kyrgyzstan. Already, the CAAEF is making capital available to eligible local entrepreneurs. People-to-people efforts involving retired executives, agriculturalists and others sponsored by USAID-funded groups such as the International Executive Service Corps (IESC) and the various farmer-to-farmer programs help identify potential investment opportunities and develop appropriate business plans. Also, an innovative micro enterprise initiative is now underway, providing modest but essential amounts of loan funds to new entrepreneurs, particularly women in the rural areas around Bishkek and Osh.

Principal Contractors, Grantees, or Agencies: International Executive Services Corp (IESC), FINCA and Volunteers in Overseas Cooperative Assistance (VOCA). As noted, the CAAEF is an important player because of its role in making scarce investment and equity capital available to Kyrgyzstan's emerging private sector.

Financial Reform

The formation of a State Securities Agency in 1994 represents one early achievement, the establishment of Kyrgyzstan's first stock exchange in Bishkek in 1995 another. Twelve companies are now listed on the stock exchange board. New corporate accounting standards have been introduced. Significant strides have also been made as part of USAID's effort to tighten financial regulatory guidelines and enhance monitoring capacity in the banking sector. A number of insolvent banks have had their licenses suspended as a result of this work. These actions, and a dramatic reduction in credits and an overall tight

monetary policy over the last two years, reflect the success of the Central Bank in asserting its independence.

USAID's main role is to provide technical assistance and training to nascent institutions in the financial sector. Much of the early work--drafting and introducing new laws, procedures and operating systems--has already been done. Now, hands-on work and on-the-job training is receiving special emphasis.

Principal Contractors, Grantees, or Agencies: Price Waterhouse, Arthur Andersen, and KPMG.

MOLDOVA

The United States is working with Moldovan officials to promote land and energy sector reform, improved agricultural capacity, improved fiscal performance through better tax administration, establishment of a treasury function, better customs administration, and bank system reform, including better supervision. Moldova has a strong potential to become one of the first NIS countries to achieve sustained economic growth, but Moldova can succeed on its course only with the substantial support of the United States and the international donor community.

Selected USAID Programs, FY 1997

Privatization

USAID assistance played a critical and instrumental role in supporting the Republic of Moldova throughout the course of its privatization program, during which two-thirds of the Republic's non-agricultural economy, including 1,139 medium and large scale enterprises, 732 shops and 364 health care and other objects were privatized. USAID has provided technical assistance in the corporatization process of small, medium and large enterprises prior to privatization. This assistance has entailed the valuation of property subject to privatization; performance of open outcry auctions and public tenders of small scale objects and nationwide share subscription auctions for large and medium scale enterprises; the establishment of 115 bid collection sites nationwide to ensure individual participation and the operation of the national Data Center for Republican Auction. USAID assistance was also instrumental in the creation of the Share Registry Coordination Unit responsible for preparing and consolidating an accurate record of privatized enterprises with more than 300 shareholders, subsequently transferred to one of 27 independent share registries to insure safekeeping and maintenance of the records for purpose of corporate governance and dividend issuance.

USAID assistance in 1997 will focus on providing technical assistance to the Ministry of Privatization to support cash auction sales of the remaining state shares in privatized enterprises. In addition, USAID will continue to provide support for privatization of urban and agricultural land.

Principal Contractors, Grantees, or Agencies: East-West Management Institute is the primary implementor of USAID's mass privatization program, and Booz Allen & Hamilton is implementing land privatization. Carana Corporation is working in demonopolization efforts and the cash-sale privatization of the fruits and vegetable distribution network. Mendez England Associates is providing public education, publicity and public relations on all privatization activities.

Private Enterprise

The emphasis of USAID assistance to Moldova is now on post-privatization since the mass privatization program has been successful. In order to improve the management capacity of business, USAID will assist in the improvement of production and processing technologies in selected businesses, the provision

of additional financial resources for selected local businesses through joint ventures, ensure the availability of adequate market information to identified pilot enterprises, and the development of business and farm advisory centers.

Principal Contractors, Grantees or Agencies: TBD. Peace Corps provides business volunteers to advise the Moldovan managers of the business service centers.

Financial Reform

The development of the financial infrastructure in Moldova is continuing at an accelerated pace. The Moldovan Stock Exchange was inaugurated in June, 1995, following a six month USAID effort to train Moldovan professionals in all aspects of the securities market and installation of the necessary hardware and software. To date, 43 investment, 11 trust companies, 27 independent registrars, and 54 broker/dealers and consulting companies are active in the stock exchange. Moldova was the first NIS country to establish an independent securities market regulating entity with Ministry status. In addition, the Central Bank has converted to a new chart of accounts, and the commercial banks are expected to convert to a new chart of accounts consistent with internationally accepted standards, with USAID assistance, by the end of 1996. Improved banking supervision is a major emphasis, and it has led to the formation of a troubled bank resolution unit in the central bank, with assistance from USAID. This unit has already made its first recommendations for dealing with the largest troubled institutions.

Description: USAID's assistance in 1997 will focus on the adoption of new laws on joint-stock companies, securities, and on investment funds. USAID will continue to assist the development of self-regulation among market participants, while helping to expand the broker/dealer community and broaden the role of existing investment funds to include raising capital for privatized enterprises through initial public offerings or venture funds. In the banking sector, USAID will focus on training employees of the Central and commercial banks in western banking practices and standards, and supporting the Moldovan Bankers Association in maintaining a self-sustaining banking training center. USAID assistance will continue to help create a professional bank supervision department at the National Bank, focusing in particular on development of an off-site supervision system which will use the work developed on the accounting standards earlier.

Principal Contractors, Grantees, or Agencies: Barents-KPMG, Financial Services Volunteer Corps (FSVC) are implementing USAID's banking support activities. Capital Markets assistance implementors are still to be determined.

Energy

Moldova imports 98% of its primary energy and, although investigating domestic and gas sources, has at present no chance of becoming self-efficient. Moldova has lost its preferred place in energy trade with Russia and must pay close to market prices for Russian oil and gas in hard currency and barter. Primary and secondary energy use is extremely inefficient. Energy demand is expected to fall precipitously over the next decade, and a shift from coal to natural gas in the urban economy is expected. Moldova power plants consume up to 50% of all imported natural gas. The State Department of Energy (Moldenergo, the electricity utility), the State Fuel Agency, State Department of Gasification (managing Moldovagas) have plans to corporatize into stock companies with the further goal of fully privatizing them.

USAID, in cooperation with other key donors in the country and in particular with the World Bank, has agreed with the Government of Moldova to provide primary assistance to restructure the gas industry. The USAID program in Moldova will focus on three specific areas of energy sector assistance: restructuring assistance for Moldova Gas Stock Company will improve its financial position, attract

investments, privatize and increase efficiency of natural gas use at distribution level; upgrade assistance of the largest fossil-fuel power plants (Chisinau CHP#1, CHP#2, Tiraspol CHP) to increase efficiency and reliability, reduce energy consumption and environmental degradation and strengthen management techniques. Finally, the US - Moldova Energy Utility Partnership will facilitate corporatization, information exchange, and conduct seminars on restructuring of the energy sector.

Principal Contractors, Grantees, or Agencies: USAID's energy sector activities are implemented by Hagler-Bailly Consulting, Inc. (HBC), Burns and Roe, and the US Energy Association.

RUSSIA

It is in the U.S. national interest that Russia -- and millions of private Russians -- become active partners in a trade and investment relationship with the U.S. and other countries in the global marketplace. Russia has vast untapped mineral reserves and other natural resources, an underutilized industrial sector in search of new technology and new methods, a highly-educated and creative labor force, and 150 million consumers eager for products and services not yet available in Russia. As a trading partner for the U.S., however, Russia's potential is still limited by the relatively low levels of buying power and by the relative unfamiliarity of U.S. products. U.S.-Russian trade volumes increased by about 70 percent between 1992 and 1995, but remain relatively small in absolute terms with an estimate total turnover of about \$6 billion in 1995.

As an investment partner for the U.S., Russia's potential has been constrained by several factors which, together, mean high investor risk: the macroeconomic situation (inflation, monetary instability, etc.); a perception of runaway crime and corruption in the Russian business sector; a variety of infrastructure inadequacies (telecommunications, transport, etc.); and, perhaps most importantly, the quality of the enterprises in which there is a possibility to invest.

As much as 60 percent of industrial resources in Russia were, for decades, dedicated entirely to military production; virtually all industries operated on the basis of state orders rather than responding to market forces. While peaceful relations between Russia and the U.S. have spurred a massive effort to convert defense industries to civilian uses, progress to date has been slow. The demands of a market economy are significantly different from the demands of a militaristic, state-controlled economy. New ideas, skills, products, distribution channels, accounting systems, and financing methods must all be developed, tested, and put in place before a company is ready to compete in the world or domestic economy for market share or new investment capital.

With the essential completion of the mass privatization process, the U.S. assistance effort is focusing on regulatory reform and other measures to stimulate commerce, trade and investment. Building on the effort initiated in 1996 to assisting a comprehensive reform of the Russian tax system, U.S. assistance programs will continue to highlight implementation of tax reform at all levels, especially tax administration and collection. Assuming receptivity to further assistance, the U.S. will continue to give priority to helping Russia build the legal and institutional infrastructure needed to permit the mobilization of savings for investment. USAID will complete the assistance programs in capital markets development, including support for an independent regulatory body, independent share registries, clearance and settlement organizations, recognized accounting, reporting and auditing standards and ethical codes for corporate officers, dealers and brokers to protect shareholder rights. In addition, U.S. programs will finish improvements in the Central Bank's capabilities for bank supervision and payments clearance. This assistance is closely linked to major World Bank funding.

Concluding programs begun in FY 1995 and FY 1996, emphasis on the energy sector will be on electric power restructuring, particularly extending support to the emergence of a viable, competitive non-nuclear electric power generation industry at the regional level. In addition, final support will be provided to partnerships between U.S and Russian energy organizations that have the potential to evolve into independently-financed partnerships in the future. Limited U.S. environmental assistance will support pilot projects at the regional level to help Russia gain experience in countering the most severe health risks from industrial pollution, reducing urban pollution and managing natural resources such as the Lake Baikal watershed and the Far Eastern forests in ways to promote environmentally friendly development and support long-term biodiversity. These programs emphasize the economic benefits of sound environmental practices and encourage community participation. Local demonstration of such practices will lead to models that can be replicated in other regions.

Selected USAID Programs, FY 1997

Fiscal Reform

USAID has provided a range of technical experts and training opportunities to the Ministry of Finance, the Ministry of Economy, the Commission on Economic Reform, and the Russian Parliament (both the Duma and the Federation Council) to support various initiatives in fiscal reform. The advisory services have included experts in drafting of tax legislation, administration of tax systems, projecting and monitoring of tax revenues, design of fiscal policy to meet different economic and social objectives, and analysis of alternative tax mechanisms in terms of yield and impact. USAID has also supported local government efforts to address fiscal and budget issues in ways which would support private sector growth and, at the same time, meet local government revenue requirements; increase the efficiency of programs intended to meet social sector responsibilities; and make the whole process of taxing and spending a bit more transparent.

Principal Contractors, Grantees, or Agencies: Fiscal reform activities are implemented under the overall direction of USAID. The Department of Treasury and Internal Revenue Services participate actively in the program through 632 transfers. The Harvard Institute for International Development (HIID), KPMG's Barents Group, the Research Triangle Institute, and various Omnibus II contractors (PADCO, Chemonics, CFED, etc.) are all engaged in different aspects of the program. HIID is currently serving as the overall technical coordinator for fiscal reform activities at the national level.

Private Enterprise

USAID has made direct contributions to developing the policy, legislative and regulatory frameworks appropriate for private sector growth through the provision of expert technical advisors, training and study tour opportunities, and by financing experimental models which have demonstrated what can work in Russia. Successful models of private ownership and management in firms both large and small have been developed in collaboration with private Russian partners and the lessons of these models have been shared with policy- and decision-makers at all levels of the government. USAID has also contributed significantly to the growth of an increasingly viable network of business support institutions rendering services to entrepreneurs and businesses. The Morozov Project training network now offers business courses in nearly two-thirds of the regions of Russia. The eight regional Business Support Centers offer advisory services, training, and trouble-shooting help to literally thousands of small business owners every year. Further, USAID has supported the establishment and the functioning of factor markets critical to all entrepreneurs and managers: land and real estate markets and financial markets.

In addition, USAID is addressing the needs of the private sector in Russia for both debt and equity capital through the U.S. Russia Investment Fund ("TUSRIF"). TUSRIF began operations in 1995, with a

commitment of \$440 million from USAID, to replace the Russian American Enterprise Fund and the Fund for Large Enterprises in Russia. TUSRIF has provided venture capital financing totaling \$38.7 million to twelve (12) private companies, the largest of which is a financing to Sun Brewing in the amount of \$10.5 million. TUSRIF also has developed a small lending program in collaboration with Russian banks and has disbursed \$3.9 million to fifty (50) enterprises.

Principal Contractors, Grantees, or Agencies: Include, but not limited to: Atlas Group, Deloitte Touche Tohmatsu, Center for Citizen Initiatives, Fund for Democracy and Development, Junior Achievement International, Opportunity International, SUNY/Alliance of American and Russian Women, University of Alaska/Anchorage, Virginia Polytechnical Institute, Washington State University, SUNY/Morozov Project.

Financial Reform

USAID has provided both long-term and short-term technical advisors and assistance in the development of legal frameworks and regulatory mechanisms for the development of the banking sector as well as for capital markets. Advisory services to the Central Bank of Russia have led to the establishment of bank supervision and inspection departments. Training in both the CBR and dozens of commercial banks has increased the capacity of middle and upper-level managers to understand and respond to market opportunities with effective banking practices. An increasingly efficient banking sector has resulted in more transparent and clear regulations for borrowing and lending which is making more capital available for investment. USAID-funded advisors have also provided support to the Central Bank in the issuance of treasury bills, thereby permitting Russia to manage its financing needs without recourse to the budget. This has been critical to compliance with the IMF Stand-By agreement in 1995. USAID advisors have been key players in the establishment of the Russian Federation Commission on Securities and Capital Markets, and in developing the institutional infrastructure for trading of shares in a secondary market. USAID's assistance has been crucial in the development of an increasingly well-regulated capital market and to increased confidence among foreign investors in Russia.

USAID will continue to support both public and private participants in the banking sector and the capital market to assure continued broadening and deepening of the financial sector as a whole. Regulations need to be fine-tuned and the capacity of regulatory agency staff to apply them and develop them needs further development. Funds are used for direct technical assistance, such as the development of regulations for stock issuance, for training in financial sector reform, and for long term projects, including commercial bank reform.

Principal Contractors, Grantees, or Agencies: USAID implementers include: KPMG, Booz Allen, Intrados, HIID, IBTCL, PW, Burson Marsteller and Financial Services Volunteer Corps (FSVC).

Energy

USAID contractors and grantees have provided technical advice and training in many different energy sectors. Two major studies in coal sector restructuring have led to new innovations in mine management, and new, enforceable health and safety standards in mines. In collaboration with the World Bank, USAID advisors introduced modern management practices in the grossly mismanaged oil and gas sector. Assistance to one newly created oil company was singled out for further World Bank assistance and the company was able to offer shares by the end of 1995. USAID has sponsored utility to utility partnership programs between US and Russian utilities that have resulted in improved accounting practices, financial reporting, and management planning. In a major effort, USAID sponsored coal sector and electrical power restructuring resulting in safety net considerations being written into new mining regulations, and in the electrical industry, the provision of competitive models which can be applied to the sector for the

first time ever. To date, USAID has also imported \$10 million US manufactured equipment in energy efficiency and environmental monitoring equipment..

USAID works with US contractors, PVOs, local industry, and the Russian government on the development of rules and regulations and a legal framework leading to more efficient energy generation and distribution. USAID supplies technical assistance and commodities for this program.

Principal Contractors, Grantees, or Agencies: USAID works with many groups to achieve this objective, including: U.S. Energy Agency (USEA), IDEA, Burns and Roe, RCG-Hagler/Bailley and Co., U.S. Department of Energy (DOE), PIER, Price Waterhouse, the Atlantic Council and the World Bank.

Legal Systems

USAID's Rule of Law program is focused on three principal aspects of legal reform in Russia: judicial reform, legal education and training, and legal information. Specific activities include providing technical expertise in the reinstatement of trial by jury after a 70 year hiatus. USAID funded technical experts from the U.S. Department of Justice (DOJ) who reviewed and commented on new legislation, including the Draft Criminal Code and the draft Code of Criminal Procedures. USAID has worked with a Rule of Law Consortium to ensure that all Russian Commercial Court judges are familiar with the new Civil Code. USAID support assured that all 1600 commercial judges in the country received Part 1 of the new commercial code and over 40% of commercial court judges received training in commercial law. USAID has funded the bringing together of US and Russian legal associations which has resulted in improved continuing legal education programs and increased flow of information between the two countries. USAID is funding another group from the US Department of Justice which is helping Russia reform its criminal justice system. USAID is also working with many local NGOs on advocacy, helping Russians become more aware of their rights in such areas as housing, property, civil rights, and environmental protection. The Free Trade Union Institute works with local legal groups to provide citizens with the resources and encouragement necessary to enable them to enforce their labor rights and to organize into effective labor unions.

Grants are made to educational institutions, NGOs, legal institutions, and media groups to increase Russians' awareness of their rights and the law in many different areas. USAID funds PASAs with other USG agencies, associations, contractors, NGOs, and relies on pro bono assistance from the American Bar Association (ABA/CEELI). USAID advisors and contractors work directly with Russian legal entities, other European donors, and the Russian government.

Principle Contractors, Grantees, or Agencies: In addition to Department of Justice technical assistance, USAID works with ABA/CEELI and the Congressional Research Service (CRS).

Local Government

USAID targets funds at local government entities, NGOs, and media. For municipalities USAID provides technical advisors to help them better prioritize local budgets, help local authorities make choices on how to use funds to help the local populations, incorporate more information flow, and ensure transparency. To date, USAID assistance has helped install an information networks and library in the Moscow mayor's office to facilitate improved information, analysis, coordination, and decision-making. In two other cities, USAID advisors have helped mayors' make informed decisions on how to increase budgeting and transport efficiency. USAID has supported the development of NGOs, including the Moscow center for Human Rights, which, using USAID-supplied technical assistance, has reported on Chechnya and is communicating, via e-mail, to other similar organizations in Russia. USAID has helped the Social Information Agency disseminate topical information about medical and NGO reform in

Russia. USAID also, through a grant, assured the publication of a booklet describing legal guidance on founding, registering, and funding voluntary organizations in Russia. Other important NGO activities supported by USAID contracts and grants include environmental awareness forums, the first ever official public hearing on NGO legislation at the Duma, and innovative NGO funding strategies. USAID grants have strengthened independent media in Russia by linking a network of news stations for more efficient news gathering, training in media, and helping media organizations become private and grow.

USAID advisors and experts work directly with city administrations, NGOs, and media outlets. USAID supports this work through direct grants and cooperative agreements, with contractors, US private voluntary organizations.

Principal Contractors, Grantees, and Agencies: The Research Triangle Institute is the main implementor of the program.

Social Benefits

USAID has provided technical assistance and advice in several sectors, successfully demonstrating the benefits of a restructured, more privatized health system. This has been accomplished through support for the development of working models which integrate financial incentives for high quality with cost-effective service delivery. USAID has provided ground-breaking assistance in setting up total quality management (TQM) for physicians, piloted health maintenance organizations and other financing models, and tested approaches for improving systems for pharmaceutical management. USAID is also providing a system to upgrade basic service delivery for residents of recently privatized state farms and is close to completion of a nation-wide policy for means testing for housing subsidies for low income populations. USAID is also supporting technical assistance to the Russian national immunization program to develop information and education campaigns related to vaccinations.

USAID advisors work directly with physicians and polyclinics on the local level and with oblast and the Federal government on policy-level questions. Advisors also work directly with medical educational institutions, insurance companies, and private sector entities to develop and implement pilot activities which can be replicated throughout the country. In the future, USAID will focus on technical assistance to: 1) create a legal and regulatory framework to support health sector transformation, 2) develop models of innovative privatization and governance structures that include capital formation schemes, and 3) dissemination of results.

Principal Contractors, Grantees, or Agencies: Activities are implemented through IBTCI, BMS, Mir Searle, the U.S. Food and Drug Administration, Management Sciences for Health, U.S. Pharmacopeia, the U.S. Center for Disease Control, University of North Carolina, BASICS, U.S. Department of Health and Human Services, HPI, BU and Abt.

Environmental Health

USAID has developed a comprehensive environmental health strategy that was endorsed by the Gore-Chernomyrdin Commission. This strategy focuses on the use of risk assessment as a tool in priority setting and environmental management, policy and legal changes that will lead to decreased environmental health risks, support to NGOs working in the environmental health sector, and training in risk assessment and environmental epidemiology. To date, six environmental audits have been completed that resulted in recommendations to decrease emissions of pollutants, an audit of municipal drinking water resulted in recommendations or long term financial savings in water system management, and other audits have resulted in the reduction of wastewater discharges. Over 100 small Russian NGOs have received assistance and over 200 Russians have received training in environmental management, risk

assessment, environmental policy and environmental enforcement. Energy efficiency audits at district heating boilers have demonstrated that major reductions in air pollution (up to 30%) can result from efficiency improvements that also result in significant cost savings at these facilities.

USAID advisors and contractors are working directly with Russia public and private sector counterparts implementing activities that demonstrate the effect of pollution abatement activities on public health. In addition, USAID works directly with NGOs on community environmental awareness activities. Representatives from local and national government and NGOs have been trained in improved environmental management techniques. Technical assistance is provided to national level policy makers in the use of risk assessment in prioritizing investments.

Principal Contractors, Grantees, or Agencies: USAID is working with the following: the U.S. Nuclear Regulatory Commission and the U.S. Department of Energy, the World Environment Center, the U.S. Environmental Protection Agency, CH2MHILL, Management Systems International and EPA.

TAJIKISTAN

USAID's strategy in Tajikistan will continue to concentrate on humanitarian assistance and social sector restructuring. However, the focus will increasingly shift from meeting the immediate humanitarian needs to addressing longer-term development concerns. Funds will be channeled in large part through U.S. PVOs, with a view toward building local organizational capacity and strengthening the ability of Tajiks to build and sustain their own economic recovery. Efforts will also be made to use scarce USAID resources to leverage other donor funding and help shape the broader donor effort. For example, both the World Bank and the UNDP are contemplating new initiatives which could increase funding for various PVOs working in the country. A continued training effort and modest involvement in economic restructuring and democratization might also be considered. U.S. interests in the country are determined mainly by a concern about regional stability and a desire to see the country returned to normalcy. A return to civil war would be disastrous, with potential spill-over effects involving Afghanistan, Iran, Russia and Uzbekistan, among other countries. USAID's assistance program will, hopefully, help avert this possibility and prevent the country from slipping into costly social, political and economic chaos.

Crises Management

Humanitarian relief programs funded by UNHCR, USAID and others have been largely successful in dealing with the immediate aftermath of the 1992 civil war, which resulted in many deaths, the departure of tens of thousands of local citizens and the destruction of many thousands of homes, schools, health centers and other facilities. Much of the damage was concentrated in the Katlon area immediately south of the capital, Dushanbe. Although political consensus has not yet been achieved and the situation remains very fragile, most Tajiks who fled during the civil war have now been able to return home. Recognizing this, the UNHCR is dramatically reducing its presence in Tajikistan and the focus of the United Nations agencies is turning toward long-term, sustainable development plans.

The U.S. was among the most generous donors in responding to the crisis in Tajikistan. Political consensus has not been achieved and Tajikistan and the political situation remains fragile. Nonetheless, USAID programs were effective in dealing with the immediate aftermath of the civil war and in facilitating a safe return of most refugees. Portions of USG resources were channeled through international organizations, such as UNHCR and UNICEF, and through American PVOs. The immediate impact of these efforts has been substantial and positive, including the delivery of 18,000 metric tons of food, the restoration of health facilities for 260,000 people, the reconstruction of more than 10,000 homes, and the provision of potable water and improved sanitation facilities for about 40,000 beneficiaries.

USAID-supported work is carried out through contributions to international organizations and American PVOs. Emergency work included major support for feeding programs, including food-for-work activities and the provision of food for especially vulnerable groups such as women and school children. As aid shifts toward more sustainable development projects, programs have been able to expand to include health, water, income generation, employment and agricultural development. Funding has also been provided for a small hydro generating plant in the isolated Gorno-Badakhshan area of Tajikistan.

Principal Contractors, Grantees, or Agencies: Save the Children, Relief International, International Rescue Committee, CARE, and the Aga Khan Foundation. Funds have also been provided to a number of international organizations, including the International Federation for the Red Cross, UNHCR, and UNICEF.

TURKMENISTAN

USAID's strategy for Turkmenistan will continue to be centered on a creative use of U.S. study tours and in-country workshops and seminars designed to prepare the next generation of Turkmen leaders. The innovative follow-on program, which builds on US exposure trips and amplifies and expands on the training received, will continue to be important. On occasion, the effort also involves regional events that allow Turkmen officials to learn from the experience of others and discuss common concerns with representatives of other Central Asian countries. While economic restructuring and privatization are central themes in this training effort, other areas such as democracy, health and environmental issues can also be addressed.

Cross-cutting/Special Initiatives

Past USAID activities include significant assistance to Turkmenistan and the introduction of new technology under the Aral Sea initiative that is now winding down; an extensive training effort; modest work in the health and family planning area; and a limited Farmer-to-Farmer program. In all cases, programs have been organized to showcase new technologies and build a better understanding of alternative approaches and ways of doing business. These same concerns will continue to inform USAID program development in the future.

In Turkmenistan, "special initiatives" refer mainly to a medical partnership and family planning. Both are part of Congressionally-mandated funding earmarks which are being used to promote broader programming and strategic concerns in Turkmenistan. There is substantial interest in the Turkmen health community in collaborating with U.S. experts, although the emphasis so far has been more on "high tech" curative practices than on basic health care approaches that would make most sense in Turkmenistan. Although the emphasis now is on health earmarks, limited training and technical assistance related to the political and economic transition is possible if funding and the situation in Turkmenistan permits.

The medical partnership between the Cleveland Clinic and the Niyazov Medical Consultative Center in Ashgabat was established in 1993 and is now entering its "graduation" phase. Through June 1995, some 35 short-term exchange trips had been conducted involving individuals from both institutions. Turkmen health staff from thirty other medical institutions have received management training at a number of regional seminars and workshops. Improvements that result from the partnership are designed to provide a good precedent for other hospitals to follow. For example, an examination of cost factors led to the establishment of a cost accounting department that in turn led to a marked reduction in the average length of patient stays. This review also led to the introduction of a number of fee-for-service activities which

now account for 10 percent of the Niyazov hospital budget. New infection control procedures resulted in lowered morbidity and mortality rates.

The medical partnership involves training and people-to-people exchanges between medical staffs in Cleveland and Ashgabat. Often, the partnership becomes a vehicle for raising additional private American funds and for providing badly needed medical supplies and equipment to Turkmenistan. Family planning programs combine advisory services and training that introduces new approaches and technologies into Turkmenistan. The focus now is on health, but developments in Turkmenistan could also permit additional training and technical assistance in support of the economic and political transition in Turkmenistan.

Principal Contractors, Grantees, or Agencies: Central Asian American Enterprise Fund, Winrock International, American Legal Consortium, ISAR, Eurasia Foundation, Centers for Disease Control, John Snow, Macro International, JHPIEGO, CH2M Hill, Academy for Educational Development.

UKRAINE

Having just begun serious economic reform little more than a year ago, and without deep political consensus to proceed, Ukraine has far to go in its journey. The pace of privatization has been slow to date, although President Kuchma's recent reaffirmation of the importance of privatization, and the passage of Ukraine's constitution are positive hallmarks. In these and other efforts, USAID will continue to provide financial and technical assistance to ensure that the full range of choices are available to Ukraine as its citizens forge their way. Already U.S. assistance provided to date is reaping tangible results. No other country has come as far as fast in reforming its energy sector, which has enormous implications for the country's solvency. At the local level, governments are beginning to take responsibility for resolving problems, and in the process mobilizing and becoming more responsive and accountable to citizens.

Privatization

The United States is the principal source of funding and technical assistance for implementing Ukraine's privatization program. USAID finances and provides technical assistance to 1) operate a nationwide network of enterprise auction centers and bid collection centers, 2) prepare state enterprises for auction, 3) calculate and disseminate auction results, 4) advise the State Property Fund (SPF) and its regional affiliates on a wide range of issues regarding improving the implementation of the privatization program, 5) assist local government to carry out small scale privatization, 6) conduct pilot privatization of agricultural land on six collective farms, 7) improve procedures for the privatization of housing units and formation of condominiums, and privatization and development of urban land, and 8) inform and advise the public about privatization and market reform.

Principal Contractors, Grantees, or Agencies: USAID implements its activities through the IFC, Price Waterhouse, Gavin Anderson, PADCO and RONCO.

Fiscal Reform

USAID has provided training to officials of the State Tax Inspectorate of the Ministry of Finance in the areas of tax collection procedures, tax law enforcement, audit and internal control mechanisms. Government-wide taxpayer identification numbers and an electronic master file are being created with USAID assistance. A Budget Policy and Macroeconomic Analysis unit has been created within the Main Budget Department of the Ministry of Finance and supplied with computers and related equipment and training in their use.

USAID's fiscal program focuses on improving overall tax structure and administration, developing tools for budget preparation, analysis and monitoring, formulating alternative approaches to inter-governmental finances, and strengthening the ability of institutions, particularly the Ministry of Finance, to function effectively in a market economy.

Principal Contractors, Grantees, or Agencies: USAID activities are implemented by KPMG. In addition, USAID-funded advisors from the U.S. Department of Treasury are advising counterparts in the Government of Ukraine.

Private Enterprise

In March 1995, the West NIS Enterprise Fund was registered to do business in Ukraine, and has issued three letters of intent so far, totaling \$4 million. The Eurasia Foundation has funded ten loans so far through its small business loan program. The NewBizNet project is assisting local business advisory organizations to strengthen their services to small and medium businesses. Two new projects are being prepared to support the recovery of privatized companies. USAID's \$175 million EXIM bank program has leveraged private sector resources to supply much needed inputs to the agricultural sector. Three Farm Service Centers have been established with strong U.S. private sector participation, and a private farm finance company is under development. In housing, USAID assistance has supported the growth of a private realtors' association, and has developed the regulations and procedures to form condominium associations of privatized housing owners as well as the provision of housing maintenance and management services by private businesses.

Under the Newbiznet Project, Business Service Centers will continue to provide advisory services directly to enterprises. This activity works in collaboration with other USAID-funded activities such as the Enterprise Fund. Through the Small Business Loan Program and the Micro-Lending Program of the West NIS Enterprise Fund, enterprises will receive loans and equity financing. Other USAID activities will work with organizations such as the Association of Cities and the Council of Regions, under the President of Ukraine, to support policy development and improve the environment for business. The Association, and potentially other Ukrainian institutions, will also use USAID assistance to promote a private housing market, including condominium formation. Ukraine's Realtors' Association will tap USAID support to promote the private management and maintenance of multiple occupant buildings by private firms. USAID will also continue to support the development of market driven, private sector agricultural production, including private marketing and input supply and private sector farm supply centers, which provide farmers with alternative sources of inputs and marketing channels, new technology and technical and managerial support. USAID has initiated a bankruptcy law program to provide the legal infrastructure for the restructuring of insolvent enterprises.

Principal Contractors, Grantees, or Agencies: The contractor for the bankruptcy program is IRIS. Assistance to the SCC is being provided under contract with IRIS, through a subcontract with Nathan Associates, Inc. Assistance to the AMC is being converted from an IRIS contract to an Interagency Agreement with the Federal Trade Commission and Department of Justice. Other contractors and/or grantees include: the International Executive Service Corps, DA, the World Council of Credit Unions, the Eurasia Foundation, and the Eastern Europe Real Property Foundation.

Financial Reform

US bank supervisors have begun working with Ukrainian supervisors to develop capacity at the National Bank of Ukraine (NBU) to analyze and monitor risk and enforce prudential regulations. The NBU's Interbank Payment System (EFPS), partially funded by a USAID grant, is fully functioning, and technical execution of payments is now minutes rather than weeks. Approximately 2,000 bank employees from

over 100 banks have attended training at the National Center for Training Bank Personnel, which was created with substantial investment and support from the NBU. A collateral law program has been initiated to provide the legal infrastructure for rational secured credit transactions. The Association of Investment Businesses has been established, uniting 140 investment funds and trust companies that subscribed to its code of conduct. Temporary share registries compiling initial shareholder lists are operating at 26 privatization auction centers around Ukraine, independent pilot registrars and a registrar support center have been established. More than 450 directors of private enterprises have received training on the principles of shareholder rights.

USAID is assisting the new SRC on the development of its regulations and oversight capacity with the support of full time legislative regulation drafting and monitoring and enforcement advice. It is also providing it with up to date information and market analyses through the Capital Markets Monitoring Unit. Most of its board members are also receiving specialized training courses in the U.S. and other NIS countries along with a program that provides ongoing support to the Commission via a cooperative program of orientation and training with the U.S. Securities Exchange Commission. USAID is also providing technical assistance, training and equipment establishing independent share registries in Ukraine, educating managers of privatized enterprises and the public on shareholder rights, and establishing a national over-the-counter share trading system, owned and operated by a broker/dealer self-regulatory organization.

Principal Contractors, Grantees, or Agencies: USAID's activities in Financial Reform are implemented by KPMG-Barents, Price Waterhouse, Intradoss, Ukrainian Center for Certificate Auctions, IRIS and Financial Service Volunteer Corps.

Energy

Ukraine's eight former vertically-integrated regional monopolies, which had combined the basic utility functions of power generation, transmission and distribution, have been reconfigured into over thirty-three companies with the aim of pulling out the naturally competitive elements of the industry into separate competing companies, while retaining and corporatizing the system's natural monopolies. With the break up the monopolies, four new power generating companies (GENCOs) have been structured to compete in a wholesale market leading to increased operating efficiencies and lower electricity costs for the country. A new company, Energomarket, has been created to operate the wholesale competitive market and serve as a national financial clearing house/electricity dispatch center for the reconfigured system. A National Electricity Regulatory Commission (NERC), the first of its kind in the NIS, has been created to oversee fair competition in the GENCOs and to ensure an equitable system of retail tariffs.

In concert with the Ministry of Power and Electrification, the World Bank and other donors, USAID developed a multifaceted energy program for Ukraine which focuses on (1) Power Sector Restructuring, which has helped transform the power sector from a vertically integrated monopoly to a market system, with separate, competing components, a national regulatory body to set tariffs and grant licenses in response to market costs and efficiencies, and a national dispatch center to oversee power distribution based upon financial bids, and (2) Improving Energy Production and Efficiency through the introduction of new practices and technologies and assistance in applying market principles.

Principal Contractors, Grantees, or Agencies: Hagler-Bailly and Partners in Economic Reform (PIER) are USAID's energy activities implementors, with support from USAID-funded advisors from the US Department of Energy.

Legal Systems

USAID programs provide technical assistance, training and access to information, and to a lesser extent commodities, to counterparts in the Ministry of Justice, the courts, Ukraine's top law schools, the Rada, including key committees and political factions, the presidential administration, legal associations, and municipal governments.

Principal Contractors, Grantees, or Agencies: USAID's legal system reform activities are implemented by three organizations; ARD/Checchi, ABA/CEELI and the US - Ukraine Foundation/Indiana University.

Environmental Health

USAID is strengthening environmental institutions within government, the private sector, and the NGO community to create an institutional framework that will support Ukraine's transition to a market-economy. Activities include environmental assessments for heavy industry in Donetsk to identify opportunities to reduce waste and improve efficiency, and eco-efficient business development in the Carpathian region focusing on sound resource management for sustainable economic development. In addition, USAID is helping with the re-engineering of the City of Lviv's water utility, including focusing on consumption-based billing and cost-recovery to enable long-term system maintenance. USAID is also assisting Ukraine to effectively manage the closure of Chernobyl as outlined in the G-7 comprehensive program.

Principal Contractors, Grantees, or Agencies: CH2M HILL is USAID's principal implementor, with assistance from USAID funded advisors from the USEPA working on water quality pest and pesticide management and a mobile radiation laboratory. Other activity implementors include PADCO, WEC, CUNY and ISAR.

UZBEKISTAN

USAID programs in Uzbekistan have concentrated in several areas, including the Aral Sea initiative; study tours and technical training in the United States; health and family planning; and a low key but important democratization effort emphasizing the importance of non-governmental organizations (NGOs) in building and sustaining a civil society. As resources are reduced, focus and concentration will become even more important. The 1997 program will likely include a special emphasis on fiscal reform, financial sector restructuring and training. Modest programs in democratization and social sector reform are also envisaged.

Fiscal Reform

USAID advisors are working with Uzbek counterparts to prepare a new tax code and implement administrative measures to ensure its effectiveness. Additional technical guidance is being provided to help draft a new budget law, modernize the budgetary classification system and strengthen the budgetary planning and execution process. Both overseas and in-country training supports this effort.

Principal Contractors, Grantees, or Agencies: USAID activities are implemented through KPMG, a contractor working closely with the Ministry of Finance in Tashkent.

Citizens' Participation

USAID's current program focuses on introducing rudimentary concepts of civil society and democratization to Uzbekistan. Technical advisors, training, and grants to local organizations are all used in this effort to disseminate information and energize local counterparts about the role and potential of non-governmental players in contributing to the economic, political and social development of the country. The Counterpart Consortium focuses on NGO training and provides small support grants to

local NGOs. The Eurasia Foundation, whose regional office is located in Tashkent, has also been very active. Although not all their grants are targeted at NGOs, many do involve information and education activities which help inform the public and provide opportunities to engage in broader policy issues.

Principal Contractors, Grantees, or Agencies: USAID activity in democratization in Uzbekistan is largely carried out through the work of various American PVOs. Those involved include ABA/CEELI, Internews and the International Foundation for Election Systems (IFES). American groups such as Goodwill Industries, Aid to Artisans, and the Citizens Network for Foreign Affairs all participate in local NGO development as part of the Counterpart Consortium.

Social Benefits

USAID advisors worked with a World Bank team to advance health reform and leverage World Bank funds to address them. Advisors from the Centers for Disease Control (CDC) in Atlanta have reviewed existing health surveillance systems and made recommendations to improve their effectiveness. USAID-funded advice to the Ministry of Health resulted in revised immunization schedules more consistent with world standards. This will reduce the number of vaccines required for children less than 17, reduce current expenditures on commodities by 6.7 percent, and result in annual savings of \$700,000.

USAID provides training and technical advisory services to key Uzbek counterparts. Funding shortfalls preclude a large, permanent in-country presence, but short-term advisors work closely with Uzbek counterparts to organize and implement training and advisory services. An active training program is underway to introduce new approaches to family planning into Uzbekistan.

Principal Contractors, Grantees, or Agencies: Several USAID-funded groups are involved in the area of social transition, including commercial contractors and the Centers for Disease Control (CDC) in Atlanta.

HIGHLIGHTS OF USAID/ENI BUREAU PRIVATE SECTOR ACTIVITIES

USAID New Business Development - Russia

The USAID New Business Development for Russia (NBD-Russia) helps to jump-start new, primarily small, private businesses in Russia by providing direct assistance to entrepreneurs to aid them in establishing and operating their business on a commercial basis; strengthening Russian institutions which make up Russia's business support infrastructure (training institutions, business associations, local government policy); building the financial mechanisms needed to improve access to credit; and targeting the microenterprise sector with incubator projects.

Direct assistance to entrepreneurs is a focal point of this program. This is being provided through business centers, which offer assistance in developing business plans, marketing and finance plans, provide information on tax and regulatory issues, and link new businesses with foreign partners and sources of domestic credit.

To provide the on-going support and create a hospitable environment for commercial relations, the project will work with business associations, training institutions, and local governments to help them develop business training programs and train qualified instructors, represent the interests of the business community to local regulatory agencies, and understand the roles and relationships of business vis-a-vis government. In addition, consultants work with local banks to demonstrate the profitability of lending to this strong growth sector. Agreements have been reached with the World Bank, the Russian-American Enterprise Fund, and the European Bank for Reconstruction and Development to target funds to this

sector and work directly with USAID to bridge the gap created by the inadequacy of the existing financial system.

Special attention will be paid to the problems and needs of micro-businesses, those with no more than 10 employees, by supporting incubators that can supply access to work space, tailored consulting help, and a leasing and credit component. Micro-incubators often operate in cities with other business centers, providing extra support to those with least access to resources.

To better manage the information flow among BDP providers, USAID established the U.S.-Russia Business Collaboration Center (BCC). Access to information, partners, experience and specific expertise, sharing of field experiences and direct communication with other providers greatly improves the assistance delivered by each individual provider. Complementing and often stimulating this access are specific events, training programs, conferences, a monthly newsletter and topical electronic exchange forums sponsored by BCC.

BCC supports field practitioners who work directly with emerging Russian businesses, directing its efforts to increase impact in the regions of Russia. Due to geography and the economic and political diversity across Russia, BCC has adopted a plan of regional coordination. Information and coordination hubs are being established in the Russian Far East, Siberia, the Urals, Southern Russia and Northwest Russia to best serve the development of private business.

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Satellite Tel. (7 502)222-2262
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Internet: <http://www.cbi.co.ru/>

The "New Business Highlights" Electronic Newsletter provides timely information on the NBDP-Russia and can be delivered right to your e-mail box. Send the message SUBSCRIBE NBH to: majordomo@cbi.co.ru.

Selected activities of the New Business Development Program

Business Support Centers

The USAID Business Development Program has set up a network of six Business Support Centers (BSCs). These centers, managed by Deloitte Touche Tohmatsu, are located throughout Russia, with offices in Novosibirsk, Smolensk, Tomsk, Voronezh, Yekaterinburg, and Zelenograd. The Center for Business Information (CBI) and a Program office in Moscow provide additional resources and help to coordinate the activities of the BSCs.

Each site has its own mix of Program activities, dependent on the local business environment and conditions. The Business Support Centers, the Center for Business Information and the Moscow Program office are staffed by teams of Russian professionals who, together with expatriate advisors, bring resources to bear on specific Program objectives.

The USAID Business Development Program provides: business advice and information on practical aspects of business development; assistance to entrepreneurs in writing business plans to international standards; Russian and Western consultants to work with targeted businesses on both a short- and long-term basis; short-term consultants to support Russian organizations which in turn directly support small and medium-sized businesses.

Business Support Center/Novosibirsk
Ul. Nizhegorodskaya 6, Room 274-276
630102 Novosibirsk, Russia
Tel. (7-3832)102-104/106/143
Fax (7-3832)101-087
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Business Support Center/Smolensk
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Tel/Fax: (7-095)943-6181
E-Mail: smol@rospac.msk.su

Business Support Center/Tomsk
Ul. Vershinina 76
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Tel. (7-3822)233-344
Fax (7-3822)269-740
E-Mail: tbsc@project.tomsk.su

Business Support Center/Voronezh
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Business Support Center/Yekaterinburg
Ul. Schmidta 44, 11th Floor
620142 Yekaterinburg, Russia
Tel. (7-3432)225-744
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E-Mail: ekater@glas.apc.org

Morozov Group

The Morozov Group has emerged as an important hub of the USAID Business Development Program's efforts. Operating in over 30 cities throughout Russia, it is a consortium of Russian universities and institutes managed through the Russian Academy of Management and the Market, fostering the growth of a nation-wide business-training network. Its thirty-three Business Training Centers and eighteen support centers offer business consulting, information support, and access to loan and equity funding. By the end of FY95, 1,650 trainers have completed intensive "train-the-trainer" programs at the Morozov Project's headquarters in Moscow. The Project's popular small-business and entrepreneurship course has assisted 120 trainers in 50 regions.

Morozov Group
George McGurn
Academy of Management and the Market
Zapsep 41
113054 Moscow
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Internet: <http://www.morozov.ru/>

International Business and Technology Incubator

The International Business and Technology Incubator (IBTI), managed by the Virginia Polytechnic Institute and State University and the Atlas Group, will provide technology development support, management training, and marketing to initiate and develop technologically-oriented small businesses in Russia. The creation of new companies through technology commercialization will also enable Russian research centers to remain viable and retain scientists. Technical development work will be carried out at host research institutes, with support from the IBTI facility, including: technology audits of research and

development with commercial potential; financial support for technology development; dissemination of educational materials to assist the research institutes with management and commercialization of technology; developing links to U.S. corporations; and markets for research and office space for short-term stays by scientists and engineers.

Dr. Alistair Brett, Project Manager
Atlas Group
950 Herndon Parkway, Suite 340
Herndon, VA 22070
Tel (703)709-1106; Fax (703)709-1108

Volkhov International Business Incubator and Training Center

The Volkhov International Business Incubator & Training Center was created by a partnership of the Alliance of American & Russian Women, the City of Volkhov, the New York Small Business Development Center, and the State University of New York Research Foundation.

As a joint US-Russian educational institution, the Volkhov International Business Incubator & Training Center has as its mission to support and assist the development of small and medium-sized businesses: provide a supportive environment for entrepreneurial thought and activity; actively encourage women entrepreneurs and women-led businesses; offer business training for a market economy; provide business-related services and information resources; provide access to international lending and training organizations, credit and alternative financing sources; and create local employment.

Services the Volkhov Incubator provides include office space, business education and training, communication facilities, physical security, leasing services, and access to credit for the citizens of the Volkhov region. A staff of seven professionals, assisted by international and Russian experts, provides training and individual consultation to incubator tenant businesses, private businesses in the Volkhov region, and non-profit organizations.

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Kola Business Development Center

The Kola Business Development Center (KBDC), in the city of Murmansk, has three primary objectives: attract foreign investment into the region, increase export opportunities for existing firms, and foster the growth and development of newly privatized companies and independent small businesses. The KBDC is supported by a grant from the United States Agency for International Development through The Eurasia Foundation, administered by Geonomics Institute in Middlebury, Vermont, USA. It is a collaborative effort between the Murmansk Regional Administration, interested Russian enterprises, and Geonomics Insatiate.

In the 1920's, huge mining and ore processing plants were constructed on the Kola Peninsula. The Kola Science Center, founded by the Russian Academy of Sciences, was begun as an instrument to assist the mining industry and to propose solutions to the problems of industrial development in a sub-arctic climate. It is the largest research facility in the world, north of the Arctic Circle. It employs 1500 researchers (many are members of the Russian Academy of

Sciences) and approximately 1000 support personnel; it holds over 700 patents, and actively cooperates with scientists throughout the world. Kola Science Center's scientific research covers a wide variety of projects; however, work on many projects is temporarily suspended due to a lack of funds for testing or further research. Companies looking for possible investment opportunities might include the projects of the Kola Science Center in their research.

International telephone and fax via Norway: +47-789-10594

Russian Telephone: (815-2) 55-57-68 or 55-12-27

US-Russian Office of Trade and Investment (Northwest Russia)

The University of Massachusetts at Amherst has formed a Partnership Program with Pskov Polytechnical Institute in Russia with a grant from USAID. The US-Russian Office of Trade and Investment has been established as part of this program to develop trade and investment links between the US and Northwestern Russia. Its twin offices in Pskov and Amherst will provide immediate access to business contacts, trade leads, commercial and economic information in both regions. Services offered include: counseling on local market conditions and business practices; advice on applicable regulations, banking, and taxes; market research on selected products or services; identification of joint-venture opportunities or business partners; representation of industries or companies in Russia; and arranging trade missions/fairs in Russia.

Andrei V. Izurov

U.S.-Russian Office of Trade & Investment School of Management

University of Massachusetts

Amherst, MA 01003

Tel (413)545-5681; Fax (413)545-9565

E-mail: izurov@som.umass.edu

<http://www-unix.oit.umass.edu/~izurov/tradeof.html>

New Small and Medium Scale Businesses in Ukraine and Moldova (NEWBIZNET)

The NEWBIZNET project will create and strengthen local business services groups which provide technical assistance, training and education, information, and research on modern business practices and doing business in a market economy, to private small and medium sized businesses in Ukraine and Moldova. Business Service Groups (BSGs) will be developed to provide firm-level basic and customized services to private enterprises. A training and education program providing a region-wide business skills education program through participant training and training of trainers in basic and specialized business practices will be established, as well as a business information network linking national, regional, and international subscribers to facilitate their communication and exchange of ideas. The network will also provide access to business information, resources, and marketing opportunities.

Neil Nathanson, Technical Advisor

Development Alternatives, Inc.

7250 Woodmont Avenue, Suite 200

Bethesda, MD 20814

Tel: (301)718-8699; Fax (301)718-7968

Business Development Center - Kazakstan

With a grant from USAID, the Carana Corporation has established the Business Development Center (BDC) to provide support to Kazakstani enterprises with accessing markets, obtaining financing, finding strategic partners, and gaining know-how. The BDC's efforts are tailored to both generic and industry-specific business needs and priorities, and fall into two categories: 1) general business support services in the forms of business planning, technical assistance, market research, and business linkage activities, and 2) specific, focused projects which address priority needs in the following industries: fruit and vegetable processing, trucking, gasoline distribution and retailing, pharmaceutical distribution, grain and grain products, milk and dairy products, agricultural equipment, agricultural chemicals, and wholesaling and retailing. Client companies must be 100% private and operating in the above-mentioned sectors, have a proactive, dynamic management with demonstrated competencies; and propose a project that is commercially viable. If it is determined that the BDC will provide assistance, a formal proposal of the services to be rendered, the expected results, the staffing, any costs or fees, and other terms and conditions will be defined.

Veronica John
CARANA Corporation
105, Ablai Kan, Room 51
Almaty 480091 Kazakstan
Tel (7 3272)696-575
Fax (7 3272)622-851

SOURCES OF FINANCE: USAID GRANTS, SMALL BUSINESS LOANS, AND ENTERPRISE FUNDS

GRANTS

Eurasia Foundation

The Eurasia Foundation is a privately managed grant-making organization dedicated to funding programs that build democratic and free market institutions in the New Independent States. With funding from USAID, the Eurasia Foundation supports technical assistance, training, and policy programs in the NIS in three areas:

- **Economic Reform:** management training, business and economics education, development of free market institutions, policy advice, and information systems.
- **Governmental Reform and the Nonprofit Sector:** public administration reform, public policy advice, and development of non-governmental organizations.
- **Media and Communications:** Print, broadcast and electronic media to encourage economic reform and democratic institution-building.

The Foundation awards grants totaling approximately \$17 million per year; average grant size for project originating in the U.S. is \$40,000 and \$11,000 for grants made in the NIS.

To achieve its goals of rapid and flexible funding of qualified programs, the Eurasia Foundation encourages grant seekers to submit proposals at any time. There are no application forms. Before proposals are submitted, a brief letter of inquiry describing program objectives is recommended for the Foundation to determine whether the project falls within its areas of activity.

Washington, D.C. Office

Eurasia Foundation
1527 New Hampshire Avenue, N.W.
Washington, D.C. 20036
Tel (202)234-7370; Fax (202)234-7377
E-mail: Eurasia@Eurasia.org
Internet: <http://www.eurasia.org/>

Central Russia and Siberia

14 Volkonka Street, 4th Floor
Room 403
Moscow, 119842, Russia
Tel (7 095)956-1235
Fax (7 095)956-1239
E-mail: efmoscow@eurasia.msk.ru

Russian Far East Office

Abrekovskaya 8a
Vladivostok 690001 Russia
Tel (7-4232)30-00-63
Fax (7-4232)30-00-64
E-mail: efvlad@sovam.com

Southern Russia Office

54 Nemetskaya Street, 2nd Floor
Saratov 410601 Russia
Tel (7-8452)24-57-55
Fax (7-8452)91-01-59
E-Mail: ef@ef.saratov.su

Western NIS Regional Office

15 Kreshatik, Flat 14
Kiev 2520001 Ukraine
Tel (380-44)229-7521
Fax (380-44)229-4359
E-mail: eurasia@eurasia.freenet.kiev.ua

Central Asia Regional Office

Uzbekistan
Ulitsa Druzhby Narodov 100
Apartment 406
Tashkent 700000 Uzbekistan
Tel (7-3712)79-44-92
Fax (7-3712)79-44-91
E-mail: eurasia@ef.silk.glas.apc.org

Kazakstan

Panfilova 151, Apt. 6
Almaty 480064 Kazakstan
Tel/Fax (7-3272)69-97-29
E-mail: eurasia@aebexc.alma-ata.su

Caucasus Regional Office

22 Isahakian Street, Suite 9
Yerevan, 375009, Armenia
Tel/fax (374-2)151-824
E-mail: armenia@eurasia.arminco.com

Eurasia Foundation Small Business Lending Programs

The Eurasia Foundation has established a loan program for Ukrainian small businesses to promote economic and market transformation through assistance to local business ventures. Loans may be used for equipment purchase and/or working capital needs, including investments in human resources and training. The loan size may be up to \$50,000; the initial loan pool is \$1,000,000. The loans are repayable in one year at a 15% interest rate, which can be adjusted quarterly.

Although the Eurasia Foundation will make the final decision on which loans are made, the AVAL Bank is responsible for loan solicitation and outreach, assistance to potential borrowers in completing loan application, credit analysis, loan due diligence, and loan monitoring. The Eurasia Foundation will provide technical assistance, capital, and training to AVAL Bank and its branches participating in this program.

In Washington:

1527 New Hampshire Ave., N.W.
Washington, D.C. 20036
Tel (202)234-7370; Fax (202)234-7377

In Ukraine:

AVAL Bank
9 Leskova Street
Kiev 252001 Ukraine
Tel/Fax (380-44)295-5505
E-mail: mkfuller@eurasia2.freenet.kiev.ua

The Eurasia Foundation has also established a small business loan program for Armenian small businesses. The Foundation's financial intermediary in Armenia is Anelik Bank. Small business loans of up to \$25,000 from an initial loan pool of \$1,000,000 are available to businesses in Yerevan or Gyumri with less than 100 employees, where commercial financing is not otherwise available. Loans may be for equipment purchases and/or working capital needs. The term is twelve months, with a twelve month extension possible. The interest rate is 15%, and may be adjusted quarterly.

In Washington:

Tel (202)234-7370; Fax (202)234-7377

Anelik Bank
4 H. Kochar Street
Yerevan 375033 Armenia
Tel. (374-2)151-441
E-mail: efcksblp@arminco.com

ENTERPRISE FUNDS FOR NIS COMPANIES

USAID has established three enterprise funds to assist small and medium sized businesses in the NIS: The U.S.-Russia Investment Fund (TUSRIF); Central Asian-American Enterprise Fund (CAAEF) for Kazakhstan, the Kyrgyz Republic, Tajikistan, Uzbekistan, and Turkmenistan; and Western NIS Enterprise Fund (WNISEF) for Ukraine, Belarus and Moldova. These funds were designed to take equity positions or make loans to privatized or privatizing enterprises in those countries. The enterprises may include American investors, and in certain instances, the funds may also support technical assistance and training related to their actual or potential investments and loans. Loans may be offered directly or in conjunction with commercial banks.

The U.S.-Russia Investment Fund (TUSRIF), capitalized by USAID at \$440 million, offers financing and management support in the form of equity investments, loans, technical assistance, and training to Russian enterprises of all sizes. The Fund also operates a Small Business Lending Program through which it works with banks in Russia to provide debt financing to small enterprises in Russia. The Fund will consider investment proposals for businesses in any industry sector and has no strict minimum or maximum investment amount.

The U.S.-Russia Investment Fund

Laura Hoffman, CFO
545 Fifth Avenue, Suite 300
New York, NY 10017
Tel. (212)818-0444; Fax (212)818-0445

In Russia:

Tsvetnoy Boulevard, 25/3, 5th Floor
Moscow 103051 Russia
Tel. (7-095)960-3131; Fax (7-095) 960-3132

Amethyst Hotel 5A
L. Tolstovo Street
Khabarovsk 680000 Russia
Tel./Fax (7-4212)22-77-14

Ul Beregovaya 10, 11th Floor
Rostov-on-Don, 344007, Russia
Tel. (7-8632)59-86-92; Fax (7-8632)59-87-87

41 Lenin Prospect, 8th Floor
Ekaterinburg, 620151, Russia
Tel. (7-3432)22-57-44; Fax (7-3432)22-62-44

57 Bolshaya Morskaya
St. Petersburg, Russia 19000
Tel. (7-812)325-8359; Fax (7-812)310-9274

The **Central Asian-American Enterprise Fund** was incorporated in July, 1994, capitalized with \$150 million from USAID. CAAEF's three primary activities provide direct investments and loans to qualified private enterprises; promote participation in joint ventures with international investors the world over who can introduce Western technologies, management skills, and financial resources to the region; and sponsor a small business lending program. The Fund's investments in Central Asian enterprises range from \$100,000-\$5 million, and target small and medium-sized enterprises active in fulfilling the demand for infrastructure development such as food processing, distribution, and transportation; and companies producing consumer goods and services.

Central Asian-American Enterprise Fund

1634 Eye Street, N.W., Suite 200
Washington, D.C. 20006
Tel. (202)737-7000; Fax (202)737-7077
E-mail: caaefbsh@sovam.com

In Tashkent:

1, Turab Tula Street
Tashkent, Uzbekistan 700003
Tel. (7-3712)89-11-34; 89-11-35
Fax (7-3712)89-11-38
E-mail: caaefkas@sovam.com

In Almaty:

531 Seyfullin Prospect, Second Floor
480083 Almaty, Republic of Kazakstan
Tel. (7-3272)63-88-15
Fax (7-3272) 69-45-89
E-mail: caaefkaz@sovam.com

In Bishkek:

195 Tynystanov Street
Bishkek, Kyrgyz Republic 720000
Tel. (7-3312)62-12-35
Fax (7-3312)62-12-30
E-mail: caaefbis@sovam.com

In Ashgabat:

Ok-Altin Plaza Hotel Office Building
141/1 Magtumkuli Street, 3rd Floor
Ashgabat, Turkmenistan 744000
Tel. (7-3632)51-23-28; 51-23-34
Fax (7-3632)51-23-27
E-mail: caaefash@sovam.com

In Dushanbe:

44 Aini Street
Dushanbe, Tajikistan 734024
Tel. (7-3772)21-70-20; 23-34-20
Fax (7-3772)21-28-88
dushanbe@caaeftad.tadzikistan.su

The **Western NIS Enterprise Fund**, capitalized with \$150 million from USAID, will make equity investments and offer technical assistance to promote new private companies and entrepreneurs in the NIS. Equity investments will be structured to generate long-term capital gains reflecting the underlying risks of the investment. Special emphasis will be given to the promotion of small and medium-sized enterprises and will target the sectors of agribusiness, construction, and furniture-making. In addition, the Small Business Loan Fund provides two loan programs for small businesses and entrepreneurs. Micro-loans from \$500 to \$5,000 are available for individual entrepreneurs and small groups, while loans up to \$100,000 are available for small businesses. Interest rates on loans will be at prevailing commercial market rates, taking into account the local market rates and the inherent risk in the project.

Western NIS Enterprise Fund

15 W. 39th Street, 11th Floor
New York, NY 10018
Tel. (212) 556-9320; Fax (212) 556-9321

In Ukraine:

Regina Business Center
4 Muzeyny Pereulok, 3rd Floor
250001 Kiev
Tel. (380)44-291-0280
Fax (380)44-291-0289

In Moldova:

169 Stefan cel Mare Street
TIS Business Center
2004 Chisinau
Tel. (373-2)625-220; Fax (373-2)625-853

**ADDITIONAL FUNDS FOR NIS ENTERPRISES BACKED BY THE US GOVERNMENT AND
MULTILATERAL INSTITUTIONS**

Agribusiness Partners International

API, capitalized at \$100 million, offers debt and equity financing for all the NIS and the Baltic countries; average investment size is \$10 million. Targeted sectors include food processing, manufacturing, packaging, marketing and the distribution of finished food products; manufacturing of food processing equipment; privatizations, as well as transportation and storage of food products and related businesses.

Mr. Robert Peyton
America First Companies
1004 Farnam Street, Suite 400
Omaha, NE 68102
Tel. (402)444-1630; Fax (402)345-8966

Allied Capital International Small Business Fund

Capitalized at \$20 million, this equity fund invests world-wide in basic manufacturing and service industries sponsored by qualifying U.S. small business. Targeted sectors include manufacturing; distribution; packaging; business services; environmental services; franchises; communications; water, sewer, and electric utilities; and consumer products.

Mr. Cabell Williams III
Allied Capital Corporation
1666 K Street, N.W., 9th Floor
Washington, D.C. 20006
Tel (202)331-1112; Fax (202)659-2053

CEE/NIS Property Fund

This fund, capitalized at \$240 million, will target telecommunications, manufacturing, natural resource processing, pharmaceuticals, and consumer goods. It will acquire and develop light industrial, manufacturing, commercial, office, distribution, warehouse, and retail property for lease on a long-term basis to U.S. and other international companies.

Mr. Chris Soles
CEE/NIS Equities, LP
372 Washington Street
Wellesley, MA 02181
Tel (617)431-2600; Fax (617)431-7749

Defense Enterprise Fund

The Defense Enterprise Fund (Fund) is a venture capital fund created to make debt or equity investments in joint ventures between NIS and U.S. firms to assist in defense conversion of plants that were formerly used to produce weapons of mass destruction. Countries eligible include Russia, Ukraine, Kazakstan, and Belarus. The Fund may provide loans or make investments in qualified joint ventures which include personnel and facilities formerly involved in research, development, production, or operation of the defense sector in the republics mentioned above.

Defense Enterprise Fund
6630 West Broad Street, Suite 100
Richmond, VA 23230
Tel. (804)281-0700
Fax (804)281-0708

First NIS Regional Fund

First NIS, capitalized at \$200 million, and managed by Sovlink-American and Baring Brothers, is available for equity investment in all NIS countries and the Baltics. The average investment size is \$2-10 million. Targeted sectors include natural resource-related companies, telecommunications, light manufacturing, consumer products and services.

Mr. Richard Sobel
Baring International Investment Management
155 Bishopsgate
London EC2M 3XY
United Kingdom
Tel (44-171)214-1708; Fax (44-171)214-1725

Framlington Russian Investment Fund

The fund provides equity investments in small and medium-sized enterprises in Russia, ranging from \$500,000-\$4 million.

Framlington Russian Investment Fund
30 Konushkovskaya ul.
123242 Moscow, Russia
Tel. (7-501)253-4688; Fax (7-501)253-4679

Global Environment Emerging Markets Fund

The Global Environment Emerging Markets Fund (GEEMF), capitalized at \$70 million, makes equity investment in all NIS countries, with a particular focus on environmental infrastructure and environmental municipal services such as clean energy and water, and waste management. Investment size can range to \$10 million.

Mr. Jeffrey Leonard
GEF Management Corp
1201 New York Avenue, N.W., #200
Washington, D.C. 20005
Tel (202)789-4500; Fax (202)789-4508

Lower Volga Regional Venture Fund

This fund, capitalized at \$40 million by the EBRD and USAID, will make investments with a high potential to produce superior investment returns. Preferred minimum initial investment between \$300,000-\$3 million.

Joel Montgomery
Lower Volga Regional Venture Fund
24 Kovrovaskaya, 3rd Floor
400074 Volgograd
Tel. (7-8442)33-95-64
Fax (7-8442)93-04-60

New Century Capital Partners

This \$250 million fund will invest in Ukraine, Armenia, Belarus, Estonia, Georgia, Kazakstan, Moldova, and Russia. Targeted industries include diversified manufacturing, consumer products, and financial and service industries.

George Rohr
NCH Advisors
712 Fifth Avenue, 46th Floor
New York, NY 10019-4108
Tel. (212)641-3200
Fax (212)641-3201

New Europe East Investment Fund

The fund will consider investing in large joint ventures with Western industrial partners. It may invest in any of the European Bank for Reconstruction and Development countries of operations.

New Europe East Investment Fund
Capital Research International
25 Bedford Street
London WC2E 9HN, United Kingdom
Tel (44-171)257-6700
Fax (44-171)257-6767

North West Regional Venture Fund

This fund will invest equity in privatized and private sector enterprises (maximum 25% state-owned) with up to 5,000 employees, in all sectors. The primary target area for the fund is the oblasts of Murmansk and Arkhangelsk and the Republic of Karelia. Investment size ranges from \$300,000-\$3 million.

Mr. Ilka Linnako, Managing Director
North West Regional Venture Fund
Oy Sitrans Ltd.
c/o SITRA
Uudenmaankatu 16-20B
00121 Helsinki, Finland
Tel. (358-0)618-991
Fax (358-0)645-072

Russia Partners Fund

The Russia Partners Fund is capitalized at \$155 million for equity investment in the NIS. Average investment size is approximately \$2-15 million. Targeted sectors include natural resource development, telecommunications, light manufacturing, distribution and consumer products and services. This fund is managed by PaineWebber Incorporated.

Mr. Drew Guff, Vice President
PaineWebber - Russia
1285 Avenue of the Americas
New York, NY 10019
Tel (212)713-3214; Fax (212)713-1087

Sector Capital

This fund is interested in transactions in the transportation sector through co-investment or project finance in infrastructure-related projects, especially in the Russian Far East. Investments range from \$500,000-\$2 million.

Alexander Goodwin, CEO
Sector Capital
Novy Arbat 34, Dom 2
121099 Moscow, Russia
Tel. (7-095)290-8656
Fax (7-095)205-7077

Small Enterprise Assistance Funds

The Small Enterprise Assistance Funds (SEAF) provide equity financing and business assistance to small and medium sized enterprises in developing countries undergoing economic transition. SEAF is majority shareholder in the CARESBAC-St. Petersburg fund and also manages the Small Enterprise Equity Funds in Nizhny Novgorod and St. Petersburg for the European Bank for Reconstruction and Development (EBRD). Investments provide direct financing to majority locally-owned enterprises, and range from \$50,000-\$300,000 through combinations of minority equity participations and subordinated debt. Targeted sectors include agribusiness, light industry for export, and essential business services.

Small Enterprise Assistance Funds
1150 Connecticut Ave., N.W., Suite 715
Washington, D.C. 20036
Tel. (202)737-8463
Fax (202)737-5536
E-Mail: seafhq@msn.com

Jonathan Carr, Director General
CARESBAC-St. Petersburg/Small Enterprise Equity Fund
Lermontovsky 7
Second Floor
190068 St. Petersburg, Russia
Tel. (7-812)114-2632
Fax (7-812)325-6337

Eric Johnson, Chief Investment Officer
Small Enterprise Equity Fund/Nizhny Novgorod
150 Gorky Street, Room 707
603000 Nizhny Novgorod, Russia
Tel. (7-8312)35-42-85
Fax (7-8312)35-43-45

Smolensk Regional Venture Fund

This fund will make equity investments in private or privatized enterprises with between 200-2,000 employees. It will take an equity stake of up to 49% in the capital of companies. Investment size will range from \$300,000-\$1.2 million.

Henri Oliva
SIGEFI
Vorobiova ul. 17
214015 Smolensk, Russia
Tel. (7-0810)060-693; Fax (7-0810)039-359

Southern Russia Regional Venture Fund

This fund will consider investments to private sector enterprises (maximum 25% state-owned) with up to 5,000 employees in all sectors. Preferred minimum investments range from \$300,000-\$3 million. Regions covered include Rostov-na-Donu, Krasnodar, and Stavropol.

Southern Russia Regional Venture Fund
c/o Rostov Atomkotlekh
188 Bolchaya Sadovaya ul.
344022 Rostov-na-Donu, Russia
Tel. (7-7863)2534-122
Fax (7-7863)539-377

St. Petersburg Regional Venture Fund

This fund will consider investments in private sector enterprises (maximum 25% state-owned) with up to 5,000 employees, in all sectors. Preferred minimum investments range from \$300,000-\$3 million.

Wolfgang Engler, Managing Partner
St. Petersburg Regional Venture Fund
Management GmbH
Hamburger Allee 2-10
60486 Frankfurt am Main, Germany
Tel. (49-69-79)50-00-24; Fax (49-69-79)50-00-60

Ukraine Fund

The fund is interested in equity investment in small and medium-sized existing private businesses and joint ventures. Investments range from \$50,000-\$500,000. Targeted sectors include real estate, food processing, and distribution.

Margaret Daniels
Claflin Capital Management, Inc.
77 Franklin Street
Boston, MA 02110
Tel. (617)426-6505
Fax (617)482-0016

Urals Regional Venture Fund

This fund will consider investments in private sector enterprises (maximum 25% state-owned) with up to 5,000 employees, in all sectors. Preferred minimum investments range from \$300,000-\$3 million.

Urals Regional Venture Fund
ul. Pushkinskaya 7/5, Kv. 4
103009 Moscow, Russia
Tel. (7-095)956-9100; Fax (7-095)956-1800

Western NIS and Baltic States Fund

This fund, managed by New Century Holdings, is capitalized at \$250 million. Eligible countries include Belarus, Estonia, Kazakstan, Latvia, Lithuania, Moldova, Russia, and Ukraine. Targeted sectors include diversified manufacturing, financial and service industries.

Mr. George Rohr
NCH Advisors
635 Madison Avenue
New York, NY 10022
Tel. (212)308-4843
Fax (212)308-4398

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT SME CREDIT LINES/BANK-TO BANK LOANS

Belarus SME Credit Line

The EBRD has made a loan to the Republic of Belarus for on-lending to local commercial banks to finance investment projects of small and medium-sized companies in the private sector.

Belarus SME Credit Line
c/o EBRD Minsk Resident Office
ul. Sovetskaya 7
220050 Minsk
Tel. (7-0172)201-537, 203-239
Fax (7-0172)207-668

First Ukrainian International Bank

This bank will make medium and long-term investments in agribusiness and related industries operating in the transformation and distribution of agricultural food products and beverages. Beneficiaries will be agribusiness and ancillary enterprises. Recipients will be mostly private enterprises, although state-owned enterprises currently in the process of being privatized are eligible.

Konstantin Seregin
First Ukrainian International Bank
ul. Cheljusintsev 107
34000 Donetsk, Ukraine
Tel. (380-44)212-5842

International Commercial Black Sea Bank-Georgia

With initial capital of \$US 3 million from the Commercial Bank of Greece, United Georgian Bank, and the European Bank for Reconstruction and Development, the ICBSB-Georgia will provide a range of banking products, including trade finance, foreign exchange, money transfers, and other services related to international payments, but not provide retail banking services.

ICBSC-Georgia
Geno Mallazonia
Tel. (995-32)955-702

EBRD-London
Lily Netsova
Tel. (44-171)338-6640

International Moscow Bank

(Co-financing line with a local bank.)

Agency-line finance for private sector enterprises. Loans range from \$500,000-\$8 million.

Dmitry Mercuriev, Senior Project Officer

International Moscow Bank

ul. Pushkinskaya 5/6

103009 Moscow, Russia

Tel. (7-501)258-7328

Fax (7-501)258-6521

Kiev International Bank

KIB is a newly-established bank which will provide a full range of international banking and corporate finance services, focusing on long-term funding and assisting investment in Ukraine. Investments will range from \$500,000-\$1 million.

Ralph Landa, General Manager

Kiev International Bank

vul. Volodymyrska 16

Kiev, Ukraine

Tel. (380-44)228-8387

Fax (380-44)228-5266

Kyrgyzstan SME Credit Line

The EBRD has made a loan to the National Bank of Kyrgyzstan with the aim of promoting competitive and private sector activity in the Kyrgyz Republic. The loan will be on-lent to participating banks, for providing finance to private enterprises.

Kyrgyzstan SME Credit Line

National Bank of Kyrgyzstan

720040 Bishkek, Kyrgyzstan

FOREX Department

Tel. (7-3312)253-933

Fax (7-3312)217-427

In addition, the EBRD has established the **Kyrgyzstan Business Advisory Service** for potential borrowers under the SME credit line to improve business plan submission, and search for partners or additional co-financing when needed.

Kyrgyzstan Business Advisory Service

c/o EBRD Bishkek Resident Office

ul. Moskovskaya 73

Bishkek, Kyrgyzstan

Tel. (7-3312)295-521

Fax (7-3312)620-800

Moldagroindbank (MAIB)

(Bank-to-bank loan with sovereign guarantee)

This bank will make loans to projects in all sectors in Moldova for a period of up to five years. Maximum loan size is US \$1 million; there is no minimum loan size.

Moldagroindbank
Bld Renasterii 7277006 Chisinau
Tel. (373-2)228-388
Fax (373-2)242-454

National Bank of Ukraine

(EBRD loan to government) Medium-term investment credit and short-term trade financing will be provided through private banks to private small and medium-sized companies. Loans range from \$50,000-\$2.5 million.

Natalia Yakubenko
National Bank of Ukraine
Pr. Nauki 7
252028 Kiev, Ukraine
Tel.(380-44)267-3922
Fax (380-44)267-3921

National Bank for Foreign Economic Activity of the Republic of Uzbekistan

The bank will finance small and medium-sized projects in export-oriented investment projects. Only private enterprises, joint ventures with foreign partners, and state enterprises in the process of being privatized will be eligible for funding.

National Bank for Foreign Economic Activity of the Republic of Uzbekistan
Ahunbabaev Kuchasiy 23
700047 Tashkent, Uzbekistan
Tel. (7-3712)337-151
Fax (7-3712)333-200

Victoria Bank/Moldova

(EBRD equity participation and Bank-to-bank loan)

This bank will make loans to projects in all sectors for a period of up to five years. Maximum loan size is US \$500,000; there is no minimum loan size.

Victoria Bank
Strada 31 August Nr. 141
277004 Chisinau, Moldova
Tel. (373-2)233-065
Fax (373-2)233-561

TRADE FINANCE FOR US COMPANIES

Bankers Association for Foreign Trade

The Banker's Association for Foreign Trade (BAFT) is an association of banking institutions dedicated to fostering and promoting American exports, international trade, finance and investment between the U.S. and its trading partners. BAFT's Access to export Capital (AXCAP) program has greatly strengthened BAFT's commitment to American exports. AXCAP serves as a national catalogue listing banks and other companies involved in trade finance and the trade finance services they offer. AXCAP also contains a national inventory of services offered by government export credit agencies offered by government export credit agencies, including ExIm Bank, OPIC, SBA.

BAFT

2121 K St., N.W., Suite 701

Washington, D.C. 20037

Tel: (202) 452-0952

Fax (202)452-0959

<http://www.miep.org/axcap/index.html>

Export-Import Bank of the U.S. (ExIm Bank)

The Export-Import Bank is an independent U.S. government agency that helps finance the sale of U.S. goods and services to foreign buyers. Ex-Im Bank supports export sales by providing direct loans to foreign buyers; guarantees to U.S. and foreign commercial lenders for credit risk protection, export credit insurance to U.S. exporters against failure of foreign buyers to meet payment obligations, and pre-export financing for small business through its Working Capital Guarantee Program to support production or marketing of products or services for exports. The Working Capital Program will enable small service companies to better compete in foreign markets. Under the program Ex-Im Bank provides guarantees of working capital loans to small and mid-size companies to finance costs related to exporting. Now engineering, architecture, environmental consulting, and other service firms that are ready to export may include design, labor, overhead and other contract-related costs in their collateral base. Under the new initiative, Ex-Im Bank will approve disbursements under a working capital loan using collateral made up entirely of non-traditional expenses. Such loans will be structured with the following safeguards:

- the proceeds of the contract are assigned to the lender as collateral
- the payment mechanism (e.g. Letter of Credit) is assigned to the lender
- the borrower has demonstrated the ability to perform
- the borrower has been in business at least three years
- the borrower provides audited or reviewed financial statements for three fiscal years

Ex-Im Bank programs have been available since February 1992 to support U.S. exports to the Russian Federation. The services that Ex-Im provides for Russia include: insurance, guarantees, direct loans, and credits based on export contract security arrangements, limited recourse project risk, Russian sovereign risk, and guarantee facilities under commercial bank credit. In July 1993, Ex-Im Bank signed an Oil and Gas Framework Agreement (OGFA) under which Ex-Im may provide financing assistance of up to \$2 billion for purchases of equipment and services to revitalize Russia's energy sector. In January 1996 the U.S. and Russia signed a memorandum of understanding establishing a framework for financing U.S. equipment and services to modernize Russia's forest products industry.

ExIm programs for Ukraine include short-term and medium-term cover for sovereign risk transactions. Under its short and medium-term programs, Ex-Im Bank requires an indication of host government support before accepting an application. Contact Mr. Victor Kapustin, Department Chairman, State Export-Import Bank of Ukraine (Ukreximbank) at (380-44)228-83-36, 226-33-47, or by fax at (380-44)229-80-82.

Short, medium, and long-term cover is available for sovereign risk transactions in Kazakstan, as well as loans and guarantees. Ex-Im Bank requires an indication of support from the GOK. Contact Mr. Berlin K. Irishev, Chairman of the Board of the Kazakstan Ex-Im Bank at (7-3272)618-382 or by fax at (7-3272)615-704. In Turkmenistan and Uzbekistan, short and medium term cover is available for sovereign risk transactions. Ex-Im Bank also requires an indication of host government support. Contact Mr. Gurbanmuradov at the State Bank of Foreign Economic Affairs of Turkmenistan at (7-3632) 51-05-70 or by fax at (7-3632)51-00-70 for Turkmenistan. For Uzbekistan contact Mr. Rustam S. Azimov, Chairman of the Board at (7-3712)33-60-70 or fax at (7-3712)33-32-00.

Ex-Im Bank
811 Vermont Avenue, N.W.
Washington, D.C. 20571
Toll free number (800)565-3946
Business Development Group (202)565-3900
Electronic Bulletin Board (202)565-3835
Internet: <http://www.exim.gov/>

US Small Business Administration

SBA does not have a specific program designed for the countries of the NIS, but all qualified U.S. companies doing business in the region may obtain SBA financing. The U.S. Small Business Administration provides financial and business development assistance to assist small business development in developing export markets.

SBA guarantee programs include the Regular Business Loan Guarantee Program, which provides loan guarantees to small business for fixed assets and working capital; and the Export Revolving Line of credit Program, through which a business can receive a government-guaranteed loan to finance labor and materials for manufacturing or wholesaling, developing foreign markets, financing foreign accounts receivable, and in some cases, business travel and trade show participation.

In addition, the International Trade Loan Program, provides long-term fixed-asset financing and short-term working capital to purchase or upgrade facilities or equipment and to make other improvements within the U.S. for production of goods or services.

SBA defines a small business as an independently- owned and operated for-profit business that does not dominate the market in which it exists. To obtain SBA financing, the applicant must first seek a loan from a bank or other lending institution. If the lender is unable or unwilling to provide the financing directly, the lender should contact the nearest SBA field office.

Tel: 1-800 827-5722 Internet: <http://www.sbaonline.sba.gov>
Information provided by the internet site includes SBA publication and services, points of contact, calendars of local events.

PRE-PROJECT FINANCE

U.S. Trade and Development Agency

The U.S. Trade and Development Agency (TDA) offers U.S. businesses a variety of tools to help increase American exports in the face of stiff international competition. Through the funding of feasibility studies, orientation visits, specialized training grants, and various forms of technical assistance, TDA enables American businesses to become involved in the planning stage of infrastructure and industrial projects in middle-income and developing countries. TDA provides American firms with market entry, exposure and information, thus helping them establish a position in markets that are otherwise difficult to penetrate. In order to be considered for funding, all TDA-supported projects must:

- Face strong competition from foreign companies that receive subsidies and other support from their governments;
- Be a development priority of the country where the project is located and have the endorsement of the U.S. embassy in that nation;
- Represent an opportunity for sales of U.S. goods or services that is many times greater than the cost of TDA assistance; and
- Be likely to receive implementation financing.

TDA is a pioneer in providing assistance to US firms entering the market in Russia and the New Independent States. TDA's assistance in the region is focused on the funding of feasibility studies, particularly those that create long-term cooperative relationships between U.S. firms and their NIS counterparts. The \$21.2 million TDA program for FY 1995 funded 115 new activities in the sectors of oil and gas, manufacturing, transportation, pharmaceutical development, air traffic control modernization, agribusiness, mining, and others. Many of the studies TDA funded in the NIS during FY 1995 involve potential joint ventures or co-production arrangements.

Trade and Development Agency
Room 309, SA-16
Washington, D.C. 20523
Tel. (703)875-4357; Fax (703)875-4009
E-mail: Info@TDA.gov
Internet: <http://www.tda.gov/docs/nis.html>

INVESTMENT INSURANCE

Overseas Private Investment Corporation

The Overseas Private Investment Corporation (OPIC) is a self-sustaining U.S. government agency that assists U.S. investors through three principal programs: project financing, investment insurance, and investor services. These programs are available in all NIS countries except Azerbaijan. To qualify for OPIC programs, projects must:

- be located in a developing country or emerging nation where OPIC operates;
- assist in the social and economic development of the host country;
- not be opposed by the host country government;
- be consistent with U.S. economic interests;
- not adversely affect the U.S. economy or employment;
- not have military purposes.

OPIC provides two types of medium-to-long term financing for overseas investment projects: loan guarantees and direct loans. Both allow OPIC to finance up to 50 percent of the total cost of a new project or 75 percent of the total cost of expanding a successful, existing enterprise. OPIC's all-risk loan guarantees are issued to U.S. lending institutions on behalf of eligible U.S. investors and usually range from \$500,000 to \$6 million to \$50 million. Direct loans usually range from \$500,000 to \$6 million and are available only for overseas investment projects sponsored by or significantly involving U.S. small and medium sized businesses. OPIC insures U.S. investments abroad against three types of political risks: currency inconvertibility (including adversely discriminatory exchange rates, but not currency devaluation), expropriation, and political violence (including declaring or undeclared war, revolution, and civil strife such as terrorism and sabotage).

Overseas Private Investment Corporation (OPIC)
1100 New York Avenue, NW
Washington, DC 20527
Information Hotline: 1-800-424-OPIC (outside metro WDC)
Public Affairs: 202-336-8799
OPIC FactsLine: 202-336-8700
Investor Services Officer, NIS: (202)336-8621

Multilateral Investment Guarantee Agency

The Multilateral Investment Guarantee Agency (MIGA) is an independent member of the World Bank Group which provides guarantees against political risk to foreign investors in connection with new investment in member developing countries. MIGA guarantees cover losses caused by currency transfer, expropriation, war, revolution, or civil disturbance, and breach of contract by a host government. MIGA also offers advisory services to developing member countries on means of improving their attractiveness to foreign investment.

Forms of investment that can be covered by MIGA include equity, loans, loan guarantees, and loans made by financial institutions as long as MIGA is also insuring part of the foreign equity in the project enterprise. Certain non-equity direct investments may also be eligible, such as technical and management contracts, and franchising and licensing agreements. MIGA can insure up to 90% of the investment amount, subject to a per project limit of coverage currently set at \$50 million. There is no minimum amount of investment required.

An eligible investor is a national of a member country other than the country in which the investment is to be made. A corporation is eligible for coverage if it is either incorporated in and has its principal place of business in a member country, or if it is majority-owned by nationals of member countries. State-owned corporations are eligible if they operate on a commercial basis.

MIGA's standard term of coverage is 15 years, and it may be increased to 20 years if MIGA finds that the nature of the project justifies an extended term. The contract term for investments other than equity generally follows the term of the insured agreement. Premium rates are determined separately for each project and can range from 0.3-1.5 percent per annum of the amount covered for each type of risk.

Multilateral Investment Guarantee Agency
1818 H Street, N.W.
Washington, D.C. 20433
Tel (202)473-6168; Fax (202)477-9886

PROJECT FINANCE

World Bank

Since its inception, the World Bank has provided nearly \$250 billion in financing for over 5,000 projects. Borrowing countries have full responsibility for the design, preparation, and implementation of individual projects, but the World Bank is deeply involved in each of these stages. The Bank begins by studying the economy of a country and the needs and priorities of the sectors in which lending is contemplated. These studies, which are carried out in close consultation with host-country officials, provide the base for establishing a policy dialogue and formulating an appropriate development strategy for the country. Individual World Bank projects emanate from these studies.

The World Bank accepted all the countries of the Former Soviet Union as members in 1992, and since that time, has worked to develop action plans which outline price, trade, legal and financial reforms to promote investment, as well as sectoral reforms in agriculture, energy, housing, and transportation. Other World Bank projects cover a wide variety of sectors, including telecommunications; public sector management; water supply and sewage; population, health and nutrition; urban development; education; and agricultural and rural development.

World Bank projects can range from the complex and equipment-intensive to those in which training, skills and specific knowledge are the principal resources transferred. Each project can involve anywhere from one to hundreds of separate contracts or export business opportunities for suppliers world-wide. Every year, approximately 30,000 contracts are awarded to firms by borrowers of World Bank funds (about 70% for goods and equipment, 20% for civil works, and 10% for consultant services.)

World Bank Headquarters
1818 H Street, N.W.
Washington, D.C. 20433
Main tel. (202)477-1234; Fax (202)477-6391
DACON Consultant Registry
Tel. (202)473-0891
Bookstore Tel. (202)473-2941
Public Information Center Tel. (202)458-5454
Internet: <http://www.worldbank.org/>

World Bank Monthly Briefings provide essential information about business opportunities arising from Bank supported projects. World Bank officials describe procedures that companies should follow to keep informed about projects; to compete for upcoming contracts; and to pursue foreign investment opportunities. There is a \$50 charge to attend these briefings. For more information please contact:

The World Bank
Ms. Ivonne Lejuez
Tel: (202) 473-1819
Fax: (202) 334-0003

Development Business is a bi-monthly publication of the United Nations which provides information on consulting, export and construction opportunities in a broad range of sectors in the developing world. It identifies and monitors projects in the pipelines of the major development banks and the UN agencies. The cost is \$495 (one year) or \$845 (2 years).

Development Business

United Nations, GCPO Box 5850
New York, NY 10163-5850
Tel: (212) 963-1516
Fax: (212) 963-1381

Companies seeking information and assistance on business opportunities available through Multilateral Development Bank projects should contact the US Department of Commerce office below. The MDBO staff offers counseling and referral.

Multilateral Development Bank Operations, Department of Commerce

International Trade Administration
14th St. and Constitution Avenue, NW
Room H-1107
Washington, DC 20230
Tel: (202) 482-3399, Fax: (202) 273-0927

International Finance Corporation

Belarus, Kazakstan, Kyrgyz Republic, Russia, Tajikistan, Ukraine, and Uzbekistan are currently members of the International Finance Corporation (IFC), which is the private-sector arm of the World Bank Group. IFC's mandate is to promote private sector development by making debt and equity investments, mobilizing funds from other private and official sources, and providing services in the areas of capital markets development, corporate advisory work, and privatization. IFC does not accept government guarantees of repayment.

(Belarus, Russia and Ukraine)

IFC Europe Department, Division III
1818 H Street, N.W., Room K11-117
Washington, D.C. 20433
Tel (202)473-6195; Fax (202)676-9593

(Kazakstan, Kyrgyz Republic, Uzbekistan)

IFC Central Asia, Middle East & N. Africa
1818 H Street, N.W., Room K6023
Washington, D.C. 20433
Tel (202)473-0400; Fax (202)334-8744

European Bank for Reconstruction and Development (EBRD)

The European Bank for Reconstruction and Development (EBRD) is a multilateral financial institution that lends and invests primarily to the countries of the New Independent States and Central and Eastern Europe. EBRD supports projects that assist the development of the private sector, foster privatization, increase direct foreign investment, build a modern infrastructure, and promote small and medium-sized enterprises. All of the republics of the NIS are currently members of the EBRD, which is capitalized with funds from the United States, Japan, European Union, Australia, Canada, Egypt, Israel, Mexico, and Morocco. EBRD's charter mandates that at least 60 percent of its lending goes to the private sector and for the privatization of state-owned enterprises, with the rest funding public infrastructure and environmental projects that promote private sector development. U.S. companies may either approach the bank with a specific proposal or bid on an EBRD-funded public sector project.

Multilateral Development Bank Operations
Liaison to the EBRD
Department of Commerce, ITA
Tel (202)482-3399; Fax (202)273-0927
Internet: <http://www.ebrd.com>

Dean Peterson, Department of Commerce
Tel (44)171 338-6569
Fax (44)171 338-6487

Asian Development Bank

The Asian Development Bank (ADB) is a multilateral development bank engaged in promoting the economic and social progress of its member countries, which include Kazakstan, the Kyrgyz Republic, and Uzbekistan in the NIS. The Bank currently has 55 developing member countries, of which China, India, and Indonesia are the largest recipients of assistance. Bank assistance targets the following sectors: agriculture, energy, financial services, transportation, telecommunications, education, health, population, water supply, and urban development.

The ADB makes loans and equity investments, provides technical assistance to prepare and carry out development projects and programs, and promotes investment of public and private capital for development. ADB support is provided directly to private enterprises and financial institutions, and is also made available indirectly through development finance institutions. Over 90% of total lending is in the public sector. Direct financial assistance to private enterprises usually takes the form of a loan without government guarantee or underwriting and investment in equity securities. Indirect assistance to private enterprises is primarily provided through credit lines to development assistance institutions for on-lending, usually to small and medium-sized new ventures or for modernization or expansion of existing ventures.

An ADB site has been established on the world wide web for electronic distribution and access to ADB documents through the internet. Informational brochures, project profiles, news releases, and an internet edition of the *ADB Business Opportunities* publication are available at: <http://www.asiandevbank.org>.

Multilateral Development Bank Operations
Department of Commerce, ITA
Tel (202)482-3399
Fax (202)273-0927

Cantwell Walsh,
Liaison to the ADB
Tel (632)890-9364;
Fax (632)890-9713
e-mail: CWalsh@doc.gov

(SEE ALSO OVERSEAS PRIVATE INVESTMENT CORPORATION.)

OTHER US GOVERNMENT AGENCIES: INFORMATION SERVICES & BUSINESS SUPPORT

US DEPARTMENT OF AGRICULTURE

Emerging Democracies Program

USDA's Emerging Democracies Program aims to expand overseas markets for U.S. agricultural products, equipment, and services, and to share expertise in order to help develop the food and rural business systems of emerging democracies.

The range of activities undertaken includes agricultural sector assessments; joint venture assessments; and project work in areas ranging from wholesale market development, market news and market information systems, commodity exchange and trading rule development; poultry and dairy improvement, introduction of uniform grades and standards, resident policy advisers, agricultural marketing, and trade missions in both directions.

Emerging Democracies Office
Room 6506 South Agriculture Building
14th & Independence Avenues, S.W.
Washington, D.C. 20250-1000
Tel. (202)720-0368; Fax (202)690-4369
E-mail: GSM.EESUS\USDA (via Sprint)
Internet: <http://ffas.usda.gov/>

AgLink

AgLink provides U.S. agribusiness enterprises with access to agribusinesses in the NIS, Poland, and the Baltics, while also enhancing the entrepreneurial skills of agribusiness managers in the NIS. AgLink establishes the initial link between small and medium-sized U.S. businesses and comparable overseas businesses by identifying appropriate matching firms. The program also provides financial and administrative support for U.S. visits to the overseas company, and for training of the overseas manager in the U.S.

USDA AgLink
RSED/ICD/FAS, Room 3222
Washington, D.C. 20250-4300
Tel. (202)720-8877; Fax (202)690-0892

Cochran Fellowship Program

The U.S. Department of Agriculture's Cochran Fellowship Program provides short-term training (2-10 weeks) in the United States for agriculturalists from all countries of the New Independent States (NIS). Training programs are developed for selected mid- and senior-level specialists and administrators from both the public and private sector concerned with agricultural trade, management, marketing, policy, and technology transfer. The Cochran Fellowship will provide for all costs associated with the training, including economy round-trip airfare: U.S. domestic transportation, interpreter service, and a per diem to cover food and lodging. Candidates for the program should request applications from the USDA Agricultural Affairs Offices in Moscow, Russia and Kiev, Ukraine, and from the U.S. Embassy in all other countries.

Gary Laidig
Program Leader
USDA/FAS/CD/FID
Washington, D.C. 20250
Tel. (202)690-1734; Fax. (202)690-0349
Internet: <http://ffas.usda.gov/>

AgExport Connections

Trade Leads are inquiries from foreign buyers sent daily to USDA by the Foreign Agricultural Service's 80 overseas offices. They are made available daily on electronic bulletin boards, several times a week in the Journal of Commerce, and weekly on the AgExport fax polling system. Fees vary.

Foreign Buyer lists may be used to match products to prospective buyers worldwide. The database contains over 18,000 foreign firms covering 70 countries and over 235 food and agricultural commodities. Lists are processed by either specific commodity or specific country and cost \$15 each.

US Supplier Lists may be used to source food and agricultural products for export. Over 6,500 names are contained in this database, which is distributed worldwide to FAS overseas offices. Listings are available by commodity and cost \$15 each.

Buyer Alert is a weekly overseas newsletter which can introduce your food and agricultural products to foreign buyers at no charge. Buyer Alert is electronically transmitted from Washington to Foreign Agricultural Service attaches and trade officers who distribute it within their countries of responsibility.

Pamela Sherard, AgExport Connections
Tel (202)720-7409; Fax (202)690-4374

US DEPARTMENT OF COMMERCE

Business Information Service for the New Independent States

The Business Information Service for the Newly Independent States (BISNIS) is an information clearinghouse providing information on commercial opportunities in the NIS, sources of financing, lists of trade officials and enterprise contacts, and information on all U.S. Government programs supporting trade and investment in the region. BISNIS International Trade Specialists are available to answer questions on trade and market developments and provide information on U.S. Government programs, NIS contacts, market data, trade leads, current legislation, and import duties.

U.S. Department of Commerce, ITA
BISNIS, Room 7413
14th and Constitution Avenues, N.W.
Washington, D.C. 20230
Tel. (202)482-4655; Fax (202)482-2293
Flashfax BISNIS Bank: (202)482-3145
e-mail: bisnis@usita.gov
<http://www.itaiep.doc.gov/bisnis/bisnis.html>

Trade Information Center (TIC)

The Trade Information Center (TIC) is a comprehensive resource for information on export assistance programs government-wide. TIC staff members can provide counseling, advise exporters on how to locate and use government programs, guide businesses through the export process, and supply general market information.

Tel. (800)USA-TRADE, (202)482-0543

Fax (202)482-4473

Internet: http://www.ita.doc.gov/how_to_export/itatic.html

[For a list of alternative sources of finance:

http://www.ita.doc.gov/how_to_export/finance.html]

Trade Industry Desks

Trade Development (TD) Industry Specialists work with manufacturing and service industry associations and firms to identify trade opportunities and obstacles by product or service, industry sector, and market. They also develop export marketing plans and programs. To assist U.S. businesses in their export efforts, industry experts conduct executive trade missions, trade fairs, marketing seminars, and business counseling. Industry specialists are organized into five sections:

Technology and Aerospace: (202)482-1872

Basic Industries: (202)482-5023

Textiles, Apparel & Consumer Goods: (202)482-3737

Service Industries: (202)482-5261

Environmental Technology: (202)482-5225

Internet: http://www.ita.doc.gov/ita_home/itakeyin.html

National Technical Information Service (NTIS)

In November 1990, the U.S. Department of Commerce's Office of the General Counsel inaugurated the Legal Texts Service (LTS), which provides up-to-date commercial law texts from Central and Eastern Europe, the Baltic states, and the NIS. The LTS primarily collects commercial laws pertaining to foreign investment, privatization, currency, labor relations, and securities. Over 150 texts from the NIS are contained in the collection, and others are added to the collection as they are made available in English. A catalogue that lists available laws is published every six to eight weeks, and is organized by subcategories within each country; an abstract of each law is included. Legal texts may be purchased through NTIS either individually or through a standing order basis. The USAID Congressional Presentation may also be purchased through NTIS.

National Technical Information Service

5285 Port Royal Road

Springfield, VA 22161

Sales Office Tel. (703)487-4650 or (800)553-6847

Internet: <http://www.fedworld.gov>

National Trade Data Bank (NTDB)

The National Trade Data Bank is the U.S. Government's most comprehensive source of world trade data. The NTDB, a CD-ROM subscription service of the Department of Commerce's STAT-USA, is a trade library of over 190,000 documents. Topics on the NTDB include: export opportunities by country, industry, and product; foreign companies or importers looking for specific products, how-to market guides; demographic, political, and socio-economic conditions in hundreds of countries. The NTDB is available for use free of charge at many Commerce domestic offices and at nearly 1,000 Federal depository libraries. The cost of a single monthly issue (two discs) is \$35, and an annual subscription of 12 monthly issues is \$360; the NTDB is also available on the internet.

To place an order for the CD-ROM: Tel (202)482-1986

Internet: <http://www.stat-usa.gov>

(gopher) <gopher.stat-usa.gov>

(FTP) <ftp.stat-usa.gov>

Consortia of American Businesses in the New Independent States (CABNIS)

The Consortia of American Businesses in the Newly Independent States (CABNIS) is a matching grant program designed to help U.S. firms strengthen their commercial presence in the NIS. Awards have been made of approximately \$500,000 each to twelve U.S. consortia working to enhance private sector development in the NIS region. Awards are made for a three-year period of time. Awards to consortia for FY95 include: agribusiness equipment, coal mining, health technologies, information technologies, business training, environmental & natural resource management technologies, food processing machinery and supplies.

US Department of Commerce, ITA

CABNIS, Room 1800

14th and Constitution Avenues, N.W.

Washington, D.C. 20230

Tel. (202)482-5004; Fax (202)482-4654

American Business Centers (ABCs)

The U.S. Department of Commerce, with funding from USAID, has established American Business Centers in the Russian cities of Chelyabinsk, Khabarovsk, Nizhnevartovsk, Nizhny Novgorod, Novosibirsk, St. Petersburg, Vladivostok, Volgograd, Yekaterinburg, and Yuzhno-Sakalinsk, plus Kiev, Ukraine; Tashkent, Uzbekistan, and Almaty, Kazakstan. Each ABC offers business facilitation services such as short-term office and exhibition space, market research and counseling, interpretation and translation services, telecommunications and computer equipment, secretarial services, and assistance with making contacts.

ALMATY, KAZAKSTAN

In Kazakstan: Susan Weidner

Phone: 7 (3272) 639-014

Fax: 7 (3272) 581-1578

CHELYABINSK, RUSSIA

In Russia: Christopher Elbring

Phone: 7 (3512) 623-782

Fax: 7 (3512) 623-768

E-mail: abc@ibm.urc.ac.ru

In U.S.: Sheree L. Morris

Phone: (803) 785-2171

Fax: (803) 686-5991

E-mail: ibmabc@hargray.com

KHABAROVSK, RUSSIA

In Russia: Anatoli Fomine

Phone: 7 (4212) 332-800

Fax: 7 (4212) 332-971

Outside Russia: Anatoli Fomine
Phone: 7 (509) 014-9059
Fax: 7 (509) 014-9041
E-mail: abc@abc.khabarovsk.su
In U.S.: Joan Stolle
Phone: (907) 279-7679
Fax: (907) 276-5758
E-mail: 102526.1700@compuserve.co m

KIEV, UKRAINE

In Ukraine: Mike Lally
Phone: 380 (44) 219-1168
Fax: 380 (44) 417-1419
E-mail: hmayovsk@doc.gov
Outside Ukraine: Mike Lally
Phone: 380 (44) 230-2653
Fax: 380 (44) 230-2659

NIZHNEVARTOVSK, RUSSIA

In Russia: Allan Vodicka
Phone: 7 (3466) 224-407
Fax: 7 (3466) 224-407
E-mail: allan@abcent.vartovsk.tyumen.su
In U.S.: Jen Kirk
Phone: (708) 870-8611
Fax: (708) 870-8331
E-mail: 74674.302@compuserve.com

NIZHNY NOVGOROD, RUSSIA

In Russia: Nikolai Popov
Phone/Fax: 7 (8312) 372-213
E-mail: abcnn@abc.nnov.su
In U.S.: Aggie Bednarz
Phone: (602) 978-7400
Fax: (602) 978-8238
E-mail: abc@mhs.t-bird.edu

NOVOSIBIRSK, RUSSIA

In Russia: Julie (Olson) Riddler
Phone: 7 (3832) 235-569
Fax: 7 (3832) 235-762
E-mail: abc@saic.nsk.su
In U.S.: James Whitman
Phone: (703) 749-8978
Fax: (703) 448-5746
E-mail: novo@cpva.saic.com

ST. PETERSBURG, RUSSIA

In Russia: Bob May
Phone: 7 (812) 110-6042
Fax: 7 (812) 311-0794

E-mail: abcspb@sovam.com
Outside Russia: Bob May
Phone: 7 (812) 850-1900
Fax: 7 (812) 850-1901

TASHKENT, UZBEKISTAN

In Uzbekistan: John Breidenstine

Phone: 7 (3712) 771-407
Fax: 7 (3712) 891-335

VLADIVOSTOK, RUSSIA

In Russia: Tim Smith
Phone: 7 (4232) 300-093
Fax: 7 (4232) 300-092
E-mail: root@usdoc.marine.su
Outside Russia: Tim Smith
Phone: 7 (509) 851-1212
Fax: 7 (509) 851-1212

VOLGOGRAD, RUSSIA

In Russia: Douglas Roff
Phone: 7 (8442) 335-946
Fax: 7 (8442) 362-732
E-mail: abcv@abc.tsaritsyn.su
In U.S.: Aggie Bednarz
Phone: (602) 978-7400
Fax: (602) 978-8238
E-mail: abc@mhs.t-bird.edu

YEKATERINBURG, RUSSIA

In Russia: George Lambrou
Phone: 7 (3432) 564-623
Fax: 7 (3432) 564-524
E-mail: clients.abc@sovcust.sprint.com
In U.S.: Mara Vorhees
Phone: (703) 237-9303
Fax: (703) 237-9326
E-mail: pragmal@ix.netcom.com

YUZHNO-SAKHALINSK, RUSSIA

In Russia: Dinty Miller
Phone: 7 (4242) 223-142
Fax: 7 (4242) 223-142
Outside Russia: Dinty Miller
Phone: 7 (509) 951-545
Fax: 7 (509) 951-540
E-mail: abc@abc.sakhalin.su
In U.S.: Paul Kriloff
Phone: (206) 443-1935
Fax: (206) 443-0954
E-mail: fraec@u.washington.edu

Department of Commerce Special American Business Internship Training Program

The SABIT program is a unique private sector-U.S. Government effort designed to support the NIS' transition to market economies while fostering long-term U.S.-NIS commercial ties. Under SABIT, the Department of Commerce, with funding from the Freedom Support Act, provides grants on a competitive basis to American companies to help defray the costs of hosting NIS managers and scientists for three to six months of hands-on training in the United States. For those organizations awarded grants, SABIT reimburses the cost of each intern's round trip airfare and a \$30 per diem, to be given directly to the intern to cover meals and incidentals.

SABIT matches U.S. firms with English-speaking business executives and scientists in the same or similar sectors. Priority sectors include: agribusiness, defense conversion, energy, environment, financial services, health care, housing, product standards and quality control, telecommunications, and transportation. Over 250 U.S. companies have participated in the SABIT program, more than 60% of which report ongoing business relationships with their interns. All intern candidates must complete a SABIT application and be interviewed prior to acceptance into the program. Interested U.S. companies are encouraged to apply to SABIT when funds are available. U.S. and NIS applications are available at the SABIT offices in Washington, Moscow, and Kiev, as well as at U.S. Embassies and consulates in the NIS.

US Department of Commerce, ITA
SABIT
Room 3413
Washington, D.C. 20230
Tel. (202)482-0073, Fax: (202)482-2443
e-mail: SABIT@usita.gov
<http://www.iep.doc.gov/sabit/sabit.html>

US DEPARTMENT OF DEFENSE

Civilian Research and Development Foundation (CRDF)

Created May 1995 to strengthen scientific and technological collaboration between US and NIS scientists, this private, non-profit foundation with an initial budget of \$10 million (half from Soros, half from DOD Nunn-Lugar funds) will provide travel grants of up to \$2,500 to scientists and engineers from the non-Russian NIS to participate in selected meetings of industry associations and scientific and engineering professional societies in the US through December 31, 1996. CRDF will also provide cooperative grants to scientists from the NIS who are collaborating with their US counterparts on non-defense objectives within a range of \$10,000-\$80,000 over a two-year period; and provide major equipment for regional experimental support centers to increase the capacity of selected research centers to support scientific and technological research that requires sophisticated equipment such as nuclear magnetic resonance spectrometers and mechanical testing equipment.

US Civilian Research and Development Foundation
1800 N. Kent Street, Suite 1106
Arlington, VA 22209
Tel (703)526-9720
Fax (703)526-9721
E-mail: information@crdf.org
Internet: <http://www.crdf.inter.net>

US DEPARTMENT OF ENERGY

United States Industry Coalition

The Department of Energy (DOE) has established an Industrial Partnering Program to redirect the expertise of scientists and engineers in the former Soviet Union from weapons-related activities to civilian applications of commercial value and of mutual benefit to the United States and NIS. A ten-member Inter-Laboratory Board (ILAB) from the DOE National Laboratories was established to plan and coordinate the program, and a non-profit institution, the United States Industry Coalition was formed. Current projects with entities in Russia, Ukraine, Kazakstan, and Belarus include biotechnology, energy, waste management, and materials development. To receive membership information, contact:

United States Industry Coalition
1001 University Boulevard, S.E.
Suite 101
Albuquerque, NM 87106
Tel. (505)272-7344
Fax (505)272-7355

US INFORMATION AGENCY

The United States Information Agency (USIA) has over fifty programs in the NIS focusing on assisting the development of free-market economies and democratic institutions and processes, including democratization, rule of law, free market reform, free and independent media, and educational reform. USIA funds exchange visits, which range from short-term visitor programs to academic degree programs. USIA exchanges are complemented by in-country training by U.S. experts, book programs, art exchanges and exhibits, and news and information services. Programs of note include the Business for Russia Program, whereby Russian entrepreneurs, local government officials and media managers travel to the United States for a five-week internship program with homestays. This program brought a total of 350 Russian entrepreneurs to 11 U.S. communities for five-week, hands-on business training programs in 1994, working in cooperation with the Russian government, which provided follow-up programs in Moscow for participants.

NIS Training, Media Programs, Discretionary Grants:
USIA Office of Citizen Exchanges, Russia/Eurasia Division: (202)619-5326
Business for Russia Program:
USIA Office of Citizen Exchanges, Russia/Eurasia Division: (202)401-6884
NIS University Partnerships: USIA Specialized Programs Unit: (202)619-5289
<http://www.usia.gov/usia.home/nis.htm>

US DEPARTMENT OF STATE (DOS)

The U.S. Department of State provides an in-country presence in all countries of the NIS. Political and economic officers posted overseas provide regular reports on political, economic, humanitarian, and human rights issues, which may be of interest to U.S. businesses and organizations. Some of these reports are available through the NTDB or on the internet at <http://www.itaiep.doc.gov/bisnis/bisnis.html>.

Country desk officers in regional bureaus maintain regular contact with overseas diplomatic missions and can provide country specific economic and political analyses for U.S. companies. To contact a Desk Officer at the U.S. Department of State, telephone the State Department operator: (202) 647-4000. Each DOS regional bureau has a commercial coordinator to assist U.S. businesses.

International Science and Technology Centers

The International Science and Technology Center (ISTC) in Moscow, Russia and the Science and Technology Center in Ukraine (STCU) in Kiev, Ukraine, were established by multilateral agreements as nonproliferation programs with the primary objective of providing peaceful non-weapons opportunities to weapons scientists and engineers in the New Independent States (NIS), particularly those with knowledge and skills in weapons of mass destruction (nuclear, biological and chemical) and their delivery systems. Approximately 13,8000 scientists and 2,800 projects have been supported, valuing \$107.7 million.

Topics to be funded include, but are not limited, to the broader categories of materials science; instrumentation; biotechnology; applied chemistry; environmental monitoring and remediation; transportation, including space and aviation science; advanced electronics; and technologies to support the Parties' non-proliferation and arms control efforts.

Science Center project funding is usually contingent upon participation of collaborators from the funding parties. There is not usually funding available to support the participation of collaborators on Science Center projects; however, many U.S. industries, national laboratories, and universities find it advantageous to collaborate on Science Center projects. Because the Science Centers pay for the portion of the work performed by NIS scientists, collaborators can significantly leverage their existing funds. The Centers' tax and customs exempt status, on-site project management capability, and the program's high standards of financial accountability ensure the maximum utilization of funds. Levels of collaboration can vary -- from an agreement simply to maintain e-mail communication with the NIS institute to a continuous on-site presence at the project site.

International Science and Technology Center
Ulitsa Luganskaya 9, PO Box 25
15516 Moscow
Tel. (7-095)321-4665
Fax: 7-095-321-4774

U.S. Coordination Office
Science and Technology Centers
U.S. Department of State
PM/RNP Room 1480
Washington, D.C. 20520
Fax: 202-736-7698
E-Mail: istcinfo@aol.com

USAID MISSIONS AND REPRESENTATIVE OFFICES

AID/Moscow

Janet Ballantyne, Director
19/23 Novinsky Bulvar
Moscow, Russia
Tel (7-095)956-4281/4282
Fax (7-095)956-7092/7093
EST +8

USAID/Kiev

Greg Huger, Director
19 Nizhniy Val Street
254071 Kiev, Ukraine
Tel (380-44)462-5678
Fax (380-44)462-5834
EST +8

USAID/Almaty

Central Asian Republics Regional Office
Patti Buckles, Director
c/o American Embassy
97A Furmanov Street
Almaty, Kazakstan 480091
Tel (7-3272)50-76-12/63-32-37
Fax (7-3272)50-76-36/69-64-90
EST +11

USAID/Yerevan

Fred Winch, Country Rep.
#10 Aigedzor Street
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Tel (3742)151-955
Fax (3742)151-131
EST +8

USAID Affairs, Tbilisi

Paula Feeney, Country Representative
4/6 Orbeliani Street
380026 Tbilisi, Georgia
Tel. (99532)989-967/989-968
Fax (99532)001-013

USAID Affairs, Baku

Jack Tucker, Embassy Representative
83 Azadlia
Prospekt 83
Baku, Azerbaijan
Tel. (99412)980-336
Fax (99412)983-755

USAID Affairs, Bishkek (as of 10/21/96)

CJ Rushin-Bell, Country Representative
195 Tynystanova Street, 1-4
Bishkek, Kyrgyzstan
Tel (7-3312)21-06-63/21-08-53
Fax (7-3312)62-04-36
EST + 11

USAID Affairs, Dushanbe

Richard Fraenkel, Country Representative
c/o US Embassy in Dushanbe
105 Rudaki Street, #2/3
734001 Dushanbe, Tajikistan
Tel (7-3772)21-00-77
Fax (7-3772)51-00-49
EST +11

USAID Affairs, Ashgabat

c/o US Embassy in Ashgabat
6 Pushkin Street
744000 Ashgabat, Turkmenistan
Tel (7-3632)35-00-38
Fax (7-3632)51-13-05
EST +10

USAID Affairs, Tashkent

David Mandel, Country Representative
41 Buyuk Turon Street
Shark Building
Tashkent, Uzbekistan
Tel (7-3712)33-84-78
Fax(7-3712)33-7-96
EST +11

FOREIGN EMBASSIES AND REPRESENTATIVES IN WASHINGTON, DC

Embassy of the Republic of Armenia
Address: 2225 R Street, N.W.
Washington, D.C. 20036
Tel: 202/319-1976
Fax: 202/319-2982
Ambassador: Rouben R. Shugarian
Minister Counselor: Mr. Tatoul Markarian

Embassy of the Republic of Azerbaijan
Address: 927 15th Street, N.W.
Suite 700
Washington, D.C. 20005
Tel: 202/842-0001
Ambassador: Hafiz Pashayev

Embassy of the Republic of Belarus
Address: 1619 New Hampshire Ave., N.W.
Washington, D.C. 20009
Tel: 202/986-1604
Fax: 202/986-1805
Ambassador: Serguei Martynov
Commercial Counselor:
Mr. Vladimir Gontcharenok

Embassy of the Republic of Georgia
Address: 1511 K Street, N.W.
Suites 424 & 400
Washington, D.C. 20005
Tel: 202/393-5959
Fax: 202/393-4537
Ambassador: Tedo Djaparidze
Deputy Chief of Mission:
Mr. Alexi Bakradze

Embassy of the Republic of Kazakstan
Address: 3421 Massachusetts Avenue, N.W.
Washington, D.C. 20007
Tel: 202/333-4504
Fax: 202/333-4509
Charge d'Affaires: Mr. Bulat Nurgaliev

Embassy of the Kyrgyz Republic
Address: 1732 Wisconsin Avenue, NW
Washington, D.C. 20007
Tel: 202/338-5141, Fax: 202/338-5139
Consular section: (202) 338-5143
Charge d'Affaires: Mr. Almas Chukin

Embassy of Moldova
Address: 1511 K Street, N.W.
Suites 329 & 333
Washington, D.C. 20005
Tel: 202/783-3012
Fax: 202/783-3342
Ambassador: Nicolae Tau

Embassy of the Russian Federation
Address: 1125 16th Street, N.W.
Washington, D.C. 20036
Tel: 202/298-5700/5701/5702/5703/5722
Fax: 202/298-5749, 5735
Ambassador: Yuliy Mihaylovich Vorontsov

Tajikistan Mission to the United Nations
(c/o Russian Mission to the United Nations)
136 E. 67th Street
New York, N.Y. 10021
Tel: 212/472-7645
Fax: 212/628-0252
Permanent Representative U.N.:
Mr. Rashid Alimov
(No current representation in Washington)

Embassy of Turkmenistan
Address: 2207 Massachusetts Avenue, N.W.
Washington, D.C. 20008
Tel: 202/588-1500
Fax: 202/588-0697
Ambassador: Halil Ugur

Embassy of Ukraine
Address: 3350 M Street, N.W.
Washington, D.C. 20007
Tel: 202/333-0606
Fax: 202/333-0817
Ambassador: Yuriy Shcherbak

Embassy of Uzbekistan
1746 Massachusetts Ave., N.W.
Washington, D.C. 20037
Tel: 202/887-5300,
Fax: 202/293-6804
Ambassador: Sadyk Safayev

Selected US-Based Business Multipliers for the New Independent States

ARMENIA

U.S.-Armenian Business Council
Tato Markarian
Economic Counselor, Deputy
Chief of Mission
Tel. (202)319-1976
Fax (202)319-2982

AZERBAIJAN

U.S.-Azerbaijan Council
Jay Mollazade
1030 15th Street, N.W.
Suite 444
Washington, D.C. 20005
Tel. (202)371-2288
Fax (202)371-2299

KAZAKSTAN

Nima Sepasy, Executive Director
U.S.-Kazakstan Council
2000 L Street, N.W., Suite 200
Washington, D.C. 20036
Tel. (202)416-1624
Fax (202)416-1865

KYRGYZ REPUBLIC

U.S.-Kyrgyz Business Council
Julianne O'Dwyer, Director
1025 Thomas Jefferson St., N.W.
Suite 304E
Washington, D.C. 20007
Tel. (202)347-6540
Fax (202)347-6537

MOLDOVA

Moldovan-American Chamber of Commerce
Jay McCrensky, Executive Director
Two Wisconsin Circle
Suite 1030
Bethesda, MD 20815
Tel. (301)656-9022
Fax (301)656-9008

RUSSIA

American-Russian Business Council of Southern California
1250 Sixth Avenue, Suite 234
San Diego, CA 92101
Tel (800)428-9308
Fax (619)541-0104

American-Russian Chamber of Commerce

Helen Teplitskaia
One World Trade Center Chicago
929 Merchandise Mart
Chicago, IL 60654
Tel (312)494-6562
Fax (312)275-2250

California Russia Trade Association

865 South Figueroa Street
Twenty-Ninth Floor
Los Angeles, CA 90017-2571
Tel. (213)892-9335
Fax (213)680-4518

**Former Soviet Union Florida
Chamber of Commerce**

1717 N. Bayshore Drive, Suite 2000
Miami, FL 33132
Tel. (305)539-5117
Fax (305)539-5111

**Foundation for Russian/American Economic
Cooperation**

1932 First Avenue, Suite 803
Seattle, WA 98101
Tel. (206)443-1935
Fax (206)443-0954

Russian-American Chamber of Commerce

Deborah Palmieri, President
The Marketplace - Tower II
3025 South Parker Road, Suite 735
Aurora, CO 80014
Tel. (303)745-0757
Fax (303)745-0776

U.S.-Russia Business Council

Eugene Lawson, President
1701 Pennsylvania Avenue, N.W.
Suite 650
Washington, D.C. 20006
Tel. (202)739-9180
Fax (202)659-5920

UKRAINE

U.S. Chamber of Commerce
Ukraine Working Group
Gary Litman, Executive Director
1615 H Street, N.W.
Washington, D.C. 20062-2000
Tel. (202)463-5460
Fax (202)463-3114

UZBEKISTAN

**American-Uzbekistan Chamber
of Commerce**
Robert Pace
1225 I Street, NW, Suite 500
Washington, D.C. 20005
Tel. (202)682-4718
Fax (202)789-1056