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U S AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

U S Agency for International Development  
Business Support Services  
G/EGAD/BD  
1300 Pennsylvania Avenue, NW  
Washington, D C 20523

## GTN Business Support Services

# The New Independent States: *A Resource Guide*

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FOR U S AGENCY FOR INTERNATIONAL DEVELOPMENT

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## **U S AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)**

[http //www info usaid gov](http://www.info.usaid.gov)

### ***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.

## **THE GLOBAL TECHNOLOGY NETWORK (GTN)**

<http://www.usgtn.org>

The Global Technology Network facilitates the transfer of U.S. technology to USAID-assisted industry sectors and countries. As USAID missions and local public and private sector partners identify development problems, GTN, through its extensive databases, matches the developing country's needs with specific U.S. companies having the appropriate technology to address the problem. GTN focuses on identifying international business opportunities in **Agribusiness, Communication & Information Technologies, Environment, and Healthcare**.

A network of participating in-country public and private sector representatives identifies business opportunities. Technology transfer opportunities are transmitted from the field and electronically matched with U.S. firms registered in GTN's sector databases. Trade lead information is then faxed or e-mailed to appropriate U.S. companies.

### **Global Technology Sectors**

#### ***Agribusiness***

GTN identifies business opportunities within 226 sub-sectors, including agricultural systems development, crop and animal production/equipment, food processing, and agroforestry.

#### ***Communications & Information Technologies***

GTN tracks opportunities in 60 sub-sectors, such as computer technology, education and training, and telecommunications infrastructure.

#### ***Environmental Technology***

GTN covers over 600 different sub-sectors within the environmental field, including pollution control, treatment and disposal, and clean technologies.

#### ***Health & Population Technology***

GTN includes 193 sub-sectors in the healthcare field, including healthcare centers, education, economics/administration, medical supplies and equipment, and pharmaceuticals.

### **To register for a GTN database, contact**

U.S. Agency for International Development  
**Global Technology Network**  
G/EGAD/BD/GTN

1300 Pennsylvania Avenue, NW  
Washington, DC 20523  
Tel (800) 872-4348  
Fax (202) 216-3526

## **BUSINESS SUPPORT SERVICES (BSS)**

[http //www usgtn org/ctis htm](http://www.usgtn.org/ctis.htm)

The USAID's GTN Business Support 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.

BSS 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. BSS ensures that the opportunities and information generated by USAID activities are made available to the U S business community. BSS 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.

BSS 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.

BSS 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, BSS 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, BSS has undertaken many initiatives to offer greater access to information, assistance and opportunities.

- ◆ **Established networks** BSS 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. BSS 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** BSS develops and disseminates sector-specific guides to USAID programs and information. For example, in response to the great demand by BSS clients for information, assistance and financing for environmental and energy business ventures, BSS produced the *Guide to Business Assistance Programs for Energy and the Environment*.
- ◆ **Business Opportunities** BSS utilizes advanced computer and communications technologies that offer innovative vehicles for disseminating opportunities. BSS has developed an automated fax broadcast system, the *Business Opportunities Broadcast* to disseminate timely and relevant information about USAID opportunities. BSS derives targeted groups from its client database of over 6,000 companies and broadcasts

information via fax-modem BSS utilizes Internet to receive requests and provide responses, and to access research databases

- ◆ **Resources** The BSS 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 BSS has built a wide network of government and private sector contacts in developing countries

In addition to BSS in Washington, DC, USAID has outreach offices on the West Coast (Huntington Beach, California, Portland, Oregon and Seattle, Washington), in the Midwest (Chicago, Illinois) and in the South (Miami, Florida)

**Contacts**

**Mr George Cole**

USAID West Coast Outreach  
5920 Friars Rd #102  
San Diego, CA 92108  
Tel (800) 274-3006 or (619) 543-9300  
Fax (619) 543-0466

**Mr Paul Bisek or Ms Aileen Furlong**

USAID Midwest Business Opportunities Center  
The Merchandise Mart, Suite 2400  
200 World Trade Center Chicago  
Chicago, IL 60654  
Tel (312) 467-0550  
Fax (312) 467-0615

**Mr Don Smith**

International Sustainable Development Foundation  
1 World Trade Center  
121 SW Salmon Street  
Suite 210  
Portland, OR 97204  
Tel (503) 279-9383  
Fax (503) 279-9381

**Ms Christine Nassar**

International Trade Division  
State of Washington  
2001 6<sup>th</sup> Avenue  
Suite 2600  
Seattle, WA 98121-2522  
Tel (206) 464-7143  
Fax (206) 464-7222

**Mr Scott Bellows**

c/o Programa Bolivar  
U S National Liaison Office, Inc  
1390 Brickell Avenue  
Suite 210  
Miami, FL 33131-3324  
Tel (305) 371-3394  
Fax (305) 371-3587

# 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

- Free access via the Internet [www.info.usaid.gov/procurement\\_bus\\_opp/procurement/announce/cbd](http://www.info.usaid.gov/procurement_bus_opp/procurement/announce/cbd) or [cbdnet.gpo.gov/index.html](http://cbdnet.gpo.gov/index.html)
- To receive USAID advertisements via E-mail Send the message "subscribe USAID-CBD-L your name" to [listproc@info.usaid.gov](mailto:listproc@info.usaid.gov) (For example "subscribe USAID-CBD-L Jane Smith")
- Subscriptions of the print version are available from the U.S. Government Printing Office at (202) 512-1800. The U.S. Department of Commerce at (202) 482-0632 has 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.

**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.

- Free access via the Internet [www.info.usaid.gov/procurement\\_bus\\_opp/procurement/announce/pib](http://www.info.usaid.gov/procurement_bus_opp/procurement/announce/pib)
- To receive the PIB via E-mail Send the message "subscribe PIB-L your name" to [listproc@info.usaid.gov](mailto:listproc@info.usaid.gov)
- To receive the print version Tel (202) 712-5150

To receive USAID press releases via email send the message "usaid\_press" to [listproc@info.usaid.gov](mailto:listproc@info.usaid.gov)  
USAID Listservers (free of charge)

## Additional Sources of USAID Information

USAID's Public Information Center (PIC) answers inquiries of a general nature. Tel (202) 712-4810

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 Experience Clearinghouse (DEC) to order specific documents.

The **Development Experience Clearinghouse (DEC)** is the repository of USAID's database on USAID-funded programs and projects. To get ordering information for USAID publications, contact the DEC. If you know the identification number of the document you would like to obtain, you may order it directly from the DEC. 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](mailto:docorder@disc.mhs.compuserve.com)

**USAID Library & Learning Resources Center** is the Library for Agency direct-hire and contractor staff. The collection includes USAID reports and serials, World Bank publications, commercially published books and journals, self-study language materials, reference materials, newspapers and CD-ROMs. The Reference Librarians assist customers Monday through Friday, 10 00 a.m. - 4 00 p.m. The center is located in the Public Information Center in the Ronald Reagan Building. Tel (202) 712-0578, Fax (202) 216-3515

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 1998 USAID Congressional Presentation may be viewed on the USAID web-site at <http://www.info.usaid.gov/pubs/cp98>. The 1997 and 1998 Congressional Presentations may be purchased from the National Technical Information Service at (703) 487-4650 or (800) 553-6847

	<u>Paper Copy</u>	<u>Microfiche</u>
FY 1997 Statistical Annex (PB-97-156095)	\$49 00	\$19 50
FY 1998 Summary Tables (PB-97-156087)	\$21 50	\$10 00
FY 1998 Main Volume (PB-97-156038)	\$47 00	\$19 50
FY 1998 Annex III-Europe & New Independent States (PB-97-156061)	\$57 00	\$21 50

The **USAID Contracts and Grants and Cooperative Agreements with Universities, Firms and Non-Profit Institutions for Fiscal Year 1996** or "Yellow Book" can be accessed and searched via the USAID web-site at [www.info.usaid.gov/ftp\\_data/pub/op/yellow\\_book/](http://www.info.usaid.gov/ftp_data/pub/op/yellow_book/)

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 (202) 712-1500 or the Global Technology Network Business Support Services at (800) 872-4348

**Voluntary Foreign Aid Programs** lists activity descriptions of non-governmental organizations administering USAID projects. To order this publication, contact Ms. Mary Newton, Registrar, USAID, Bureau for Humanitarian Response, Private and Voluntary Cooperation at Tel (202) 712-0840

## **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's Global Technology Network is a part of the Center for Economic Growth.

## **USAID BILATERAL PROGRAMS**

Annually, 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 following are abbreviated synopses taken from information from the Congressional Presentation. For full text, please refer to the CP at <http://www.info.usaid.gov/pubs/cp98/>

## **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 Kazakhstan, 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 Kazakhstan and the Kyrgyz Republic.

Specific strategic objectives include 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. In FY 1998, USAID added a new objective – improved environmental management capacity to promote sustainable economic growth – to more closely link environmental issues to the overall economic restructuring agenda.

Beginning in FY 1998, the Partnership for Freedom (PFF) is emphasizing trade and investment necessary for growth in the NIS, and to support businesses' efforts to expand U S -NIS trade. Russia and Ukraine are major participants, while other NIS countries will benefit as the economic restructuring fundamentals are put in place.

### **Democratic Transition**

Democratic governance is critical to these formerly single party authoritarian states. 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 include 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 include

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, including 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 FY98, the proportion is about one-fourth for Russia and about one-fourth for Ukraine, while solid, but smaller programs will be maintained in Kazakhstan, Kyrgyzstan Republic, and Moldova. 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**

#### **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 businesspersons 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 three-fold (a) through technical assistance, training, and limited commodity support, to increase energy efficiency and reduce waste in power generation, transmission, and distribution, (b) to assist in the development of an institutional framework, including policy reform, to achieve planned restructuring and (c) to reduce the environmental hazards of operating the Medzamor Nuclear Power Plant 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

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

Principal Contractors, Grantees, or Agencies Hagler Bailly, Burns and Roe, and the U S Energy Association, Department of Energy and the Nuclear Regulatory Commission

## **Legal Systems**

USAID contractors and grantees began 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 The American Bar Association's Central and East European Law Initiative (ABA/CEELI), AMEX International, Inc and IRIS

## **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 Azerbaijan 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**

### **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.

Gearing up towards the upcoming municipal elections, a civic initiative, headed by a non-partisan group that is coordinating activities with an advisory board integrated by eight political party representatives, is conducting a nation wide campaign to provide voter education in an effort to restate citizen trust in the election process.

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**

Priorities for US technical assistance, outside the Nunn-Lugar program, remain economic restructuring, democratization, and humanitarian assistance. Limited US assistance will remain targeted on reform-minded elements and take advantage of opportunities to encourage progress where possible.

### **Selected USAID Programs**

#### **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 550 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 auction start prices for objects, working on an amendment to 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.

#### **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.

#### **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 interventions in other countries. Efforts will focus on the development of an association of municipalities, planning capabilities, and more transparency in government operations.

## **GEORGIA**

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**

#### **Private Enterprise**

USAID is undertaking a broad, multi-year economic reform program for Georgia, including (1) urban/industrial land privatization, (2) comprehensive accounting reform, and (3) promoting the establishment and enforcement of commercial laws, codes and regulations required to encourage and regulate business in an open, competitive market. The program focuses primarily on the private sector with the aim of increasing the level of investment in Georgia.

Principal Contractors, Grantees or Agencies Sibley International, Booz, Allen & Hamilton, the University of Maryland, and grants to a number of organizations such as International Executive Service Corps, Volunteers in Overseas Cooperatives Assistance (VOCA), and Shorebank/Finca and the Eurasia Foundation.

#### **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 will continue a comprehensive capital markets development program.

Principal Contractors, Grantees or Agencies USAID's investments in the electronic payments system are managed directly by USAID, and the Barents Group manages both the bankers training and capital markets activities.

#### **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 continues to provide assistance in drafting key pieces of legislation, including the Law on the Courts, the Law on the Procuracy, the Criminal Code, the Anti-Corruption Law, Criminal Investigations Law, and the Law on the Bar. The program will also provide appropriate (re)training materials to all Georgian legal practitioners, focused

on what the new key commercial legislation means in practice USAID will fund commentaries, a common European method, written by the Code's drafters, and will support their dissemination throughout the country

Principal Contractors, Grantees, or Agencies The American Bar Association's Central and East European Law Initiative (ABA/CEELI) , AMEX International, Inc

### **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**

Since 1993, USAID has provided humanitarian assistance through U.S. NGOs and international organizations to assist Georgia's vulnerable population, particularly internally displaced persons USAID provides humanitarian assistance in the form of food, immunization programs, and shelter/sanitation rehabilitation

Principal Contractors, Grantees, or Agencies USAID implements activities primarily through U.S. private voluntary organizations and international multilateral organizations

## **KAZAKHSTAN**

USAID's strategy for helping Kazakhstan 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

### **Selected USAID Programs**

#### **Fiscal Reform**

USAID advisors are working with Kazakhstani 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 several private U.S. firms and the U.S. Department of Treasury

#### **Private Enterprise**

Private sector support represents by far the biggest USAID activity in Kazakhstan 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 Kazakhstan. 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, Kazakhstan 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. 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 that 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 discuss with government counterparts new approaches to dealing with problems in key social sectors such as health and housing. Training programs, both within Kazakhstan and in the U.S., further support and supplement this effort.

Principal Contractors, Grantees, or Agencies Abt Associates is working in the health reform area. The International City and County Managers Association is working in the housing sector.

### **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 has been successful with nearly three-fifths of the economy in private hands. 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**

### **Private Enterprise**

Support for private sector expansion represents the biggest area of USAID activity in Kyrgyzstan. As USAID program of mass privatization ended in September 1996, the focus is now on privatizing "blue chip" state enterprises and developing Kyrgyzstan's capital markets. 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. More than 40 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**

### **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 2,235 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 1999 will complete the collective farm break-up and land privatization effort. Technical assistance will also continue to focus on the development of a land and real estate market.

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.

### **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 DAI provides business support services. Peace Corps provides business volunteers to advise the Moldovan managers of the business services center. Citizens Network for Foreign Affairs (CNFA) provides technical assistance to develop business partnerships through American investment in the Moldovan agriculture sector. IRIS builds the Moldovan capacity for drafting good commercial legislation.

### **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 1999 will continue to 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 implementor is The Intrados Group.

### **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, Abt Associates, 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.

In FY 1999, U.S. assistance will continue to shift its support toward the trade and investment needed for Russia's economic growth and strengthening civil society. The Administration's Partnership for Freedom (PFF) and the companion Regional Investment Initiative will emphasize boosting trade between Russia and the U.S., facilitating rapid increases in foreign and domestic investment, fostering cooperative activities to strengthen civil society and democratic rule, and promoting durable ties between U.S. and Russian partners.

## **Selected USAID Programs**

### **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 Georgia State University (GSU) is now serving as the overall technical coordinator for the U.S. Government's tax reform activities in Russia. The Department of Treasury participates actively in the program through inter-agency transfers. KPMG's Barents Group, the Center for Financial Engineering and Development, the Soros Foundation, and GSU are all deployed in different aspects of the program.

### **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 33 Training Centers and 18 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. By the end of FY 1997, TUSRIF had provided over \$80 million to 24 direct investments. TUSRIF also has developed a small lending program in collaboration with Russian banks and had disbursed \$16 million to over 180 enterprises.

Principal Contractors, Grantees, or Agencies USAID works with dozens of U.S. NGOs as well as for-profit contractors in implementing a broad program of support to private sector growth.

### **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

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 Hagler Bailly and Burns and Roe (contractors), U S Energy Association and IRIS (grantees) USAID also works with the U S Department of Energy and the U S Nuclear Regulatory Commission in implementing the energy program in Russia

### **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 that 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

Principle Contractors, Grantees, or Agencies In addition to Department of Justice technical assistance, USAID works with ABA/CEELI, Chemonics and the National Judicial College and the Sakharov Center and Museum

## **Social Benefits**

USAID has provided technical assistance and advice in several sectors, successfully demonstrating the benefits of a restructured, more market-oriented 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 groundbreaking 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. An Automated drug information database, including international drugs, has been established, and all-Russia drug information center networks will be initiated in the Far East, St. Petersburg, and two other sites.

New funding will be used to support women's reproductive health with additional emphasis on maternal and neonatal health, HIV/AIDS, health reform, and infectious diseases.

Principal Contractors, Grantees, or Agencies Activities are implemented through, American International Health Alliance, Boston University, Lutheran Hospital, LACrosse, American Medical Association, U.S. Department of Health and Human Services, AVSC, and others.

## **Environmental Health**

USAID has developed an active environmental program to foster economic and social development in an environmentally sound manner and to prevent and reduce environmental threats to human health. USAID is now implementing the second phase of the Russian/American Environmental Cooperation Program, which is designed to ensure program sustainability by providing resources to Russian partners to replicate and disseminate lessons learned. This comprehensive new project will be the principal focus of USAID's future environmental assistance efforts in Russia through the year 2000. Since the recent initiation of the project, replication projects are underway in 32 different regions throughout Russia—thus greatly expanding the impact of foreign assistance in the environment.

Principal Contractors, Grantees, or Agencies USAID is working with the following: the U.S. Department of Energy, the U.S. Environmental Protection Agency, U.S. Forest Service, U.S. Department of Interior, CH2M Hill, Harvard Institute for International Development, ISAR, Institute for Sustainable Communities, Ecologically Sustainable Development, World Wildlife Fund/U.S., and Center for International Environmental Law.

## **TAJIKISTAN**

Support for the peace process is a new priority. USAID technical assistance will support the peace process through reconstruction, assistance for war-affected areas, and help with constitutional and electoral reform. The U.S. Also plans to donate \$27 million in food aid in response to a forthcoming UN appeal for humanitarian assistance.

Programs continue to move away from short-term humanitarian relief as the foundation is laid for long-term sustainable development. In 1997, USAID provided advice on privatization and bank supervision with plans to expand this significant effort in 1998.

The overall strategy for U.S. involvement in Tajikistan assumes progress in the inter-Tajik peace talks leading to national reconciliation and free and fair elections, and seeks to capitalize on strong Tajik interest in economic and democratic reform.

## **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. Most Tajiks who fled during the civil war have now been able to return home. Recognizing this, 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 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 programs will feature two strategic objectives, one to help establish the legal and regulatory environment to support market-led economic growth, and a second to support budget reform aimed at transparency in the budget process USAID will also provide technical support for accession to the World Trade Organization Under cross-cutting and special initiatives, USAID will increase assistance to NGOs and consider technical assistance to Parliament and the IDAHR To help address social needs, health related programs and family planning activities will be funded to strengthen primary health care and disease prevention and control Complementary in-country and third-country training activities will focus on preparing and persuading decision-makers to adopt policy changes

### **Cross-cutting/Special Initiatives**

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 average Turkman faces hardships caused by inflation, poorly-funded government services, and the tremendous costs of maintaining a state-run economy The situation was exacerbated by the lack of gas revenues for most of 1997 The majority of Turkmenistan's population, particularly outside the capital, lives with hunger and disease USAID-financed medical partnerships are addressing critical health needs in partner Turkmen hospitals Disease surveillance systems are being strengthened to better diagnose diseases and to make appropriate decisions for disease prevention and control Other health needs will also be addressed through special initiatives until conditions are right for a comprehensive social services program

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

## UKRAINE

The social cost of the transition has been staggering. It is among the most potentially destabilizing forces in Ukraine, and exacerbated by the failure to reform the social infrastructure. Incomes are falling as the economy deteriorates. Pension reform is being studied, but it will be sometime before a new system will be operational. Life expectancy continues to decrease and the health care system, in need of wholesale structural change, is not able to meet a number of basic needs such as vaccines and drugs. However, there has been some success in the country. The mass privatization and small-scale privatization programs are largely completed. In FY 1999, the USAID program in Ukraine will continue to assist in the fundamental restructuring of Ukraine's economic and political system and support the efforts of the government to alleviate the privatizations imposed on the most vulnerable members of society during the economic transition.

### **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/Barents and Harvard Institute of International Development. 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 funded investments close to \$26 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. Twelve Farm Service Centers have been established with strong U.S. private sector participation, and development of a private farm finance company has been completed.

To date, the 12 USAID-supported business service centers have provided advice, training and information to over 10,000 businesses. Proposed and recently enacted changes to the principal tax laws effecting SMEs will help to promote SME development within the official economy. USAID is also supporting several programs in small business lending, including the Western NIS Enterprise Fund, Eurasia Foundation, credit unions and a new microenterprise credit facility.

Principal Contractors, Grantees, or Agencies Contractors and grantees include the Alliance, DAI, IRIS, KPMG/Barents, Sibley International, RONCO, the Recovery Group, Chemonics, Price Waterhouse, the World Council of Credit Unions, the U.S. Department of Commerce, the U.S. Department of Agriculture, Iowa State University, Citizens Network for Foreign Affairs, Land O'Lakes, ACDI, VOCA, the World Council of Credit Unions, the Eurasia Foundation and the International Finance Corporation.

### **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 3,100 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. The first phase of the collateral program succeeded with the enactment in November 1997 of an amendment to the Law on Pledge, providing for a State Pledge Registry for movable property. The program will now proceed with implementation of the Registry, as required by the new law to be established by July 1, 1998. 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.

Principal Contractors, Grantees, or Agencies USAID's activities in Financial Reform are implemented by KPMG-Barents, Price Waterhouse, 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, Search for Common Ground, Management Systems International, and the U S Association of Former Members of Congress.

### **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

Principal Contractors, Grantees, or Agencies CH2M HILL is USAID's principal implementor for Ukrainian environmental activities since 1994. With this contract ending in September 1998, the principal follow-on contractor is currently being determined.

## **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. USAID's FY 1999 program will shift its priority focus from tax policy to tax administration, and will focus on strong technical support in the budget planning area. Reform of the pension policy regime and rationalization of the pension administration system will also be a major focus.

### **Fiscal Reform**

Progress is being made in installing a budget classification system developed with USAID assistance. The Ministry of Finance has formed a policy analysis unit which is receiving USAID-sponsored training, and now appears committed to the development of an improved budgetary planning framework which would improve the targeting and cost-efficiency of major social expenditure programs.

Principal Contractors, Grantees, or Agencies USAID activities are implemented through KPMG-Barents, a contractor working closely with the Ministry of Finance and State Tax Committee.

### **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 that help inform the public and provide opportunities to engage in broader policy issues. Assistance in preparing for the 1999 elections will be offered, in conjunction with the OSCE, if the Government of Ukraine appears to be committed to holding elections that represent a significant step toward being free and fair.

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). The Counterpart Foundation, Aid to Artisans, and the International Center for Not-for-Profit Law, which together form the Counterpart Consortium, also participate in local NGO development in Uzbekistan.

### **Social Benefits**

USAID is providing the technical assistance to assist the Government of Ukraine in developing a program for reforming its health system. The program will build on the lessons learned from the health reform demonstration activities in both Kazakhstan and Kyrgyzstan. With USAID's assistance, the GOU will develop a new rural primary health care model staffed with retrained family physicians. The rural clinics will introduce new, market-based payment systems to increase efficiency. USAID supported activities have been designed to fit within the framework of a World Bank loan which will finance the construction/renovation and re-equipping of reformed rural primary health care facilities.

Principal Contractors, Grantees, or Agencies To be determined

## **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.

Business Collaboration Center  
Ul Lyusinovskaya, 36, 11th Floor  
Russia, 113093, Moscow  
Tel (7 095)931-9662  
Satellite Tel (7 502)222-2262  
Fax (7 095)931-9663  
Internet <http://www.cb1.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@cb1.co.ru](mailto:majordomo@cb1.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 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 276  
630102 Novosibirsk, Russia  
Tel (7-3832)102-108 or 102-143  
Fax (7-3832)101-087  
E-Mail [nbsc@dt.siberia.net](mailto:nbsc@dt.siberia.net)

Business Support Center/Smolensk  
Ul Rumyantseva 1  
214020 Smolensk, Russia  
Tel/Fax (7-08122) 353-85  
E-Mail [smol@rospac.msk.su](mailto:smol@rospac.msk.su)

Business Support Center/Tomsk  
Ul Vershinnina 76  
634050 Tomsk, Russia  
Tel (7-3822)225-826  
Fax (7-3822)778-446  
E-Mail [tbsc@project.tomsk.su](mailto:tbsc@project.tomsk.su)

Business Support Center/Voronezh  
Ul Karla Marksa 68, 6<sup>th</sup> Floor  
394030 Voronezh, Russia  
Tel (7-0732)556-817, Fax (7-0732) 556-576  
E-Mail [voron@vbsc.voronezh.su](mailto:voron@vbsc.voronezh.su)

Business Support Center/Yekaterinburg  
Ul Schmidta 44, 2<sup>nd</sup> Floor  
620142 Yekaterinburg, Russia  
Tel (7-3432) 226-744  
Fax (7-3432) 222-656  
E-Mail [ekater@glas.apc.org](mailto:ekater@glas.apc.org)

Business Support Services/Zelenograd  
Bldg 1140  
103460 Zelenograd, Moscow oblast  
Tel/Fax (7-095) 530-9431  
E-mail [law@zbsc.msk.ru](mailto:law@zbsc.msk.ru)

### Morozov Group

<http://www.morozov.ru/>

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.

George McGurn  
Academy of Management and the Market  
Zapsep 41  
113054 Moscow  
Tel (7-095) 564 81 85, Fax (7-095) 564 81 83

## **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.

48 Aviatsonnaya, Volkhov  
Leningrad Oblast, Russia  
Tel (7-81263) 23525, Fax (7-81253) 26326, 28162  
Email Rmarmfree@aol.com

## **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 Institute.

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, works 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 (7-8152) 55-57-68 or 55-12-27  
E-mail [kbbc@infotel.ru](mailto:kbbc@infotel.ru)

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

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

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](mailto:izurov@som.umass.edu)

### **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 - Kazakhstan**

With a grant from USAID, the Carana Corporation has established the Business Development Center (BDC) to provide support to Kazakhstani 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

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

## **SOURCES OF FINANCE**

### **USAID GRANTS, SMALL BUSINESS LOANS, AND ENTERPRISE FUNDS**

#### **GRANTS**

##### **Eurasia Foundation**

[http //www.eurasia.org](http://www.eurasia.org)

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](mailto:Eurasia@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](mailto: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 [postmaster@eurasia.marine.su](mailto:postmaster@eurasia.marine.su)

**Southern Russia Office**

P O Box 3321  
Saratov 410601 Russia  
Tel (7-8452)24-57-55  
Fax (7-8452) 240-446  
E-Mail [ef@ef.saratov.su](mailto:ef@ef.saratov.su)

**Western NIS Regional Office**

Bulv Lesi Ukranky 26, Office 506  
Kiev 252133 Ukraine  
Tel (380-44) 295-1065  
Fax (380-44) 295-7402  
E-mail [eurasia@eurasia.freenet.kiev.ua](mailto:eurasia@eurasia.freenet.kiev.ua)

**Central Asia Regional Office**

Ulitsa Druzhby Narodov 100  
Apartment 406  
Tashkent 700000 Uzbekistan  
Tel (7-3712)794-492 or 794-985  
Fax (7-3712)79-44-91  
E-mail [eurasia@ef.silk.glas.apc.org](mailto:eurasia@ef.silk.glas.apc.org)

**Kazakhstan**

Panfilova 151, Apt 6  
Almaty 480064 Kazakhstan  
Tel/Fax (7-3272)69-97-29  
E-mail [eurasia@ef.almaty.kz](mailto:eurasia@ef.almaty.kz)

**Caucasus Regional Office**

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

**In Washington**

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

**In Ukraine**

Bulv Lesi Ukranky 26, Office 505  
Kiev 252133 Ukraine  
Tel/Fax (380-44)294-8209  
E-mail [mkfuller@eurasia2.freenet.kiev.ua](mailto: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

**In Armenia**

Anelik Bank  
Ul Kochara 4  
Yerevan 375033 Armenia  
Tel (374-2)151-441  
E-mail [efhpsblp@arminco.com](mailto:efhpsblp@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**

545 Fifth Avenue, Suite 300  
New York, NY 10017  
Tel (212) 818-0444, Fax (212) 818-0445

**In Russia**

Tsvetnoy Boulevard, 25/3  
Moscow 103051 Russia  
Tel (7-095) 960-3131, Fax (7-095) 960-3132

33 Muraviev-Amursky Street  
Suite 303  
Khabarovsk 680000 Russia  
Tel (7-4212) 337-941, Fax (7-4212) 335-647

Beregovaya Ul 10, 11<sup>th</sup> Floor  
Rostov-on-Don, 344007, Russia  
Tel (7-8632) 671-786, Fax (7-8632) 671-768

15A Gogol Street, 1<sup>st</sup> Floor  
Ekaterinburg, 620075, Russia  
Tel (7-3432) 592-909, Fax (7-3432) 592-908

Italianskaya Ul 5, Office 53  
St Petersburg, 190000, Russia  
Tel (7-812) 315-7035, Fax (7-812) 315-8264

**The Central Asian-American Enterprise Fund** was incorporated in July 1994, and 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 us@caaeef.com

**In Tashkent**

1, Turab Tula Street  
Tashkent, Uzbekistan 700003  
Tel (7-3712) 406-134/135  
Fax (7-3712) 406-138  
E-mail caaeftas@sovam.com

**In Almaty**

531 Seyfullin Prospect, 2<sup>nd</sup> Floor  
480083 Almaty, Republic of Kazakhstan  
Tel (7-3272) 63-88-15  
Fax (7-3272) 69-45-89  
E-mail caaeftkaz@sovam.com

**In Bishkek**

195 Tynystanov Street, 2<sup>nd</sup> Floor  
Bishkek, Kyrgyz Republic 720000  
Tel 996 (3312) 620-635  
Fax 996 (3312) 620-630  
E-mail invest@mifiko bishkek su

**In Ashgabat**

2 Pushkin Street  
Ashgabat, Turkmenistan 744000  
Tel (9-9312) 357-445  
Fax (9-9312) 390-152  
E-mail caaeftash@sovam.com

**In Khojand**

Lenin 1, 4<sup>th</sup> Floor  
Khojand, Tajikistan 735700  
Tel (7-3792) 243-532 or 265-348  
Fax (7-3792) 260-073  
E-mail daniel@ACLC khj td silk org

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 Muzyney Provulok, 3rd Floor  
252001 Kiev, Ukraine  
Tel (380) 44-247-5580  
Fax (380) 44-247-5589

**In Moldova**

169 Stefan cel Mare Street  
TIS Business Center, Office 2-3  
2004 Chisinau  
Tel (373-2) 745-220, Fax (373-2) 745-853

**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. Mike Buckley  
CEE/NIS Equities, LP  
372 Washington Street  
Wellesley, MA 02181  
Tel (781) 431-2600, Fax (781) 431-0007

**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, Kazakhstan, 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 23230-1702  
Tel (804) 673-6230, 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) 214-1277, Fax (44-171) 214-1625

**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  
ul Konushkovskaya 30  
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, 4<sup>th</sup> Floor  
400074 Volgograd, Russia  
Tel (7-8442) 972-350 or 930-461  
Fax (7-8442) 930-460

**New Century Capital Partners**

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

George Rohr  
NCH Advisors  
712 Fifth Avenue, 46<sup>th</sup> 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 Knut Borch, Managing Director  
Norum Ltd  
Forskningsparken  
N-9005 Tromso, Norway  
Tel (47-77) 679-250  
Fax (47-77) 679-255  
E-mail borch.norum@nord.eunet.no

### **Russia Partners Fund**

The Russia Partners Fund is capitalized at \$155 million for equity investment in the NIS. Average investment size is approximately \$2-10 million. Targeted sectors include natural resource development, telecommunications, light manufacturing, distribution and consumer products and services. This fund is managed by Russia Partners Management.

Orhan Sadik-Khan, Managing Director  
Russian Partners Management, L L C  
C/o Sigular, Guff & Company  
630 Fifth Avenue, 16<sup>th</sup> Floor  
New York, NY 10011-0100  
Tel (212) 332-5110  
Fax (212) 332-5120

### **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 participation 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](mailto:seafhq@msn.com)

**Jonathan Carr, Director General**  
CARESBAC-St Petersburg/Small Enterprise Equity Fund  
Lermontovsky 7, 2<sup>nd</sup> Floor  
190008 St Petersburg, Russia  
Tel (7-812) 114-2632  
Fax (7-812) 325-6337  
E-mail [Jcarr@mail.wplus.net](mailto:Jcarr@mail.wplus.net)

**Brian Shriver, Managing Director**  
Small Enterprise Equity Fund/Nizhny Novgorod  
150 Gorky Street, Room 707  
603000 Nizhny Novgorod, Russia  
Tel (7-8312) 354 285  
Fax (7-8312) 354-345  
E-mail [seef@kis.ru](mailto:seef@kis.ru)

### **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  
ul Vorobiova 17  
214015 Smolensk, Russia  
Tel (7-0810) 223-4789, Fax (7-081) 226-0693

### **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 investments range from \$300,000-\$3 million Regions covered include Rostov oblast, Stavropol and Krasnodar kraia,

Alexander Gaiss, Fund Director  
Southern Russia Regional Venture Fund  
International Business Center  
ul Beregovaya 10  
344008 Rostov-on-Don, Russia  
Tel (7-8632) 673-128/222/972  
Fax (7-8632) 670-407

### **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 investments range from \$300,000-\$3 million

Wolfgang Engler, Managing Partner  
St Petersburg Regional Venture Fund Management  
GmbH & Co KG  
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 \$250,000-\$1,500,000 Targeted sectors include real estate, food processing, and distribution

Jerry Bird, Vice-President  
Clafin 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, Suite 4, Bldg 1  
103009 Moscow, Russia  
Tel (7-095) 956-9100, Fax (7-095) 956-1800

## **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 375 (172) 201-537, 203-239  
Fax 375 (172) 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 Cheljuskiutsev 107  
34000 Donetsk, Ukraine  
Tel (380-44) 212-5842 or 380 (622) 931-297  
Fax 380 (622) 352-440

### **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) 922-345

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  
Prechistenskaya nab 9  
119034 Moscow, Russia  
Tel (7-501)258-7328  
Fax (7-501)258-6521

### **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  
Ul Umetalieva 101  
720040 Bishkek, Kyrgyzstan  
Tel (996-3312) 215-854  
Fax (996-3312) 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 Geologicheskaya 26  
Bishkek, Kyrgyzstan  
Tel (996-3312) 445-228  
Fax (996-3312) 620-800

**Moldagromdbank (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.

Natalie Vrabie  
Moldagromdbank  
Blv Renasterii 7  
277006 Chisinau  
Tel (373-2) 228-388  
Fax (373-2) 242-454 or 232-706

**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 7-1001  
252028 Kiev, Ukraine  
Tel (380-44) 267-3922  
Fax (380-44) 267-3923

**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  
ul U Ahunbabaev 23  
700047 Tashkent, Uzbekistan  
Tel (7-3712) 338-118  
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.

Victor Turcanu  
Victoria Bank  
Strada 31 August Nr 141  
277004 Chisinau, Moldova  
Tel (373-2) 233-065  
Fax (373-2) 233-561 or 233-933

## TRADE FINANCE FOR US COMPANIES

### **Bankers Association for Foreign Trade**

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

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.

John D Bierman  
2121 K St , N W , Suite 701  
Washington, D C 20037  
Tel (202) 452-0952  
Fax (202)452-0959  
E-mail [jack@baft.org](mailto:jack@baft.org)

### **Export-Import Bank of the U S (Ex-Im Bank)**

<http://www.exim.gov>

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.

Ex-Im 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 Kazakhstan, as well as loans and guarantees Ex-Im Bank requires an indication of support from the GOK Contact Mr B Iztelevov Chairman of the Board of the Kazakhstan Ex-Im Bank at (7-3272) 633-767 or by fax at (7-3272) 509-629 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, Fax (202) 565-3931

Electronic Bulletin Board (202) 565-3835

#### **US Small Business Administration**

<http://www.sbaonline.sba.gov>

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

Fax (202) 205-7064

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**

<http://www.tda.gov/docs/nis.html>

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. Since 1991, TDA has approved funding of over \$60 million for feasibility studies for over 160 new activities in the sectors of oil and gas, manufacturing, transportation, pharmaceutical development, air traffic control modernization, agribusiness, mining, and others.

U S Trade and Development Agency  
1621 North Kent Street, Suite 300  
Arlington, VA 22209-2131  
Tel (703) 875-4357, Fax (703) 875-4009  
E-mail [Info@TDA.gov](mailto:Info@TDA.gov)

### INVESTMENT INSURANCE

#### **Overseas Private Investment Corporation**

<http://www.opic.gov>

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. 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**

<http://www.miga.org>

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) 473-6167, Fax (202) 522-2630

## **PROJECT FINANCE**

### **World Bank**

<http://www.worldbank.org>

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) 458-4095  
Bookstore Tel (202) 473-2941  
Public Information Center Tel (202) 458-5454, Fax (202) 522-1500

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) 522-3317

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-1806  
Washington, DC 20230  
Tel (202) 482-3399, Fax (202) 273-0927

## **International Finance Corporation**

<http://www.ifc.org>

Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, 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.

(Azerbaijan and Moldova)

IFC Europe Department I

2121 Pennsylvania Avenue, N W

Washington, D C , 20433

Tel (202) 473-5650, Fax (202) 974-4316

(Armenia, Belarus, Georgia, Russia and Ukraine)

IFC Europe Department II

2121 Pennsylvania Avenue, N W

Washington, D C 20433

Tel (202) 473-6195, Fax (202) 974-4312

(Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan)

IFC Central Asia, Middle East & N Africa Department

2121 Pennsylvania Avenue, N W

Washington, D C 20433

Tel (202) 473-0511, Fax (202) 974-4396

## **European Bank for Reconstruction and Development (EBRD)**

<http://www.ebrd.com>

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

Department of Commerce, ITA

Tel (202) 482-3399,

Fax (202) 273-0927

Dean Peterson,

Department of Commerce Liaison to the EBRD

Tel (44) 171 338-6569

Fax (44) 171 338-6487

## **Asian Development Bank**

<http://www.asiandevbank.org>

The Asian Development Bank (ADB) is a multilateral development bank engaged in promoting the economic and social progress of its member countries, which include Kazakhstan, 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 on the ADB homepage

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

Denny Barnes, ADB Liaison  
U S Embassy Manila  
Tel 63 (2) 890-9364  
Fax 63 (2) 890-9713

(SEE ALSO OVERSEAS PRIVATE INVESTMENT CORPORATION )

### **OTHER US GOVERNMENT AGENCIES INFORMATION SERVICES & BUSINESS SUPPORT**

#### **US DEPARTMENT OF AGRICULTURE**

[http //www usda gov](http://www.usda.gov)

#### **Emerging Markets Program**

[http //ffas usda gov](http://ffas.usda.gov)

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 Markets Office  
Room 6506 South Agriculture Building  
14th & Independence Avenues, S W  
Washington, D C 20250-1000  
Tel (202) 720-0368, Fax (202) 690-4369

#### **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  
USDA/FAS/ICD/RSED, Room 3222  
Washington, D C 20250-4300  
Tel (202) 690-3893, Fax (202) 690-0892

### **Cochran Fellowship Program**

<http://ffas.usda.gov/>

The U S Department of Agriculture's Cochran Fellowship Program provides short-term training (2-10 weeks) in the United States for agriculturists 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/ICD/FID  
Washington, D C 20250  
Tel (202) 690-1734, Fax (202) 690-0349

### **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 that 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**

[http //www doc gov](http://www.doc.gov)

### **Business Information Service for the New Independent States**

[http //www itaiep doc gov/bisn1s/bisn1s html](http://www.ita.ep.doc.gov/bisn1s/bisn1s.html)

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

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 or 1-800-USA-TRADE

E-mail [bisn1s@usita.gov](mailto:bisn1s@usita.gov)

[http //www itaiep doc gov/bisn1s/bisn1s html](http://www.ita.ep.doc.gov/bisn1s/bisn1s.html)

### **Trade Information Center (TIC)**

[http //www ita doc gov/tic](http://www.ita.doc.gov/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, or (202) 482-0543

Fax (202) 482-4473

[For a list of alternative sources of finance [www.ita.doc.gov/how\\_to\\_export/finance.html](http://www.ita.doc.gov/how_to_export/finance.html)]

### **Trade Industry Desks**

[http //www ita doc gov/ita\\_home/itakey.in.html](http://www.ita.doc.gov/ita_home/itakey.in.html)

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) 482-0614

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

Service Industries (202) 482-5261

Environmental Technology (202) 482-5225

Tourism (202) 482-0140

### **National Technical Information Service (NTIS)**

[http //www ntis gov](http://www.ntis.gov)

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) 605-6000 or (800) 553-6847

### **National Trade Data Bank (NTDB)**

[http //www stat-usa gov](http://www.stat-usa.gov)

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 at a charge. To place an order for the CD-ROM Tel (202) 482-1986.

### **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 have included agribusiness equipment, coal mining, health technologies, information technologies, business training, environmental & natural resource management technologies, food processing machinery and supplies. The last of these grants expired at the end of 1997, although a number of the consortia will continue to remain valuable contacts for companies interested in the NIS.

US Department of Commerce, ITA  
CABNIS, Room 1800  
14th and Constitution Avenues, N W  
Washington, D C 20230  
Tel (202) 482-5004, Fax (202) 482-1790

### **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, Kazakhstan 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, KAZAKHSTAN**

In Kazakhstan Patrick Smeller  
Phone 7 (3272) 636-818  
Fax 7 (327) 581-1578  
E-mail psmeller@doc.gov

**CHELYABINSK, RUSSIA**

In Russia Christopher Elbring  
Phone 7 (3512) 189-828  
Fax 7 (3512) 189-829  
E-mail abc@ibm.urf.ac.ru

In U.S. Sheree Malphrus

Phone (803) 785-2171  
Fax (803) 686-5991  
E-mail ibmabc@hargray.com

**KHABAROVSK, RUSSIA**

In Russia Jon Weiss  
Phone 7 (4212) 336-717  
Fax 7 (4212) 334-012  
Outside Russia  
Phone 7 (509) 014-9059  
Fax 7 (509) 014-9041  
E-mail abc@abc.khabarovsk.su

In U.S. Sonia Ghayem

Phone (206) 443-1935  
Fax (907) 443-0954  
E-mail sghayem@fraec.org

**KIEV, UKRAINE**

In Ukraine Mitch Larsen  
Phone 380 (44) 246-8168  
Fax 380 (44) 417-1419  
E-mail iloseva@doc.gov  
Outside Ukraine Mitch Larsen  
Phone 380 (44) 230-2653  
Fax 380 (44) 230-2659

**NIZHNY NOVGOROD, RUSSIA**

In Russia Timothy Tarren  
Phone/Fax 7 (8312) 372-213  
E-mail abcnn@abc.nnov.su

In U.S. Aggie Bednarz

Phone (602) 978-7400  
Fax (602) 978-7724  
E-mail abc@t-bird.edu

**ST PETERSBURG, RUSSIA**

In Russia Patricia Gonzalez  
Phone 7 (812) 325-6545  
Fax 7 (812) 311-0794  
E-mail abcspb@sovam.com  
Outside Russia Patricia Gonzalez  
Phone 7 (812) 850-1902  
Fax 7 (812) 850-1903  
E-mail abcspb@sovam.com

**TASHKENT, UZBEKISTAN**

In Uzbekistan Jack Tucker  
Phone 7 (3712) 133-2880  
Fax 7 (3712) 406-642  
E-mail office@csabc.freenet.uz

**VLADIVOSTOK, RUSSIA**

In Russia Rich Steffens  
Phone 7 (4232) 300-093  
Fax 7 (4232) 300-092  
E-mail abcvlad@sovam.com  
Outside Russia Rich Steffens  
Phone/Fax 7 (509) 851-1212

**VOLGOGRAD, RUSSIA**

In Russia Galina Tokarena  
Phone 7 (8442) 335-946  
Fax 7 (8442) 362-732  
E-mail abc@abc.tsaritsyn.su

In U.S. Aggie Bednarz

Phone (602) 978-7400  
Fax (602) 978-7724  
E-mail abc@t-bird.edu

**YEKATERINBURG, RUSSIA**

In Russia Mara Vorhees  
Phone 7 (3432) 564-623  
Fax 7 (3432) 592-928  
E-mail abc\_yekat@msn.com

In U.S. Melissa J Funk

Phone (703) 237-9303  
Fax (703) 237-9326  
E-mail pragmal@ix.netcom.com

**YUZHNO-SAKHALINSK, RUSSIA**

In Russia Dinty Miller  
Phone 7 (4242) 727-124  
Fax 7 (4242) 727-125  
Outside Russia Dinty Miller  
Phone 7 (509) 416-2706

Fax 7 (509) 951-540  
E-mail abc@abc.sakhalkm.su  
In U.S. Sonia Ghayem  
Phone (206) 443-1935  
Fax (206) 443-0954  
E-mail sghayem@fraec.org

**Department of Commerce Special American Business Internship Training Program**

<http://www.iep.doc.gov/sabit/sabit.html>

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 300 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 3319  
Washington, D.C. 20230  
Tel (202) 482-0073, Fax (202) 482-2443  
E-mail SABIT@usita.gov

**US DEPARTMENT OF DEFENSE**

**Civilian Research and Development Foundation (CRDF)**

<http://www.crdf.mter.net>

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) has provided 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. 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

## **US DEPARTMENT OF ENERGY**

### **United States Industry Coalition**

[http //www usic net](http://www.usic.net)

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, Kazakhstan, and Belarus include biotechnology, energy, waste management, and materials development. To receive membership information, contact

United States Industry Coalition  
801 University Boulevard, S E  
Suite 200  
Albuquerque, NM 87106  
Tel (505) 272-7410  
Fax (505) 272-7355

## **US INFORMATION AGENCY**

[http //www usia gov/usia home/nis html](http://www.usia.gov/usia/home/nis.html)

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) 401-6886  
NIS University Partnerships USIA Specialized Programs Unit (202) 619-5289

## **US DEPARTMENT OF STATE (DOS)**

[http //www state gov](http://www.state.gov)

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 itaep doc gov/bisn1s/bisn1s html](http://www.itaep.doc.gov/bisn1s/bisn1s.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 13,800 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  
115516 Moscow  
Tel (7-095) 321-4665  
Fax (7-095) 321-4774

Science Centers Coordination Office  
U S Department of State  
PM/RNP Room 1480  
2201 C Street, NW  
Washington, D C 20520  
Fax 202-736-7698  
E-Mail [istcinfo@aol.com](mailto:istcinfo@aol.com)

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Moscow, Russia  
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Fax (7-095) 960-2140/2141  
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### USAID/Kiev

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254071 Kiev, Ukraine  
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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, Kazakhstan 490091  
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Fax (7-3272) 50-76-36/69-64-90  
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Gerry Donnelly, Country Rep  
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Yerevan, Armenia  
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Fax (3742) 215-1131  
EST +8

### USAID/Tbilisi

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4/6 Orbeliani Street  
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Fax (995-32) 001-012

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c/o US Embassy  
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Joanne Cotter, Country Representative  
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744001 Ashgabat, Turkmenistan  
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Fax (9-9312) 51-13-05  
EST +10

### USAID/Tashkent

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700115 Tashkent, Uzbekistan  
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Fax (7-371) 133-18-52  
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Fax 202/333-4509  
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Tel 202/298-5700/5701/5702/5703/5722  
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Tajikistan Mission to the United Nations  
(c/o Russian Mission to the United Nations)  
136 E 67th Street  
New York, N Y 10021  
Tel 212/744-2196  
Fax 212/474-7645  
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  
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Address 3350 M Street, N W  
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Tel 202/333-0606  
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The Marketplace - Tower II  
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Fax (303) 745-0776

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Suite 520  
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Tel (202) 739-9180  
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