

**USAID/RUSSIA
COUNTRY STRATEGY
1999-2003**

APRIL 5, 1999

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I. EXECUTIVE SUMMARY

The legacy of the USAID program will be the existence of a market-based democracy in Russia long after USAID leaves. At the end of USAID assistance, during the first decade of the next century, a rollback to the old Soviet system will no longer be possible. More Russian people will be actively and openly engaged in improving their society and standard of living. More doors will be permanently opened to the West through U.S.-Russian partnerships, training and exchanges, independent media, and other links. Acceptance and active practice of the basic rights of a democratic society, including free speech and elections, will also endure.

The USAID Country Strategy is to help the Russian people demand and create a more open democratic society and an equitable market economy by supporting activities leading to economic, democratic, and social transition. Looking well beyond the current economic situation, this strategy lays a solid foundation for the adoption and use of democratic principles and free-market economic mechanisms at the grassroots level in regions throughout Russia.

In the economic sphere, USAID will support the development of a market economy where all people have greater opportunities to improve their standard of living. USAID's program supports small and medium-sized private enterprises and improves and strengthens vital economic infrastructure.

In the transition towards democracy, USAID will help the Russian people create a society where citizens participate at all levels. The primary focus will be strengthening non-governmental organizations and independent print and broadcast media, and increasing the rule of law through more effective judges and lawyers. USAID will also support greater protection of basic human rights.

In the social sector, USAID will improve the well-being of many Russians by providing better health services with an emphasis on infectious diseases and women's health. Also, widespread replication of tested approaches to delivery of quality health services and partnerships between U.S. and Russian hospitals will lead to better patient care.

Enduring partnerships between U.S. and Russian organizations -- both as a mechanism for sharing expertise and as a means for maintaining long term links between like organizations in the East and West -- will be a fundamental component in all areas. The program will also continue to move out of Moscow to reform-minded regions from which successful programs involving all U.S. Government assistance agencies can be replicated in other regions and, when the taste for reform returns, the capital.

The economic crisis of August 1998 has seriously shaken Western confidence in Russia and affected USAID programs in all areas. But now is no time to turn away from Russia's march toward democracy and free markets. By focussing on grassroots programs in the regions, we will continue to have a positive impact on the lives of Russian people, where it matters most.

II. USAID'S ROLE IN RUSSIA

A. INTRODUCTION

USAID's role in Russia is not business as usual. Russia remains one of the world's major nuclear powers and its economic and democratic well being is a principal world concern. The USAID program is designed to help the Russian people demand and create a more open democratic society and an equitable market economy.

Russia is experiencing a severe macroeconomic and financial crisis reflecting in large part the Government's failure to implement the comprehensive economic reform measures needed to foster economic growth, generate revenues and maintain fiscal discipline. Russia's inability to provide the environment for private sector-led growth and increasing levels of foreign direct investment has seriously delayed the modernization of Russian industry, while keeping revenues inadequate to cover minimal government spending and foreign debt obligations. Instead, the GOR resorted to heavy borrowing to fund current Government expenses. This unsustainable position, combined with the spreading financial crisis in emerging markets, came to a head in August 1998. The ruble plummeted sharply from six to over fifteen to the dollar, depleting Russia's foreign exchange reserves. The GOR failed to meet its domestic and foreign debt obligations. Russia's vulnerable banking system collapsed, disrupting the payments system. GDP is now estimated to have declined by four percent in 1998 and estimates for 1999 are unclear, given the uncertain economic environment. Inflation projections for 1999 are currently over 80% and direct foreign investment levels are down about 50% from a year ago.

The most significant obstacle to Russia's transition to a market economy is the lack of political consensus in the Government or the Duma to move ahead with comprehensive economic reforms. This suggests there is no near-term solution to resolving the fiscal and financial crisis, as evidenced by the inability of the Government to adopt a realistic economic program which the IMF can support. When the Government has supported needed economic reforms, as in Government drafted tax reform legislation, the Duma has consistently refused to go along.

For all these reasons, it is time for USAID and the other major donors to lower their expectations about what can be expected from the central government in Moscow. The new USAID program relies much less on the central government. It builds upon the best of the past and expands USAID's work in the regions with small business and non-governmental organizations to promote prosperity and long-term links to the West. It works with and promotes reform-minded local leaders, who can be expected to remain in office longer than their counterparts in Moscow.

By moving away from programs with the central government, USAID/Russia's program is more focused and concentrated. This means curtailing and even terminating some longstanding programs, particularly those in support of tax, agriculture and energy reform. These are tough choices. But given the political and economic stalemate that has characterized the central government for several years now, USAID/Russia believes it is time to devote more resources outside of Moscow to help Russia's emerging middle class stay the course in the continuing development of a free-market democracy.

Our initiatives support:

Greater citizen participation at the community, regional, and national levels

Greater opportunities for private enterprise development in small business

Rule of law to protect basic human rights and support commercial activities

Provision of better health and selected social services

Rationalization of economic development with environmental concerns

Permanent links to the West through exchanges, partnerships, and the Internet

Our approach focuses on people, grassroots institutions, and policy. There is a strong preference for the regions over Moscow and St. Petersburg, particularly for testing pilot initiatives. Recognizing Russian capability, USAID focuses on Russianizing the program, by developing and strengthening Russian organizations that will support free market democratic principles long after USAID assistance ends. We also complement experienced American technical specialists with Russian expertise when and where possible. We build sustainable partnerships between Russian and American organizations based on mutual benefits. We coordinate our activities closely with other U.S. Government agencies, particularly in Regional Investment Initiative sites (see discussion below), and international donors.

The Mission will also continue some work in crucial policy areas which have the potential to set Russia firmly on the path toward sustainable economic growth, but only if the government shows commitment to reform in these areas. We will closely coordinate policy reform work with the World Bank and IMF. To the extent the U.S. Congress does not further limit our ability to assist regional and local governments, USAID will work more with reform-minded local government officials, to complement our growing regional programs.

USAID's strategy over the next five years, its role in Russia, current program, and funding requirements are detailed in the following pages.

B. U.S. FOREIGN POLICY INTERESTS

The national security of the United States is the first priority of the U.S. Embassy team in Moscow, comprising USAID and more than 15 other U.S. Government agencies and departments. Russia's nuclear arsenal and weapons of mass destruction make Russia's political and economic stability a key concern for the United States.

This stability is inextricably linked to the ongoing economic, democratic, and social transition in Russia. Specifically, the economic transition is important because a viable free market in Russia will contribute to Russia's quest for economic prosperity and provide markets and partners for U.S. business. The democratic transition is also important because acceptance and consistent application of democratic principles by government and people ensures greater accountability and stability. Greater confidence in the judiciary will also attract more Western investors to Russia. The social transition is critical because improvements in the social sector, particularly in housing, hospitals, and infectious diseases, will create greater stability in the lives of ordinary Russians.

C. THE TRANSITION ENVIRONMENT AND CHALLENGES

The current economic, political, and social situation in Russia provides many challenges for USAID, as described in this section.

1. Economic Transition

The current economic situation in Russia has been exhaustively described in the media throughout the world. In August 1998, the devaluation of the ruble from six to over fifteen to the dollar severely affected Russia's financial well-being. The Russian Government failed to pay its foreign debt and \$40 billion in bonds, leaving banks and brokerage firms in a precarious financial situation. After small GDP growth in 1997, most analysts expected robust growth in 1998, but current estimates are for an economic decline in 1998.

USAID agrees with many observers that the economy does not currently provide the means for a more equitable distribution of wealth, government structures continue to hinder investment, the middle class is in jeopardy, and economic opportunities are fewer. Lack of a clear and transparent framework for resolving legal disputes hampers investment, and little knowledge of how to run a business hampers creation of new investment opportunities. This problem requires solutions at the grassroots, in local governments and at the center.

Economic reform has not yet succeeded and no one should anticipate rapid progress. In view of this situation, USAID will focus its economic development program on efforts to support a middle class which actively participates in the promotion of Russia's market economy. To do so, business development -- direct work with micro, small and medium enterprises -- is essential. The Mission will also promote sound economic infrastructure, particularly in tax reform and banking, because an efficient tax system and a functioning banking sector are prerequisites to sustained economic recovery. Support for policy reforms, however, will require clear signs of commitment from the Russian Government. Further work on tax and banking reform also assumes that the U.S. Congress will impose no further controls on USAID assistance to the Russian Government. To assure high quality economic analyses to support economic development, whether we can work with the Government or not, USAID will also support the development of several private think tanks. The Mission will continue work in the environmental sector at the grassroots level to help preserve Russia's natural resource base. USAID will help Russia's regions develop viable economic activities which maximize resource benefit flows over the long-term.

2. Democratic Transition

Notwithstanding the severe economic downturn, Russia has made important progress in developing democratic institutions and systems. Since 1992, more than 65,000 non-governmental organizations have been created. These organizations help citizens improve their daily lives and influence economic, political, and social policy decisions at the local level. Independent media has grown steadily. The 1995 Duma and 1996 Presidential elections were considered free and fair. The establishment of a new judicial department outside the Ministry of Justice provides the appropriate legal framework for independent courts. Also, Russia has adopted international conventions and standards, such as the European Convention on Human Rights, which demand adherence to basic democratic values.

Democratic institutions in Russia are still nascent and fragile. Market-oriented media outlets and non-governmental organizations receiving private-sector contributions are the most affected by economic downturns. Trade unions are also negatively affected when workers face wage arrears. The horizon for financial sustainability of these organizations is far in the future. Crime and corruption continue at high levels, severely undermining citizens' confidence in the government.

The Mission assumes that the Russian people will not support real reforms and actively participate in economic development without greater confidence in their own democratic

institutions. To build such confidence, a vibrant civil society is fundamental. The current financial crisis has tested Russia's emerging NGO sector like never before. Non-governmental organizations' commitment and survival mechanisms are an inspiration and convinced the Mission that this important new sector is here to stay and deserves our strong support. A respected judicial system and private bar will help bring foreign investment back to Russia, deter corruption, and ensure human rights. USAID will continue supporting Russian democratic institutions at all levels; assist the growing civil society; support the newly independent judicial system; and increase on-going partnership programs between U.S. and Russian organizations, providing mutual benefit.

3. Social Transition

While some mortality and life expectancy indicators of social development in Russia have shown improvement since 1991, the overall situation remains serious. Maternal and infant survival rates remain much higher than those in the West. The potential for epidemics of sexually transmitted diseases, AIDS, and TB have put further pressures on an already weak health system. Of further concern to the international community is the cross-border nature of these infectious diseases.

Problems in the health system stem from many causes, including: under-funded budgets; serious deficiencies in the quality of diagnosis, treatment and care; a budgetary subsidy system which still encourages excessive in-patient care at the expense of less costly out-patient services; and the lack of a legal framework for the private provision of health care.

Living conditions throughout much of the country, particularly outside of the major cities, remain difficult. With official unemployment at ten percent before August 1998, massive layoffs have increased this figure as GDP has swiftly contracted. While significant progress has been made in cost recovery in the housing area, municipalities will be increasingly hard pressed financially to maintain the already low levels of communal services, such as proper maintenance, and adequate water, electrical, and heating services.

Deterioration in the level of social services and health care could lead to increased social tensions and undermine the confidence of an already struggling middle class. Hence, specific health problems -- abortion rates, maternal and infant mortality, STD/HIV and TB -- need to be addressed quickly. Within this framework, improvement in the quality of medical standards and services, and more positive legal reforms in the health sector which are currently supported by both the Russian Government and the Duma, are required. Health, well being, and economic productivity are also improved if more people have access to essential residential services. But, as with economic policy reform, further work in this area assumes that the U.S. Congress imposes no further limitations on our ability to provide assistance to the Russian Government.

D. USAID'S RESPONSE

To meet needs in the economic, democratic, and social sectors, USAID's program supports key transition activities, as explained below.

1. Program History

USAID arrived in Russia in 1992 and has spent over \$1.7 billion to help with the transition to a market-oriented democracy. Over \$1.2 billion was spent in FY 1994 alone.

From 1992 to 1995, the USAID program was mostly managed from Washington and most projects supported policy-level work with the Central Government. However, by late 1995 and into 1996, the Mission was managing over 150 activities in the field.

As budget levels decreased, USAID ceased support of certain activities such as privatization in 1995, post-privatization restructuring and municipal government strengthening in 1996, and the energy sector in 1998. The Mission now manages just over 80 projects with a yearly budget of approximately \$60 million. USAID will continue to streamline the program in 1999 and beyond to focus on fewer activities and achieve greater results.

Over the years, programs moved from the center to the regions and other localities throughout the country. In 1995, around 80 percent of USAID's activities supported Central Government or Moscow-based institutions. Today, this amount has fallen to around 15 percent. This trend will continue, as the Mission continues to demand clear evidence of government commitment for policy reform initiatives in Moscow.

Further to USAID's move to the regions, the State Department's Office of the Coordinator for Assistance to the New Independent States launched the **Regional Investment Initiative (RII)** in 1997, to focus many U.S. assistance resources on selected reform-minded regions. The RII demonstrates that coordinated U.S. assistance in one region can effectively accelerate economic and democratic transition, foster U.S.-Russian economic and community-based linkages, and promote increased trade and investment. For the future, lessons learned from the RII sites are to be replicated in other Russian regions and, ultimately, Moscow, if and when reform-minded leaders return to the central government. This initiative includes the activities of USAID, the United States Information Service, the U.S. Department of Commerce, and other U.S. Government agencies, and currently operates in Novgorod, the RFE (with principal focus on Sakhalin Island) and Samara. USAID is very active in all three sites and will strive to locate even more of its activities in one or more of the RII sites.

2. Program Approach

Programmatic Rationale. Within its goal of strengthening a middle class that is actively engaged in the development of a free-market democracy, the Mission's priorities include business development, including assistance to businesses and improvement of the overall economic infrastructure; sustainable U.S.-Russian partnerships; strengthened civil society and non-governmental organizations; and improved health care, particularly fighting tuberculosis, HIV/AIDS, and other infectious diseases. As much as possible, the Mission will carry out its program in the regions.

Assumptions. To most effectively utilize U.S. funds, USAID operates under several key assumptions:

The Central Government and Duma will support few key reform measures

Changes in senior government officials will continue creating uncertainty

The U.S. Congress will limit U.S. assistance to the Russian Government, which will discourage new programs of assistance with government agencies and officials

The Russian people will remain receptive to foreign cooperation and local administrations will not greatly impede the work of Russian non-governmental organizations advancing reform

Programmatic Themes. Operating under the above assumptions, USAID activities are designed to:

Develop Russian organizations, which will continue to support reform when USAID has departed

Develop sustainable partnerships between Russian and American organizations as an alternative to traditional technical assistance, to foster mutually beneficial links for the future

Support non-governmental organizations to encourage citizen participation in all aspects of society

Focus on reform-minded regions, through the Regional Investment Initiative

Use local expertise as much as possible to develop and highlight Russian capability

Closely coordinate with other U.S. agencies to complement the Mission Performance Plan

Closely coordinate with all other donors, particularly on policy reform activities

3. Program Strategy

a. Economic Transition

i. Vision and Priority Themes

Vision. To support the economic transition, USAID will help the Russian people create an equitable market economy in which they can participate and prosper.

Priority Themes. This market economy will be based on private enterprise development within a reasonably transparent tax, legal and regulatory system, combining economic development with environmental concerns, and thus help Russia participate in the global economy. Hence, USAID's economic transition program will support the development and growth of small and medium-sized private enterprises and help improve vital economic infrastructure through tax reform, land and real estate market development, greater use of international accounting standards, banking reform, and support for think tanks.

ii. Strategic Activity Choices

Rationale for Selection of Activities. USAID funds activities that are consistent with its programmatic themes and show the most potential for long-term sustainability and impact on the middle class. In the area of economic transition, business development is hampered by lack of basic business knowledge, by inability to access credit, and by lack of a clear regulatory framework within which to run, or invest in, a business. Businesses have little or no understanding of the negative environmental impact their actions may cause. In addition, government support for business development is unclear at best. Thus, activities in the Mission's economic transition strategy fall under two prongs. The first includes activities that directly support micro, small, and medium enterprises and build Russian capability to provide that support in the future. The second supports activities aimed at broader policy-level changes

in the regions and at the center. Policy improvement necessarily means working with the Central Government, which cannot be counted on to support many reforms. Thus, all policy-level work will require clear and continuing evidence of government interest. The U.S. Congress has also restricted assistance to the Government, at all levels, which necessarily discourages the Mission from launching new reform initiatives with the Government.

Representative activities which meet these criteria include support for business support centers, alternative credit mechanisms for micro enterprises, tax and banking reform work, promulgation of international accounting standards, support for economic think tanks and contributions to the fight against production of CFCs and Global Climate Change.

Rationale for Elimination of Activities. USAID eliminates activities that are completed, funded sufficiently by other donors, or show limited impact. Hence, the Mission stopped supporting commercial law drafting when the World Bank began its legal drafting project. The Mission will no longer provide equipment for energy activities or provide new funding for power sector reform as other donors increasingly concentrate on the energy sector. USAID will not support enterprise restructuring because appropriate enterprises have already received assistance. USAID will continue phasing out of work in agriculture due to lack of support for reform from the Ministry of Agriculture and the Duma. The Mission has reduced work in tax reform to avoid duplication of U.S. Treasury efforts. Efforts to improve the tax and banking systems are subject to Government of Russia support for specific reforms. (In order to increase efficiency, USAID will manage residual agricultural and energy activities as part of its small business portfolio). The number and scope of some local government initiatives will necessarily be decreased due to restrictions on assistance to the Government.

Geographical Focus. While some national level policy work will continue, USAID's economic programs will focus on a few regions to use resources more effectively. The Russian Far East, the Novgorod and Samara regions, and other Regional Investment Initiative sites will remain top priorities. Regional and local governments will continue to be integral parts of economic transition activities, subject to Congressional budgetary limitations.

Effect of Ongoing Crisis. The ongoing economic crisis and the return of a less reformist government have affected the Mission's program. The Mission is responding in several ways. First, USAID focuses more on the grassroots level, which, for economic transition, means individual businesses and entrepreneurs, and local government officials. Second, USAID is getting out of central policy-level activities such as tax reform where government commitment to change is not clear. Work on international accounting standards will also continue improving enterprise management and attracting foreign investment. Additional Russian think tanks will receive funding, even under a less reformist government, to ensure that quality policy options are available and solid policy analysts remain engaged in Russia.

Russian Government Commitment and Demand for USAID Services. The Russian Government's economic strategy and commitment to reform are unclear. Hence, USAID has shifted focus to grassroots activities for small and medium-sized enterprises. The strong demand for these activities at the local level by entrepreneurs, firms, non-governmental organizations, and some reform-minded local governments should continue over the next five years. Commitment to tax and banking reform is also not clear and USAID will reduce and even eliminate support for both if tangible results are not forthcoming in FY 1999. The solid demand for assistance with international accounting standards by Russian firms and the Government Chamber of Accounts should continue. Support for think tanks to ensure that government policy makers have access to sound economic advice should be less dependent on government support as some think tanks will always be out of favor with whoever is in power.

iii. Donor Cooperation

USAID coordinates closely with other donors in the economic sphere. For instance, the Mission, a lead donor in tax reform, ensured that U.S. assistance complemented the efforts of the Organization for Economic Cooperation and Development for tax assistance. USAID assistance laid the groundwork for a \$38 million World Bank loan to strengthen capital markets infrastructure. USAID works with the European Bank for Reconstruction and Development to provide small business financing. The Ford, Mott, and MacArthur Foundations also work in small business development, and consult regularly with the Mission. EU-TACIS, the technical assistance program of the European Union, has substantial programs in energy restructuring. EU-TACIS also has substantial programs in business development, environmental policy reform, and banking reform. The Mission will coordinate closely with the World Bank if it begins work in banking reform. USAID/Russia is a lead donor in the environmental area through its work with local organizations to improve environmental quality. This work is complemented by EU-TACIS's environmental policy initiatives. Finally, the Mission intends to coordinate all of its business development activities more closely with The U.S.-Russia Investment Fund.

b. Democratic Transition

i. Vision and Priority Themes

Vision. To support democratic transition, USAID will help the Russian people create a more open democratic society where informed citizen participation flourishes at the community, regional, and national levels. Russians will have greater access to courts, to better protect basic human and commercial rights.

Priority Themes. This more open democratic society will be based on greater citizen participation and access at all levels of Russian society and the rule of law.

ii. Strategic Activity Choices

Rationale for Selection of Activities. Again, in the democracy area, USAID funds activities that are consistent with its programmatic themes and display the most potential for long-term sustainability and grassroots impact. The cornerstone of a democratic society is free and fair elections and free and independent media. Governments make better decisions when they receive clear messages from diverse sources, including non-governmental organizations. A democratic society includes respect for the rule of law and human rights. Russia has made headway in all of these areas, but consistent support is necessary to ensure greater and sustainable progress. One important approach is to facilitate partnerships between U.S. and Russian entities and help them continue after outside support ceases. Support for non-governmental organizations will remain a priority given their role in a democratic society and tenacity during the current financial crisis. While the Mission is encouraged with the development of the new independent judicial department, and its growing relationship with the National Judicial College and Administrative Office of the U.S. Courts, Congressional restrictions on assistance to the Russian Government discourage more assistance in this area. Other representative activities include political party strengthening, support to independent media, support to electoral commissions, strengthening non-governmental organizations, support to the Russian judiciary, funding for U.S. - Russia partnerships, increasing the numbers of functioning legal aid clinics, and supporting human rights activities.

Rationale for Elimination of Activities. USAID has substantially changed its approach to implementation of democracy activities. We focus on Russianization to ensure that Russian institutions and individuals develop skills introduced by U.S. technical assistance and partnerships -- the multiplier effect. For example, projects using U.S. judges and lawyers to train their Russian peers are being phased out. More and more Russian judges and lawyers now do the training. The NGO strengthening project which employed nine full-time U.S. experts was eliminated and replaced by a similar project using only one U.S. expert. More importantly, it employs Russian NGO experts trained by USAID. The media work that USAID supported since 1993 has been completely transformed. Then, U.S. entities implemented projects in support of independent media. Now, only Russian organizations use USAID funds for the same work. After the 1999 and 2000 elections, direct support for the electoral commissions may no longer be necessary. Direct organizational support for Russian NGOs, such as the Sakharov Center for Human Rights, is focused on institutional development so that they can continue without USAID assistance.

Geographical Focus. To promote democracy in Russia, USAID supports non-governmental organizations throughout the Russian Federation. USAID also supports print and broadcast media across Russia, with a focus on regional media. Rule of law programs work through the courts, located in every region, and also in legal aid clinics and law schools in the regions. The Mission will endeavor to move more of its democracy programs, especially those related to NGO development and citizen participation, to the RII sites in the future.

Effect of Ongoing Crisis. The current economic situation has seriously affected independent media. Also the banking situation has made it more difficult for Russian NGOs to access their funds. The tenacity of the media and the NGOs to continue operating in the face of these problems has inspired the Mission and other donors to increase support to both groups. Sustainability of Russian NGOs is now farther in the future.

Russian Government Commitment and Demand for USAID Services. The only government programs are with the judiciary, electoral commissions, and municipal associations. The Russian Government has demonstrated commitment to the creation of a more democratic society by creating the new judicial department, independent of the Ministry of Justice, and the Electoral Commission, to ensure that elections are conducted freely and fairly. In addition, although some government officials have proposed a crackdown on independent media, the press remains relatively free. Also, the legal framework for non-governmental organizations has improved under a new federal law giving them legal status.

iii. Donor Cooperation

USAID coordinates closely with other donors in the field of democratic reform. For example, the Mission regularly attends donor working groups on civil society and rule of law. USAID recently started a media donors forum. USAID also works with the Council of Europe and the Organization for Economic Cooperation and Development on legal reform and helped prepare Russian Government entities to accept World Bank loans in legal reform. USAID actively participates in U.S. Embassy working groups on media, crime and corruption, and violence against women and regular meetings on political party development and elections. The Mission also ensures coordination amongst its own implementers through a monthly Democracy Roundtable. USAID is working closely with the Soros Foundation on a new initiative to support the independent media.

c. Social Transition

i. Vision and Priority Themes

Vision. To support social transition, USAID will improve the well-being of Russian citizens through increased access to improved social services and benefits.

Priority Themes. USAID's activities in social transition are focussed on provision of better quality health services. The emphasis is on infectious disease control and women's health in both the public and private sectors, through the widespread replication of tested approaches to financing and delivery of health services and benefits. Partnerships between U.S. and Russian hospitals and communities, and replication, will lead to better patient care and sharing of new technologies. USAID also works closely with other donors and NGOs to develop a modest but effective response to the increasing problems of children institutionalized in orphanages.

ii. Strategic Activity Choices

Rationale for Selection of Activities. Again, USAID funds program areas that are consistent with the Mission's programmatic themes and show the most potential for long-term sustainability and grassroots impact. With limited funds and Congressional limits on assistance to the Russian Government, USAID can support only the most urgent health care problems. This includes participating in the U.S. - Russia Bi-National Commission's (currently Gore-Primakov) work on improving the overall health care delivery system. In addition, the dramatic increase in infectious diseases, particularly HIV/AIDS and TB, requires a swift response because the Russian Government does not have the financial capability to mount an effective program. Abortion was the key family planning method used in the Soviet Union and women and infant mortality rates continue to be unreasonably high. As in all program areas, partnerships in the health sector have shown excellent results. More could be done with local governments to better budget for and implement social services, but Congressional limits on USAID's assistance to the Russian Government discourage more than modest programming in this area. Representative activities include control of infectious diseases, improving women's and infants' health, increasing access to modern family planning methods, means testing to allow government subsidy programs to more efficiently target the poor, improving services for orphans, and improving the quality of health care delivery.

Rationale for Elimination of Activities. As in other sectors, USAID-supported projects which show more robust results on the regional, oblast, and local levels. The Mission is decreasing the number of discrete activities in health reform at the national level from twelve to four. USAID now emphasizes more work through community and hospital partnerships and support to non-governmental health organizations at regional and local levels to ensure that quality health care is available at lower costs. USAID also is phasing out of health efforts in drug reform, health finance, and health association building, where the results have been few, in favor of regionally focussed work on infectious diseases.

Geographical Focus. USAID supports health partnerships and family planning throughout the Russian Federation. Federal level work to improve the quality of health services continues, again, limited by Congressional sanctions. Family planning and legislative reform in health are ongoing in Novgorod. TB and HIV work and women and infant health activities will focus on pilot sites, with the multiplier effect taking successes to other regions. Work on social sector subsidies will be concentrated in the Far East. The Mission will try to focus more social sector programs in the RII sites in the future.

Effect of Ongoing Crisis. The current economic crisis will devastate the health sector if already limited Russian Government funding is further decreased. USAID is trying to mitigate

the affects by focusing at the grassroots, where Russians receive health services. This means support for better quality health care at the local level through U.S.-Russia hospital and community partnerships. Also, as infectious diseases spread, funds will be used for pilot projects to introduce new prevention and treatment techniques. One specific response to the economic crisis is work on better social service subsidies. Modeled on the successful housing subsidy program, USAID funds will be used to help regional governments save scarce funds by limiting other local subsidies to truly needy families.

Russian Government Commitment and Demand for USAID Services. The Russian Government is committed to social sector reform, particularly health care, because all citizens are guaranteed free health care by the Russian Constitution. In practice, however, the Duma has never allocated the necessary funds to allow citizens to receive free health care. The recently adopted Ministry of Health Conceptia supporting the development of private medical practice is evidence that the Government knows it cannot provide adequate health care to this vast country. As regards demand for USAID services, local level hospitals and clinics are eager to receive technical and administrative assistance. Municipal governments are keenly aware of the benefits of means testing for local subsidies, judging from the success of the housing subsidy program.

iii. Donor Cooperation

The Soros Foundation is utilizing the Mission's experience and input to develop a health care strategy focused on infectious disease control. The Ford, Mott, and MacArthur Foundations consult regularly with USAID on health care issues. The Mission works closely with UNICEF, UNAIDS (the United Nations program for AIDS), the Red Cross, and Medecins Sans Frontieres on health care strategies. USAID organized the first donor conference in Moscow to discuss the emerging plight of Russia's orphans.

III. CURRENT PROGRAM ACTIVITIES AND PLANS

A. OVERVIEW

USAID structures its program in Russia by grouping activities under strategic objectives in four technical areas: economic transition, democratic transition, social transition, and cross-cutting activities and special initiatives.

Economic Transition

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprises

Strategic Objective 1.4: Improved Economic Infrastructure to Support Market-Oriented Growth

Strategic Objective 1.6: Increased Environmental Management Capacity to Support Sustainable Economic Growth

Democratic Transition

Strategic Objective 2.1: Increased Better Informed Citizens' Participation in Political and Economic Decision-Making

Strategic Objective 2.2: Strengthened Rule of Law and Respect for Human Rights

Social Transition

Strategic Objective 3.2: Improved Effectiveness of Selected Social Services and Benefits

Cross-Cutting Activities and Special Initiatives

Strategic Objective 4.1: Special Initiatives

Strategic Objective 4.2: Cross-Cutting Activities

B. INDIVIDUAL STRATEGIC OBJECTIVE NARRATIVES

The following narratives present information concerning each objective in the four technical areas.

1. Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprise

a. Why is this objective important?

The absence of an entrepreneurial culture leaves the majority of Russians with a fundamental lack of knowledge of basic business practices. Bureaucratic procedures left over from Communist times make it almost impossible to start a new business. This legacy results in chronic unemployment, lack of investment, and, thus, decreased opportunity for people to improve their standard of living. Business consultancies, technical assistance, formation of business associations, and improved access to credit all strengthen the sector. A stronger business sector comprised of flourishing small and medium-sized enterprises will support economic growth for Russia, increase employment, and help develop a middle class committed to economic reform. With access to consulting, training, credit, information, and other support services, the leaders in this sector can create lasting employment and drive economic growth. Strong businesses will invite greater foreign and domestic investment, bringing positive ramifications for banks and capital markets. Business leaders can also advocate changes in the policies, regulations, and practices that constrain their operations. The importance of this sector is recognized in Embassy Moscow's Mission Performance Plan which indicates that a more prosperous market-oriented Russian economy that meets the demands of consumers and industry will improve prospects for a more stable and representative government and satisfy important economic needs of the Russian people.

b. What are we doing?

In the private enterprise sector, USAID responds to the tremendous unmet needs of micro, small and medium enterprises in Russia to stimulate economic development and promote greater prosperity. To serve these customers most effectively, USAID uses several means:

- Business training for individual entrepreneurs in marketing and western management practices
- On-site client focused business consulting services
- Formation of sustainable business associations, trade organizations and business support centers
- Access to credit from non-bank sources
- Land privatization to help make additional collateral available

With this approach:

- Russian entrepreneurs learn about marketing, distribution, accounting, and new management practices
- U.S. business volunteers provide hands on guidance to small and medium sized businesses throughout Russia
- Entrepreneurs gain access to credit through USAID sponsored micro finance organizations which provide an alternative to commercial bank financing
- Several Business Support Institutions (including eight in the Russian Far East) provide exchanges within specific industry groupings and disseminate investment, credit and other financial information

To carry out these activities, the Mission operates under the following assumptions:

- The Government of Russia is one of the main impediments to business development

The environment for small business development remains difficult and if it improves, the improvement will be gradual, and
The small and medium enterprise sector is able to operate without undue interference from criminal elements

c. Why these activities?

As Embassy Moscow's small business agenda for the U.S. - Russia Joint Commission states, "small business could be the catalyst for economic growth in Russia. There are approximately 900,000 small businesses in Russia today, employing about nine million people..." Because of the potential to reach more people, USAID determined that support to the small and micro business sector will ensure wider impact than concentrating funding on a few large industries, which have sufficient funds for restructuring.

To achieve this, USAID first identified the main impediments to the growth of small and medium business. Internal analyses, project evaluations, and extensive site visits identified lack of a clear regulatory policy for business creation, paucity of business skills, lack of access to credit, lack of affordable business services, and the lack of a business information culture. Internal analysis of the impact of business development projects has also shown that work on enabling legislation for business is slow and not often successful, and that some regions are more amenable to supporting business growth than others.

Using this analysis, USAID designed projects to address these constraints. Aimed at micro and small business in selected regions, these projects provide large numbers of Russians with business training, create alternative conduits for financing, strengthen business service providers, and encourage the establishment of business associations to facilitate the flow of information.

For further background analysis, readers are encouraged to read USAID/Russia's SME development strategy (1999), Embassy Moscow reporting cable on SME development in Russia (1999, Moscow 03304), and USAID's report on impediments to small business development (1999). For further background, USAID project evaluation reports are useful. They include "Business Incubators in Russia Study" (1998), and "Evaluation of the Business Volunteer Program" (1999).

d. How have we done so far?

200,000 Russian entrepreneurs have received business training and consulting assistance through USAID programs to date
Surveys show the creation of more than 50,000 new jobs since the program began
Over 5,000 new businesses have been formed with the assistance of the program
A survey of USAID-supported business development clients indicated that:
75 percent of clients reported increases in production
81 percent increased sales
89 percent increased customer base
82 percent increased net profit
Five of ten institutions established with USAID support to provide financing for small and micro entrepreneurs continue to operate without USAID assistance
Over 3,200 loans have been provided to micro and small entrepreneurs
Membership of the Russian Guild of Realtors increased from five to over 800 and local boards were created in 25 regions, strengthening the real estate business

e. What are we going to do in the future?

The USAID-sponsored network of business support institutions and business volunteer assignments will supply small and medium enterprises and indigenous business support organizations with the tools to weather the current economic crisis and foster more growth in the SME sector. As part of the Mission's business support legacy, USAID's network strengthening program will: (1) conduct an in-depth analysis of the approximately 300 members of the network; (2) identify those members that are most effective and most closely support Mission objectives; and (3) provide targeted technical assistance to those selected in order to increase their viability and strengthen their institutional capacity. The University of Alaska's Business Center Program will be extended to more cities in the Russian Far East with a greater focus on practical, business-related courses. USAID will help indigenous training providers develop a rapid-response capability to design and implement revenue-generating courses tailored to the changing needs of entrepreneurs and businessmen. With matching funds from the Global Bureau, USAID plans to expand its micro credit programs. The Mission also will support further strengthening of the real estate profession and land privatization. USAID will launch a Development Credit Authority project to provide large infrastructure credit guarantees to encourage banks to make loans in support of telecommunications and infrastructure, such as ports, municipal, and energy projects.

f. How do we know when we're done?

The Mission's assistance to private enterprise in Russia will end when a critical mass of key institutions support small and medium sized businesses. The following indicators will signal the end of USAID assistance in Russia under this objective:

- 70 Russian Business Support Institutions are self-sufficient
- Number of officially registered small and medium-sized businesses joining the formal economic sector in Russia reaches 900,000
- Over 120,000 loans by USAID to micro and small entrepreneurs throughout Russia with 99 percent repaid
- 25,000 new businesses created
- 150,000 new jobs created
- Urban land is being used as collateral for credit in 10 regions.

Particularly important is the first item, which underscores the Mission's ongoing efforts to Russianize its program by developing local capacity to provide assistance to local organizations, businesses, and individuals. In this regard, the Mission will continue to develop Russian institutions, such as the Business Support Institutions, so that they are able to effectively manage business service programs within the next five years.

g. What will we do if funds are cut by 20 percent?

If funds are cut by 20 percent, activities in all components of this objective would be scaled back proportionately but not eliminated because they are vitally interlinked parts of USAID's private enterprise program. All programs in micro and small enterprise would be consolidated as funding decreases. Certain activities, such as enterprise conferences for Russian entrepreneurs, would be canceled. Any ongoing policy, legal, and regulatory reform efforts to improve the enabling environment for private business would be phased out. Training courses would be scaled down dramatically, with fewer courses in the United States.

2. Strategic Objective 1.4: Improved economic infrastructure to support market-oriented growth

a. Why is this objective important?

Foreign and domestic investment leading to active capital markets and a strengthened private sector are severely hampered in Russia by the lack of a clear and well understood economic policy environment for business. Problems include lack of a consistent, revenue producing tax system and the collapse of the banking system. Private enterprise has nowhere to turn for loans and the Russian Government cannot raise enough funds to function at a minimal level. The confusion evident in the government's inability to make rapid and sound decisions after the economic collapse of August, 1998, shows a lack of sound policy options. This situation must be remedied if Russia is to develop a vibrant private sector capable of supporting a middle class confident in its ability to take risks to improve its well being.

This objective is consistent with the emphasis in the Embassy's Mission Performance Plan on helping Russia make the transition from a centrally planned economy toward a market economy that can support economic growth.

b. What are we doing?

The development of a middle class in Russia requires sustainable economic growth, which in turn requires an improved economic infrastructure. Such an infrastructure would help satisfy the demand of the Russian citizenry to improve their economic status; the demand of private business for access to capital through the banking system; the requirements of foreign and domestic investors for an easily understood economic infrastructure; and, the needs of the Mission's government partners, including the Russian Duma, the Ministry of Finance, the Ministry of Taxation (formerly the State Tax Service), and the President's Administration.

To help develop an improved economic infrastructure, USAID supports activities in tax reform, banking reform, housing finance, international accounting standards, and institutional strengthening of economic policy think tanks.

Representative activities include:

- Assisting the Russian Government, the Duma, the Ministry of Taxation, and selected regional and Local Governments to analyze the potential impacts of different tax regimes on the government budget, draft legislation, and implement new taxes
- Strengthening the banking sector through training in bank supervision, advisory services, and loan guarantees
- Improving open markets by assisting Regional Governments to design investment policies that promote more liberal trade and investment regimes
- Strengthening the capability of key think tanks to conduct quality economic analysis that supports sound policy formulation
- Promoting the adoption and use of international accounting standards
- Supporting the creation of a housing and commercial mortgage market

The success of these activities depends on the following assumptions:

- Commitment to tax reform is maintained at the highest level of the Russian Government and the Duma and translated into action at the operational level

The banking sector, both government and private, is receptive to implementing specific improvements, including mortgage services, to restore public faith in banks
The private sector is receptive to use of new accounting standards

c. Why these activities?

Among the many options available to work in this area, USAID selected tax reform, strengthening the banking system, increasing the availability of high quality economic analysis, and replicating international accounting standards for the reasons enumerated below.

The Mission's tax reform project responds to the overwhelming sentiment in the international private and public sectors that an understandable and usable tax system is key to the economic transition. Our analysis of the fiscal system and extensive discussions with U.S. Treasury convinced us that the tax reform project should deal with both the revenue and expenditure sides of the equation, with more weight for revenue generation due to severe Government of Russia budget shortfalls. The Mission will continue to avoid areas in which U.S. Treasury is engaged and will disengage from tax reform unless the Duma passes key laws in 1999.

As in the tax system, there are also fundamental weaknesses in the banking system. USAID will wait for more analysis from the World Bank, the IMF and other international donors, however, before deciding whether and where to work in the banking sector.

Concerning high quality economic analysis, the Government was unable to develop with any actionable policy to remedy the tax and banking situation in the months following the economic crisis. Based on our own analysis of this gap and on a report entitled, "Russian Economic Policy Institute Project, Supply, Demand, and Institutional Analysis", written by Russian analysts, USAID is responding with funding for several think tanks that will provide high quality analyses to help the Government make policy decisions.

Finally, as a practical matter, USAID decided to support international accounting standards training and replication as a practical application to strengthen the economic infrastructure.

For background analysis leading to project emphases in this objective, the Mission relies on periodic World Bank reports and the USAID sponsored report "Technical Assistance for Russian Fiscal Reform" completed by the University of Maryland in 1997.

d. How have we done so far?

The move from a centrally planned economy with a strong Central Government to a market economy is not yet complete but some strides have been made:

Economic and legal guidance has been provided to the Russian Government and Duma to evaluate strengths and weaknesses of the proposed tax code, including amendments
Economic analysis has been provided to the Ministry of Finance, showing impacts of changes in taxes, particularly personal income tax, on the hypothetical taxpayer
The Ministry of Taxation's unit for collecting from large enterprises has been strengthened and could collect substantial additional tax revenues
A property tax system, not yet implemented, is in place in the cities of Tver and Novgorod
The Securities Commission, National Association of Broker Dealers, Depository Clearing Company and other regulatory bodies, have been established and institutionalized to strengthen investor protection

Russian commercial banks had begun to offer financial services to small and medium sized businesses before the crisis
Over 30 banks providing housing and commercial mortgage lending, and,
International Accounting Standards published in Russian, accepted by the Russian Ministry of Finance, and adopted by increasing numbers of businesses.

e. What are we going to do in the future?

Public and private economic policy changes are critical if the Russian economy is to get back on track to complete its transition to a market economy. Opportunities exist to help effect these policy changes through targeted efforts. USAID will continue supporting tax reform, an objective publicly supported by the current Prime Minister, to help pass a fair and efficient tax law and to create a more predictable source of revenue. However, USAID commitment to tax reform will depend on real progress from the Duma in 1999. In the banking sector, USAID will work with the World Bank and other donor organizations in bank restructuring and regulation to identify a useful role for USAID. The Mission will continue to help Regional Governments formulate economic development strategies and support regional initiatives which improve the business environment. Limited funds will be used to assist the development of mortgage markets. In addition, increased funding over the next two years will be provided for the promulgation of International Accounting Standards to a wide cross-section of public and private organizations to promote accounting transparency throughout Russia. USAID will also launch a new initiative to help sustain Russian think tanks. The objective is to create Russian institutional capacity to conduct quality analysis that decision makers can rely on for continued reforms.

f. How do we know when we're done?

Optimistically, a decade may be required for Russia to achieve this objective. If the 1999 parliamentary elections go against the reformers, USAID might support only the think tank component, portion of this objective. However, if the elections are favorable to reformers, success will come with:

Passage of tax legislation which improves fairness and revenue-collection
Implementation of effective procedures to monitor and collect taxes
More rational revenue-sharing between Federal and Regional Governments which clarify the tax base at each level
30 percent fewer banks in operation, at an improved performance level, and
Three self-sustaining think tanks providing analysis and policy alternatives to the government and Duma
Mortgage markets functioning in 10 regions

g. What will we do if funds are cut by 20 percent?

USAID would decrease funding for the banking initiative and for tax reform work in the area of tax policy and/or economic analysis, depending upon the Russian Government's policy stance at the time of any cuts.

3. Strategic Objective 1.6: Increased Environmental Management Capacity to Support Sustainable Economic Growth

a. Why is this objective important?

The lack of concern for environmental preservation during the Soviet era led to unfortunate abuses of Russia's valuable natural resource base. Industrial production and other business practices had no regard for environmental impact. There was virtually no sustainable natural resource management. Municipal waste management practices never considered environmental impact and local citizens were never allowed to express environmental concerns. Lack of environmental concern and awareness resulted in the localized devastation of many of Russia's natural resources.

This objective is consistent with Embassy Moscow's Mission Performance Plan which stresses the United States' interest in ensuring that pollution and natural resource depletion in Russia does not have adverse economic impact on the United States, and that Russia complies with international treaty obligations protecting the global environment.

b. What are we doing?

USAID activities in the environmental sector respond to the needs of Russia's increasing numbers of small and medium businesses to achieve economic growth with minimal negative environmental impact. Widespread economic growth is dependent on improved capacity in environmental and natural resources management. USAID activities also respond to the needs of local environmental non-governmental organizations which require technical assistance to achieve financial and technical sustainability.

Current activities include:

- Strengthening partnerships among institutions throughout Russia to promote exchange of practical lessons gathered from ground-breaking work in pollution prevention, risk assessment, land-use planning, reforestation and other successful activities
- Reducing the negative impacts of global climate change through programs targeted at fire prevention, pest control, reforestation, forest policy, and the phase-out of ozone depleting substance production

To carry out these activities, the Mission assumes that:

- Activities to promote sustainable economic growth among small businesses will continue to be welcomed by Local Governments
- Local non-governmental organizations can implement their programs without greater local administration impediments than at present

c. Why these activities?

The activities in this strategic objective are selected based on a solid track record since 1992 of building partnerships to exchange knowledge, expertise, and information that has improved Russia's management of natural resources and prevented and reduced pollution. Russian partners have made significant progress over the past few years and are capable of and interested in spreading their knowledge throughout the Russia. Hence, this strategic objective has moved from implementing a few large pilot activities to ensuring the replication of methods

that work throughout the country. This replication comprises environmental projects that are small, low cost, mostly Russian run, and located in the regions.

Although severely limited by current Congressional limitations on assistance to the Government of Russia, USAID/Russia has responded to the Agency's commitment to global climate change by introducing a program to preserve and expand Russia's valuable carbon sink. The Mission is considered the lead donor in this area and the low-cost, practical activities we implement continue to generate much interest in all major forested regions in Russia. USAID also contributes to a multi-donor effort to phase out production of ozone depleting substances. The Mission has produced a comprehensive analysis explaining our work in global climate change and publishes quarterly status reports describing program impact and justifying project selection.

d. How have we done so far?

Significant progress has been achieved, with pilot projects in six regions now replicated and disseminated in more than 50 regions in the Russian Federation.

In pollution prevention:

- Private industry and municipal utilities in four industrial regions have reduced air and water pollution and demonstrated significant cost savings
- A new health risk assessment methodology was tested in seven cities and a Federal Working Group is studying national application
- Non-governmental organizations reduced pollution by conducting city clean-up days, developing solid waste collection programs, and constructing new drinking water wells for small villages

In natural resource management and biodiversity protection:

- First comprehensive reforestation program introduced in the Russian Far East, resulting in 60 times more seedlings
- Regional forestry services in the Russian Far East drafted the first regional forestry code to ensure regional management of forest resources
- The endangered Siberian Tiger population stabilized at approximately 400 animals

USAID assistance has also helped generate funding for the environment:

- Regional eco-funds in three municipalities leveraged environmental loans for drinking water improvements
- Nizhny Tagil, an industrial city in the Urals, secured World Bank funding to improve its drinking water system; Gagarin and Smolensk are candidates for similar financing
- Zapovedniks (nature reserves) in the Russian Far East are generating new revenue through eco-tourism to fund protective programs

e. What are we going to do in the future?

Over the next few years, USAID projects in the environment will promote: (1) greater citizen participation in environmental problem-solving at the community, regional, and national levels; (2) partnerships to develop environmentally friendly business in the Russian Far East and Siberia; (3) participation for Russia with other countries in global environmental initiatives, such as decreasing production of CFCs; (4) activities aimed at reducing CFC production and

decreasing global warming; and (5) more links to Western environmental groups through partnerships and the Internet.

f. How do we know when we're done?

We can claim success when Russian organizations are continuing USAID-initiated environmental efforts on their own. This will include:

- 200 self-sustaining environmental non-governmental organizations
- 50 communities implementing environmentally friendly activities
- 100 enterprises using environmentally-sound technologies
- Five regions in the Russian Far East and Siberia with sustainable forestry policies
- Seven industries phasing-out production of ozone depleting substances

g. What will we do if funds are cut by 20 percent?

If funds are cut by 20 percent, USAID will collapse all environmental programming into two projects, namely support to phase-out production of ozone depleting substances and support for replication and dissemination of environmental best practices.

4. Strategic Objective 2.1: Increased Better Informed Citizens' Participation in Political and Economic Decision-Making

a. Why is this objective important?

At the breakup of the Soviet Union, Russia lacked: (1) institutional mechanisms to allow citizens to participate in civil society and voice their opinions; (2) a media sector capable of presenting impartial news; and, (3) a mechanism for increasing accountability of government officials. Although this situation has improved over the past five years, serious deficiencies remain. If left unattended, these deficiencies would negatively affect the development of a middle class actively engaged in its own economic and political destiny. This objective is consistent with the Embassy's Mission Performance Plan which indicates that an important United States' objective in Russia is to build a genuine partnership based on stability and democracy. As Secretary Albright said in a recent address to the US-Russia Business Council, the solutions to Russia's problems will not stick unless they have popular legitimacy within Russia.

b. What are we doing?

USAID activities enhance citizen participation in political and economic decision-making through support for political processes, independent media, and non-governmental organizations. Representative activities include:

- Assisting the central and regional election commissions to administer federal electoral laws
- Helping political parties to identify voter interests and communicate coherent platforms
- Supporting a new Russian organization to provide electoral assistance after USAID funding ends
- Supporting Russian media organizations which help regional independent television stations and newspapers produce professional news and maintain their economic independence
- Establishing a competitive small-grants program to provide a quick, flexible source of funds for grassroots non-governmental organizations
- Supporting resource centers that help Russian non-governmental organizations learn organizational and financial management skills, so they can continue demanding government accountability
- Strengthening independent trade unions
- Developing sustainable U.S.-Russian partnerships

USAID operates under the following assumptions:

- The Russian Government will not interfere with the activities of non-governmental organizations any more than at present
- The Russian Government will not hamper the operations of independent print and broadcast media any more than at present
- The present economic crisis will not cause widespread disillusionment among Russian non-governmental organizations

c. Why these activities?

Years of experience, coupled with analyses of necessary steps for a transition from a totalitarian state to a democracy, helped USAID select its approach to this objective. Our projects encompass 3 primary areas.

First, USAID works to increase citizen participation through NGO development. Opinion polls show that few Russians understand the role of NGOs. Social marketing and better media relations would improve this situation, but public education programs are expensive and difficult to carry out in a country the size of Russia. The Mission focuses instead on increasing the number of active and growing NGOs in all sectors. Unfortunately, Congressional restrictions on assistance to local governments in Russia have limited funding for linkages between local governments and NGOs.

Second, because of its seminal importance to democratic transition, USAID supports the emergence of independent media as a tool to create a fully informed citizenry. To remain independent, television stations and newspapers must increase their management efficiency and diversify their funding bases. USAID is addressing both these concerns. Other donors support the radio sector.

Third, we work to ensure free and fair elections because they are the hallmark of a viable democracy. We support political parties because they form the basis of citizen involvement in the political and electoral process, although the level of support should be carefully considered after the 1999 and 2000 elections.

Among background analyses used by USAID for this objective are “USAID/Russia NGO Sector Analysis, Conclusions, and Recommendations” (1997), “Presidential Elections in Russia: Lessons for Society and Implications for the Political System” (1996), and “Russian Political System: Halfway to elections?” (1998). The Mission also published a study entitled, “American-Russian Partnerships: Accelerating the Social, Political, and Economic Transitions in Russia” (1996).

d. How have we done so far?

Given that democratic development can take decades, even generations, USAID must be realistic about program expectations. However, there have been impressive results to date:

- Some 65,000 non-governmental organizations now enhance Russia’s civil society
- USAID training programs have reached over 13,500 activists from non-governmental organizations
- Over 300 new independent television stations are operating
- A Russian non-governmental organization provides long-term technical and financial services for regional newspapers
- Most recent elections were judged free and fair
- 6,500 political party activists have been trained and are working on political party development in Moscow and the regions

e. What are we going to do in the future?

Russia’s new democratic institutions still need substantial support if they are to survive. Financial sustainability of non-governmental organizations, independent media, and trade unions from domestic sources is now far in the future. The lack of consistent electoral laws at the regional level could still allow for manipulation of the electoral system. Political parties are still personality driven with weak organizational structures.

USAID's strategy involves flexible responses to changing conditions. Support to resource centers for non-governmental organizations will mean long-term sustainability for grassroots and regional organizations. A sustainability fund to promote professionalism and independence in the broadcasting sector will strengthen independent media. After the 2000 elections, support for elections and political parties will target Russian non-governmental organizations. The labor development program will increase civic education programs and emphasize sustainability of public interest law centers.

A key new area is domestic violence, which USAID plans to address with other U.S. Government agencies and donors by increasing education and awareness for intervention and prevention of domestic violence; supporting legal institutions to protect victims; improving crisis centers and shelters, health care responses, and medical training for those treating victims; and training lawyers, prosecutors, and judges to prosecute offenders.

f. How do we know when we're done?

Recognizing that resources are limited and finite in duration, USAID emphasizes Russian ownership of activities and sustainability. Due to current the economic crisis, the time frame for achieving sustainability is longer than expected. Indicators of success in FY 2003 will include:

- Three reformist political parties establish local and regional chapters in Russia's 89 regions and conduct local party-building activities
- The number of Russians who belong to or have a personal affiliation with a non-governmental organization increases by 20 percent
- The average weekly circulation of non-state regional newspapers increases by 20 to 30 percent
- Gross advertising revenue for independent television stations and newspapers increases, with cost recovery reaching of 60 percent
- At least 200 U.S.-Russian partnerships are operating without USAID support
- Non-governmental organizations receive at least 80 percent of their funding from domestic sources

g. What will we do if funds are cut by 20 percent?

If funds are reduced by 20 percent over the next five years, USAID would cut back on support for elections and political processes after the critical 1999 and 2000 elections. USAID would also decrease direct funding to non-governmental organizations and the media.

5. Strategic Objective 2.2: Strengthened Rule of Law and Respect for Human Rights

a. Why is this objective important?

Russia has vast needs for investment to spur economic growth and development. Foreign investors believe the courts do not guarantee fair resolution of disputes. As economic hardships increase, human rights become precarious for certain sections of the population. Hence, the rule of law must be strengthened to encourage foreign and domestic investment and improve opportunities for redress of grievances against the state. This need is highlighted in the Embassy's Mission Performance Plan (which USAID wrote for this sector) which underscores the importance of strengthening legal institutions that follow democratic principles and protect human rights. Specifically, the Plan emphasizes the importance of increasing the number of lawyers and judges trained in new Russian legislation, notably commercial laws, increasing linkages between Russian and U.S. judicial institutions, and promoting law school partnerships.

b. What are we doing?

USAID helps strengthen the rule-of-law and respect for human rights with a three-pronged program. First, USAID creates partnerships between U.S. and Russian judicial organizations to promote the independence of the Russian judiciary, respect for human rights, and the legal infrastructure for a market economy. Specific activities include:

- Continuing judicial education to keep Russia's judges trained on new commercial legislation
- Strengthening the capacity of the Collegia of Judicial Qualifications to enforce judicial discipline
- Establishing a new bailiff's service in cooperation with other U.S. Government departments to better enforce civil judgements

Second, USAID helps better educate Russia's private bar, as follows:

- Continuing legal education on commercial law topics
- Innovations in legal education, including clinical legal education
- Education on trafficking in women, child exploitation, and support for women's legal aid clinics
- More public interest law clinics

Third, USAID builds respect for human rights and the capacity to monitor violations by supporting the Andrei Sakharov Center and the Moscow Helsinki Group.

To carry out activities under this objective, USAID assumes that:

- The Russian Government will provide adequate budgetary resources to the judiciary
- The Russian Government will not impose new impediments on legal aid clinics or human rights organizations

c. Why these activities?

USAID works in this strategic area to attract foreign and domestic investment. To do so, we provide the Russian people with clear models of, and access to, the rule of law by focussing our efforts on fair application of existing and new laws. USAID also focuses on better

enforcement of judgments and reducing Russia's rampant corruption to create a more attractive investment climate. Human rights issues, which are important for increasing investor confidence in Russia's fledgling market democracy, are also addressed through funding for small human rights NGOs which monitor and report at the local level.

Targeted activities support our goals. Our judicial programs build on previous efforts with judicial reformers. They capitalize on our comparative advantage in judicial administration based on our productive relationship with U.S. federal and state judiciaries. The same is true for support to U.S. – Russian judicial training institutes. With 15,000 judges in the Russian system of general jurisdiction courts, USAID training has a positive effect on the whole system. Citizens' access to courts can be improved by improving the quality of Russia's private bar through continuing legal education programs and legal clinics. USAID helps ensure that judgments are enforced by supporting the Bailiff's Service. USAID adopted an indirect approach to fighting corruption because senior Government officials are not willing to publicly address corruption. Our support to the new independent judiciary, training judges in judicial ethics, and improving enforcement of judgments all fight corruption.

Other necessary conditions to improve the rule of law and respect for human rights are supported by other donors or are too broad to be addressed by USAID's relatively modest program. The Departments of State and Justice support improved criminal law, law enforcement, prosecution and judicial practices. The World Bank supports commercial and civil law drafting and broad law school development.

Among analytical papers or background analyses we the Mission used to respond to this objective are "USAID/Russia Preliminary Anti-Corruption Strategy and Programs" (1997), "USAID Handbook for Fighting Corruption" (1998), "Russia and Corruption: Who is Doing What to Whom?" (1998), and the Final Report by ARD/Checchi to USAID/Russia (1997).

d. How have we done so far?

USAID training and technical assistance produced the following results:

- Over 2000 Russian judges and lawyers trained on new Russian laws to ensure that disputants can take advantage of new legislation
- The new Judicial Department is modeled on the Administrative Office of the U.S. Courts
- Continuing legal education is available in eight more cities
- Numerous law schools instituted trial advocacy and other practice-based curricula to ensure better representation of clients
- Partnerships established between U.S. institutions and Russian judicial training institutions at all levels
- Five human rights groups now monitor abuses
- The first-ever legal clinics at three Russian law schools
- Over 3,300 legal consultations provided to trade unions members in FY 1998 alone

e. What are we going to do in the future?

During the next five years, USAID will further strengthen the independence and competence of the judiciary, improve enforcement of court judgments, advocate respect for human rights, and expand new anti-corruption activities. In the area of judicial independence, the Russian courts have asked USAID to help develop the new Academy of Justice, which will conduct judicial

training. By FY 2002, the new Judicial Department and Academy of Justice should be fully functioning institutions with strong ties to counterpart U.S. institutions.

Mission support will also continue to train private lawyers in important specialties like commercial law, women's rights, and labor. Monitoring human rights and domestic violence should increase through non-governmental organizations such as the Moscow Helsinki Group. Law faculty curricula and teaching methods will make new lawyers better advocates for their clients. By FY 2003, use of the courts should increase as claimants see their judgments being enforced. The anti-corruption movement in Russia is just beginning, and USAID will experiment with several pilot activities.

f. How do we know when we're done?

It is unrealistic to suppose that the rule of law will take hold in a few short years. However, reaching these goals will leave Russia well along the path:

- The Judicial Department is a functioning organization, providing for the administrative needs of all Russian courts without interference from the Ministry of Justice
- The new Academy of Justice is providing quality and timely training for Russian judges on all manner of new legislation and practice
- Twenty percent more Russian claimants use the commercial (arbitration) court system
- Russia attains a higher rating from Transparency International on efforts to tackle corruption
- Outside observers note substantial progress toward respect for human rights in Russia

g. What will we do if funds are cut by 20 percent?

If funds are cut by 20 percent, work on legal education with the private bar will stop. USAID would also consider withdrawing its support for the new judicial institutions and any marginal anti-corruption work.

6. Strategic Objective 3.2: Improved Effectiveness of Selected Social Services and Benefits

a. Why is this objective important?

A prime benefit of life in the Soviet Union was subsidized social services, including health and housing services. Russia has not been able to provide such comprehensive assistance, and what services are provided have significantly decreased in quality. As a result, the overall health of Russia's population has declined significantly since the early 1990s. In addition, the alarming increase in infectious diseases has potentially serious cross-border implications. The housing stock has also started to decay and many areas have been without heat or light for significant periods. This situation could lead to longing for the return of state control.

This objective is entirely consistent with the Embassy's Mission Performance Plan which underscores the importance of improving the effectiveness of health services in Russia through improving health service delivery, mitigating the spread of infectious diseases, and strengthening reproductive health measures.

b. What are we doing?

USAID responds to the needs for better health and communal services. We are addressing serious deficiencies in the delivery of health care services and targeting specific health threats to Russia and neighboring countries. These activities have been developed in collaboration with the Ministry of Health, local and Regional Governments, the World Health Organization, and the health committee of the Bi-National Commission. USAID also provides technical assistance to expand housing subsidy programs to other municipal services. Specific activities include:

- Development of national legislation to encourage private practice and guarantee minimum health benefits
- Fostering medical partnerships between Russian and American hospitals and communities
- Supporting American pharmaceutical companies producing essential drugs in Russia
- Introducing modern family planning services
- Developing responses to HIV/AIDS and tuberculosis
- Providing technical assistance to help municipalities reduce the cost of subsidy programs

The success of these activities depends on the following assumptions:

- The Russian Government will not impede health sector reform
- The Russian Government will remain committed to the social sector

c. Why these activities?

Given the unique characteristics of the Russian health care system, our approach focuses on those areas in which USAID has a comparative advantage. Projects address the high rates of abortion and the alarming spread of infectious diseases. We are phasing out of health policy reform to focus on more practical areas because the overall budget for health care and Congressional limitations on funding support to the Government greatly reduce the effectiveness of policy work. Medical partnerships are a good model to ensure local level impact. They also ensure that methods of efficient health care delivery will remain after

USAID funding ceases. The Mission's successful work with municipalities on means tested housing subsidies is the model for our new effort in means tested social subsidies for the poor.

Given the worldwide imperative to fight the spread of infectious diseases, the Mission will continue to work with the World Health Organization and the Centers for Disease Control in TB and HIV/AIDS prevention. Congressional limitations on assistance to the Government of Russia will severely limit our work in these two areas. The Mission completed an analysis of the problems of orphans, recently highlighted in the international media. This analysis will provide the basis for a new USAID project to support orphans.

The Mission's Health Office published a paper in February, 1999 which describes our overall approach to health care in Russia for the U.S - Russia Bi-National Commission. Another background paper is the 1998 mid-term evaluation of the Boston University Health Reform Project.

d. How have we done so far?

In view of the enormity and complexity of the social services delivery system, the precipitous decline in local resources available for social services over the past decade, and the current economic crisis, USAID's ability to significantly improve the overall health and well being of Russia's citizens is extremely limited. Nonetheless, there have been some significant results to date, as follows:

Fourteen model family planning centers were established in six regions and rolled out to eight additional sites to serve over four million women of reproductive age; with overall abortion rates in these areas decreased by 11 percent between 1996 and 1997, almost twice the national average

A pharmaceutical security program introduced the use of drug formularies in three regions, trained Russian officials in good manufacturing practices, and assisted in the establishment of two U.S. - Russian drug production lines to serve the country with quality essential drugs

A partnerships program brought over 40 U.S. and Russian medical institutions together to improve hospital management and service delivery systems, and leveraged approximately \$45 million in private U.S. support for health care

The Russian Medical Association is now responsible for accrediting physicians and the Russian Nurses Association developed its first-ever Code of Ethics for Nurses
3 oblasts received comprehensive financial and legal assistance to improve efficiency in health services, reform their budgeting process, and identify an affordable health benefits package

Means tested housing allowance programs and gradual increases in rents and utilities charges have been adopted by over 95 percent of Russian cities

Housing was constructed for almost 4,500 Russian officers returning from the Baltics; this program served as the prototype for the Russian Government's efforts to house other Russian officers

d. What are we going to do in the future?

Work will continue to improve and increase access to quality health care services, especially primary health care. The scope of the successful medical partnerships program will be broadened to develop community-based partnerships in areas of need throughout the country. Participating Russian hospitals and communities will be expected to replicate lessons learned to surrounding areas. New initiatives will address HIV/AIDS and tuberculosis in close

collaboration with other donors and organizations such as UNAIDS, the World Health Organization, and the Soros Foundation. The Mission's successful program in women's reproductive health will be broadened through the implementation of a new women and infant health strategy. This will improve services and education in selected areas of women's health and increase the use of family-centered maternity care, to increase access to better maternal and child health practices.

The Mission will phase out of housing over the next few years, but focus on privatization of maintenance services, condominium formation, and mortgage financing until then. The Mission will apply lessons learned from the means based housing subsidy program to other types of municipal services on a pilot basis in several communities.

e. How do we know when we're done?

Although some health indices such as abortion rates have improved, it is difficult to predict when the health care system will begin to show improvements. Over the next five years, the USAID program will move from demonstrating new health care systems to replicating these systems. Indicators of success will be:

- Continued expansion of family planning to 8,000,000 couples, and reductions in abortion rates
- Improved access to quality maternal and neo-natal care by Russian families in 75% of the regions
- Implementation of an effective HIV prevention program in all pilot sites and replication to other areas
- Improved TB diagnosis and treatment protocols are used in all pilot sites and replication to other areas

Another important indicator of success across all activities in this strategic objective will be the extent to which the Mission has Russianized its programs. Already, all in-country advisors working in health at the Federal level are Russian. When USAID leaves Russia, these experts will continue providing quality advice, with strong links to Western experts. USAID's HIV/AIDS program will support Russian organizations as much as possible to ensure that effective prevention education continues long after USAID funding ends.

f. What will we do if funds are cut by 20 percent?

If funds were cut by 20 percent, the number of medical partnerships would be reduced, the tuberculosis program would be scaled back, and technical assistance to help design target subsidy programs for poor people would be eliminated.

7. Strategic Objectives 4.1 and 4.2: Special Initiatives and Cross-Cutting Activities

a. What are we doing?

The Mission combines reporting on Strategic Objectives 4.1 and 4.2. Representative activities are as follows:

The Project Development and Support Project (PD&S) provides a fast mechanism to fund small projects such as evaluations that support other Mission initiatives
The training project supports all technical areas in the USAID portfolio with targeted U.S. and Russian courses
The U.S.-Russian Investment Fund supports private enterprise development
The Eurasia Foundation supports Russian business development, local community development and the media
The Financial Analysis and Implementation Support Unit (FAIS) assures that Russian organizations develop the financial management skills they need to attract donor funds

b. How do we know if we are successful?

For individual projects that the Mission manages under this objective, monitoring criteria are established and analyses are completed to determine success levels. Success of the FAIS Unit is measured in the numbers of partner organizations to which it provides financial management training and consequent decrease in financial reporting problems. PD&S evaluations and discrete studies in support of the Mission's strategy are successful if they provide bases for the Mission to make decisions resulting in better and more targeted impact. Training programs are successful when participants establish professional relationships with U.S. counterparts which can continue through Internet and other forms of communication. USAID/Russia does not directly manage TUSRIF and Eurasia. We, thus, do not believe we are in the best position to describe how they measure success. On the other hand, the Mission is working closer than ever before with TUSRIF and Eurasia to ensure that their activities complement our strategy.

c. What have we done so far?

The U.S.-Russia Investment Fund has provided \$2,000,000 a month in financing and invested approximately \$100,000,000 in 31 companies
During FY1998, the Eurasia Foundation made 295 grants, totaling \$5,000,000 to help ordinary people have a greater voice in local decision-making; to strengthen centers which provide management assistance to non-governmental organizations; to support non-governmental organizations that work on legal reform; to improve organizational development and management skills of media organizations; and to develop consulting services for small high-technology businesses
The Mission's Financial Analysis and Implementation Unit conducts on-site inspections at offices of contractors and grantees to improve financial management
Over 5,000 Russians received U.S.-based technical training and another 380 have received in-country to complement Mission projects
Training courses for social workers who counsel victims of domestic violence at women's crisis centers
Conducted five project evaluations in FY 1998
Conducted the Russian Longitudinal Monitoring Study, a yearly field study of economic and social trends in Russian households that helps USAID and other donors and organizations learn about how the transition affects Russian families

d. What are we going to do in the future?

The Mission will continue to provide funds for evaluations, the U.S.-Russian Investment Fund, the Eurasia Foundation, training, and for ad hoc requests such as timely economic research. Funds have been set aside for addressing the year 2000 computer problem as well as for assisting Russia with computer systems. During the next fiscal year, the Eurasia Foundation will expand its activities to support business and professional associations, training journalists in economics, business, and law; and improvement of the legal base for entrepreneurship by simplifying registration and licensing procedures. The Foundation also will focus on anti-corruption work, and increasing transparency and accountability at the level of Federal and Local Government agencies. Activities also include the development of appropriate legal mechanisms and the improvement of provision and distribution of social services. The Mission will also support in-country training for Russian mid-level managers as its contribution to the Presidential Management Training Initiative.

e. How will we know when we are done?

These objectives will be part of the Mission's strategy until USAID leaves Russia. The Mission will always need a flexible method of funding requests, directives, and projects that support different aspects of the portfolio. The Mission also will always require evaluations funded under these objectives to determine project impact and improve implementation. The Mission assumes that the U.S.-Russia Investment Fund and the Eurasia Foundation will be funded at least as long as the USAID Mission is in Russia.

f. What will we do if funds are cut by 20 percent?

The Mission would reduce the Financial Analysis and Implementation Support Unit and seek to reduce funding for TUSRIF and the Eurasia Foundation.

C. ENVIRONMENTAL ISSUES

There are no outstanding environmental issues in the USAID portfolio as of November 1998. The Mission Environmental Officer will monitor new activities that begin over the next five years and will oversee the implementation of Initial Environmental Examinations and Environmental Impact Analyses as required by Reg 216.

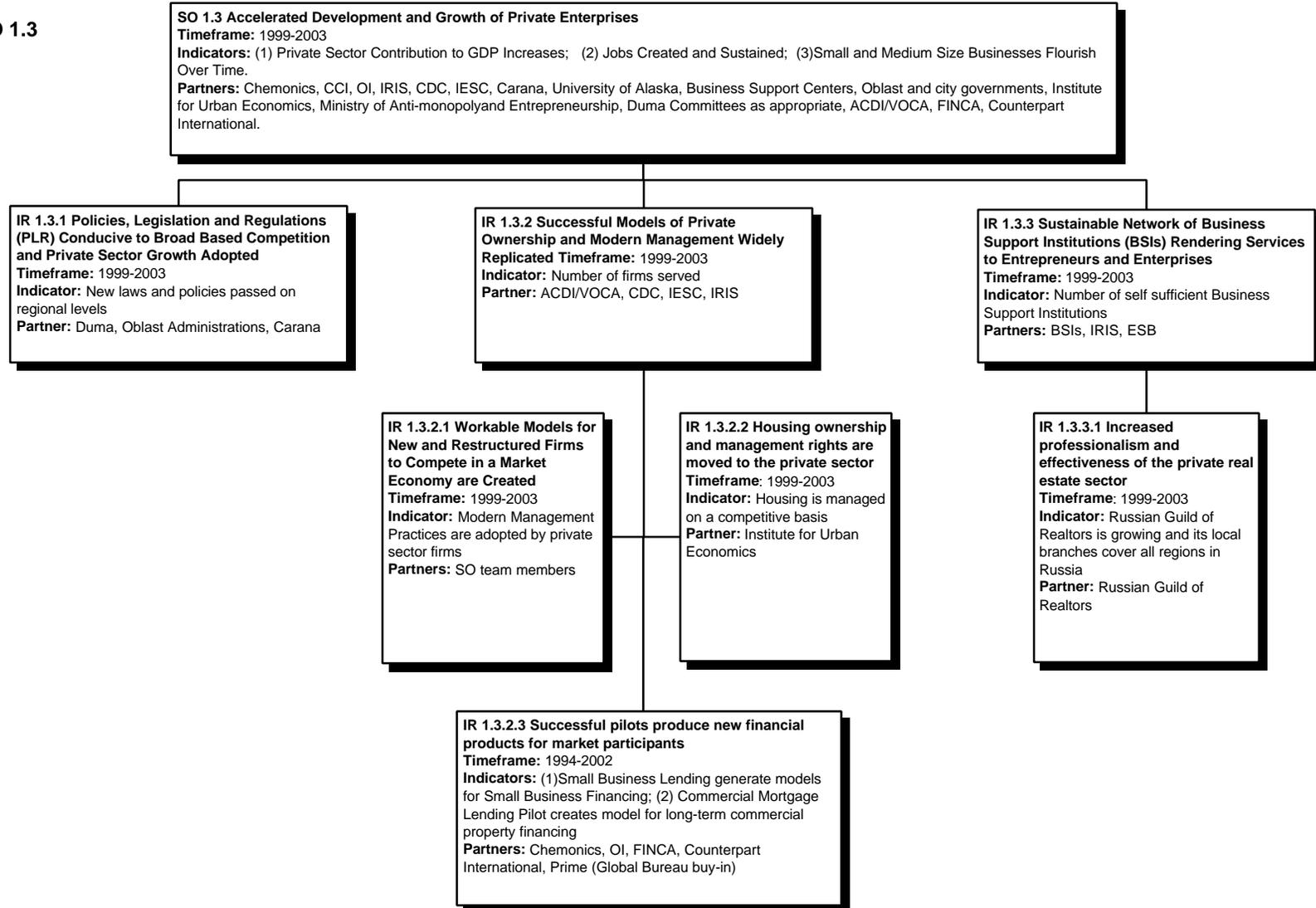
IV. ANNEXES

A. STRATEGIC OBJECTIVE DIAGRAMS

B. INDICATOR TABLES

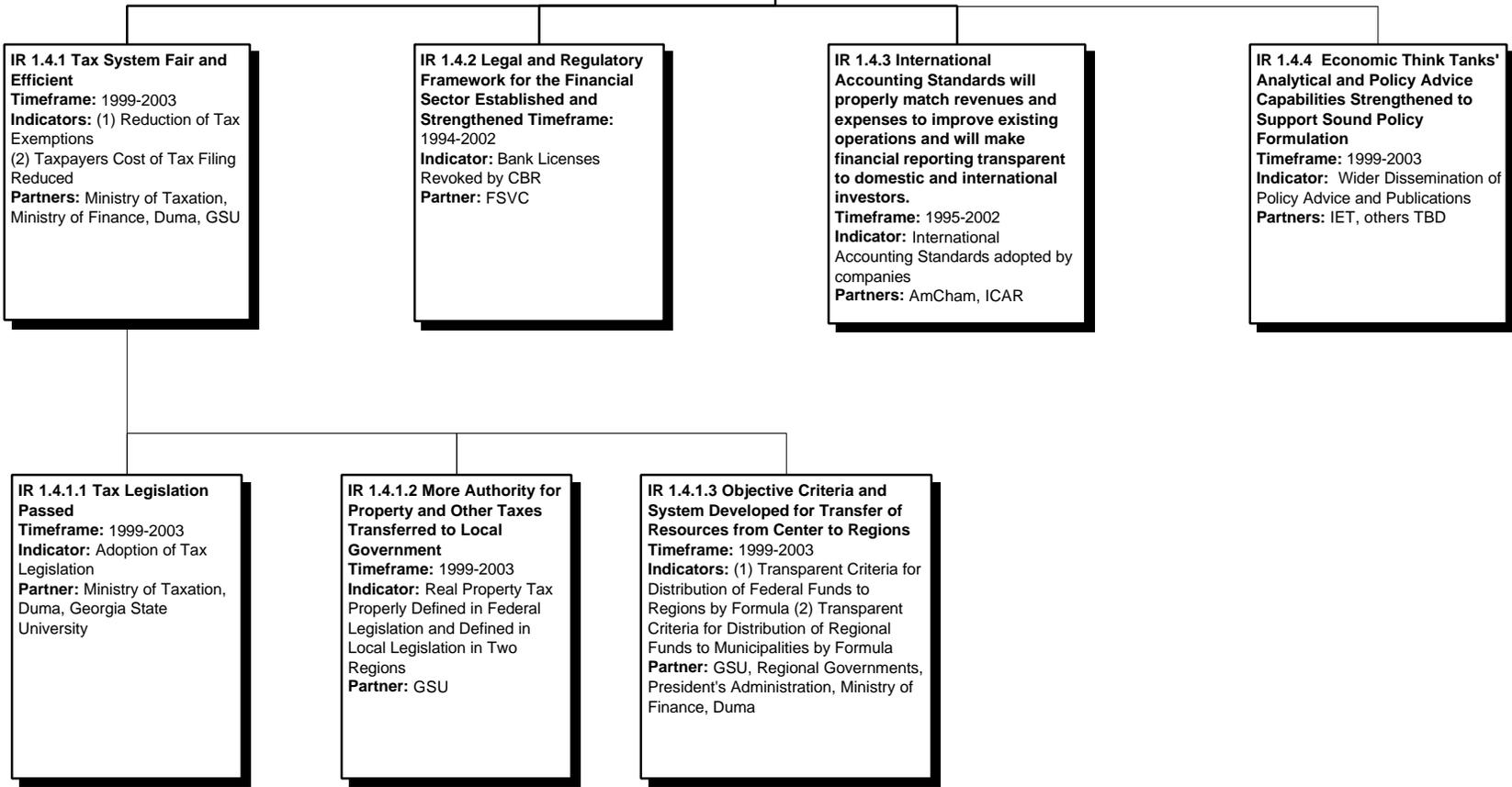
A. STRATEGIC OBJECTIVE DIAGRAMS

Russia SO 1.3



Russia SO 1.4

SO 1.4 Improved Economic Infrastructure to Support Market Oriented Growth
Timeframe: 1990-2003
Indicators: (1) Investment in Fixed Assets
 (2) Improved Capital Account in Balance of Payments
Partners: Ministry of Taxation, Ministry of Finance, Duma, US Treasury, Georgia State University, EBRD, TUSRIF, Carana Corporation, Central Bank of Russia, Regional Governments, Institute for Economy in Transition, and other Russian economic think tanks and banker training organizations.



Russia SO 1.6

SO 1.6 Increased environmental management capacity to support sustainable economic growth
Timeframe: 1992-2002
Indicator: New policies, techniques, technologies, management practices and public awareness activities to support sustainable economic growth are introduced and implemented widely throughout the Russian Federation
Partners: U.S. Environmental Protection Agency, U.S. Forest Service, World Wildlife Foundation, ISC, ESD, Russian regional administrations, City administrations, Industrial firms in selected cities, State Committee on Environment (SCEP), Globe, Pacific Taiga

IR 1.6.1 Increased capacity to deal with environmental pollution
Timeframe: 1992-2002
Indicator: New approaches/ techniques/ technologies/actions to prevent and reduce pollution are introduced and implemented throughout the Russian Federation
Partners: US EPA, ISC, SCEP of Russia

IR 1.6.2 Improved management of natural resources and biodiversity protection
Timeframe: 1993-2002
Indicators: New approaches/actions to improve management of natural resources and protect biodiversity are implemented throughout the Russian Federation.
Partners: WWF, US Forestry Service

IR 1.6.3 Improved economic mechanisms for natural resources management, environmental protection and emissions trading
Timeframe: 1992-2002
Indicator: Environmental investment packages and business plans developed and submitted to funding institutions
Partner: ISC

IR 1.6.1.1 Increased number of enterprises adopt/install pollution and risk reduction techniques/technologies at low/no cost
Timeframe: 1992-2002
Indicator: Enterprises implement/audit pollution and risk reduction techniques/ technologies
Partners: US EPA, ISC

IR 1.6.2.1 Increased number of enterprises/entities adopt/install techniques and technologies for sustainable natural resources management and biodiversity protection
Timeframe: 1993-2002
Indicator: Carbon sequestered as a result of implementation of forestry-related projects, including reforestation programs, development of land use management plans, creation of new zapovednik and forest fire prevention and management programs
Partner: US Forestry Service

IR 1.6.2.3 NGOs and public work to promote sustainable use of natural resources and biodiversity protection
Timeframe: 1994-2002
Indicator: Community actions to protect existing and establish new protected areas/endangered species, including increased number of environmental education and public awareness programs developed and disseminated.
Partners: ISAR, ESD, ISC

IR 1.6.3.1 Improve/develop economic instruments to manage natural resources and environmental protection on market-oriented basis
Timeframe: 1996-2002
Indicator: Natural resources valuations undertaken
Partner: ISC

IR 1.6.1.2 NGOs take more effective advocacy position; citizen's initiatives maintain public urban environmental awareness and encourage governmental entities to better address urban environmental issues. Timeframe: 1994-2002
Indicator: Environmental education practices, approaches and methodologies developed and disseminated in oblasts.
Partners: ISAR, ESD, Globe

IR 1.6.2.2 Adoption of policies/procedures for sustainable use of natural resources and biodiversity protection
Timeframe: 1993-2002
Indicator: Regulations, policies (i.e. forestry codes, sustainable development strategies, federal targeted programs, timber pricing, tenure system regulations, biodiversity protection strategies) and federal programs developed and adopted.
Partners: WWF, US Forestry Service

IR 1.6.2.4 More developed system of environmentally friendly businesses in the area of non-timber forestry products and value added timber production
Timeframe: 1993-2002
Indicator: Environment-oriented associations created to support environmentally-friendly small businesses and increased number of partnerships and joint ventures created to promote processing and trade of timber and non-timber forest products
Partner: Pacific Taiga

Russia SO 2.1

SO 2.1 Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making
Timeframe: 1991-2002
Indicators: (1) Increased access to non-state TV broadcasting in the regions
 (2) Increased public confidence in elections and electoral institutions
 (3) Increased (strengthened) party identification among voters
 (4) Increased number of registered NGOs
 (5) Increased number of citizens personally affiliated with NGOs
Partners: Political parties, NGOs, Independent television, print, and other media companies, Internews, Internews/Russia, IRI, Russian American Press Center, NDI, IFES, Save the Children, Eurasia Foundation, ISAR, Chemonics, World Learning, NPI, IREX, ACILS, Sakharov Center

IR 2.1.1 Free and Fair Elections Administered Nationally and Locally
Timeframe: 1995-2002
Indicator: Participation in national and local elections is certified free and fair by observers
Partner: IFES

IR 2.1.2 Increased Public Access to Information which is Needed for Informed Political and Economic Choices
Timeframe: 1991-2002
Indicators: (1) USAID funded media partnerships are created and self sustaining (2) More readers in regions obtain news from non-state regional newspapers
Partners: Internews/Russia, NPI

IR 2.1.3 NGO Sector Provides Alternative to Ballot Box for Participating in Economic and Political Decision Making
Timeframe: 1994-2002
Indicator: Increase in interaction between NGOs and local government
Partners: World Learning, ISAR, IREX

IR 2.1.1.1 National and Regional Political Parties' Infrastructure Developed
Timeframe: 1995-2002
Indicators: (1) Democratic parties have established and are building an integrated organizational structure consisting of local and regional chapters (2) Regional and national reform oriented political parties have internal democratic governance and hold regular party membership congresses (3) Political parties establish internal political education programs (4) Democratic parties have established or are building an integrated organizational structure consisting of local and regional chapters
Partners: IRI, NDI

IR 2.1.2.1 Independent broadcasters/information sources produce and widely disseminate high quality and objective information
Timeframe: 1994-2002
Indicators: (1) Expansion of cyberjournalism and electronic means of communication (2) Increased circulation of newspapers produced by private printing presses increases
Partners: Internews, MDP

IR 2.1.2.2 More Programming Produced and Broadcast by Independent Stations in the Regions
Timeframe: 1991-2002
Indicator: Regional independent t.v. station is the primary source of local news for viewers
Partners: Internews/Russia, NPI

IR 2.1.2.3 Financial and Institutional Status of the Media Sector Better Developed
Timeframe: 1991-2002
Indicators: (1) Advertising revenues increase (2) Independent regional newspapers increase financial viability (3) Improved technical program production capability of 250 Internews-assisted non-state regional TV stations (4) Amount of Russian TV advertising outside Moscow (5) Organized citizens' support for professional, non-state media (6) Media industry organized to support professionalism and to advocate for press liberties protected by law (7) Media professional organization (National Association of Telebroadcasters) is established and has increasing paying membership with quality standards
Partners: Internews, NPI

IR 2.1.3.1 NGOs advocate more effectively for members needs/interests
Timeframe: 1997-2002
Indicators: (1) Increase in level of activity and number of NGOs engaging in civic advocacy; (2) Public Interest Law Clinics advocate for citizens and workers rights.
Partners: World Learning, ACILS, ISAR

IR 2.1.3.2 NGOs and Russian organizations Institutionally Strengthened
Timeframe: 1995-2002
Indicators: (1) NGOs diversify their sources of support (2) Number of partnerships surviving after USAID funding is terminated (3) Membership in free trade unions remains stable during economic restructuring period (4) Unions represent their members more effectively (5) NGO Resource centers serve expanded NGO client base
Partners: World Learning, ACILS, IREX

Russia SO 2.2

SO 2.2 Strengthened Rule of Law and Respect for Human Rights
Timeframe: 1997-2002
Indicator: Change in Freedom House Rule of Law rating.
Partners: Ministry of Justice and various associated institutes, Law Academies and Universities, a growing number of professional associations, Karelia Bar, Judicial Department, ABA/CEELI, U.S. Department of Justice, Vermont and Maryland bars, Chemonics, ACILS, National Judicial College, IRIS, Moscow Helsinki Group

IR 2.2.1 Independent Russian Judiciary
Timeframe: 1997-2002
Indicators: (1) State Department Human Rights Report assessment of Russian judiciary; (2) Freedom House Nations in Transit Report on Russia states that judiciary is independent; (3) Judges are approved and removed by the Collegia on Judicial Qualifications.
Partners: Council of Judges, Chemonics, NJC

IR 2.2.2 Judicial decisions are uniform, predictable and made without delay
Timeframe: 1998 -2002
Indicator: Annual survey of commercial lawyers taking commercial CLE seminar.
Partner: ABA/CEELI

IR 2.2.3 Competent counsel available in Russia
Timeframe: 1998-2002
Indicator: Number of law school graduates increases
Partners: ABA/CEELI, ACILS

IR 2.2.4 Presence of enforcement service induces greater voluntary compliance with court judgments
Timeframe: 1998 -2002
Indicator: Enforceability of commercial court judgments increases
Partner: IRIS

IR 2.2.5 Effective advocacy for adherence to international human rights commitments increased
Timeframe: 1998 -2002
Indicator: Number of regions with human rights monitors trained increases
Partners: Moscow Helsinki Group, Sakharov Center

IR 2.2.1.1 Legal Framework provides judicial independence
Timeframe: 1996-2002
Indicator: 100% of the Judiciary Budget is transferred to the judiciary or the % of the Judiciary budget transferred is greater or equal to the % of the Executive budget transferred.
Partners: Judicial Department, Council of Judges and Chemonics

IR 2.2.2.1 Judges have access to laws and judicial decisions
Timeframe: 1997-2002
Indicator: New methodology to disseminate recent changes in law and court decisions employed for Okrug level commercial courts, including Internet and email training programs.
Partner: Chemonics

IR 2.2.3.1 Law graduates have practice-based legal skills
Timeframe: 1997 -2002
Indicator: # of legal clinics within law faculties
Partners: Chemonics and ABA/CEELI

IR 2.2.1.2 Judicial department functions as intended by legislation
Timeframe: 1998-2002
Indicators: (1) Judicial department formulates the annual budget of the courts of general jurisdiction; (2) Judicial department establishes operational guidelines for personnel management, internal audit and internal communications; (3) Judicial department recruits and trains its staff; (4) Judicial department institutes case flow management system and internal communications system (MIS), including email to disseminate new regulations from Moscow to regions.
Partners: Judicial Department, Council of Judges and Chemonics

IR 2.2.2.2 Judicial training keeps judges up to date on new laws and decisions
Timeframe: 1997-2002
Indicators: (1) Training of commercial court judges is conducted with specially developed curricular materials; (2) Judges of the courts of general jurisdiction receive training every five years; (3) Continuing judicial education of judges is either mandatory or recognized by a certificate program; (4) Training for newly-appointed judges is instituted.
Partners: Chemonics, Academy of Justice

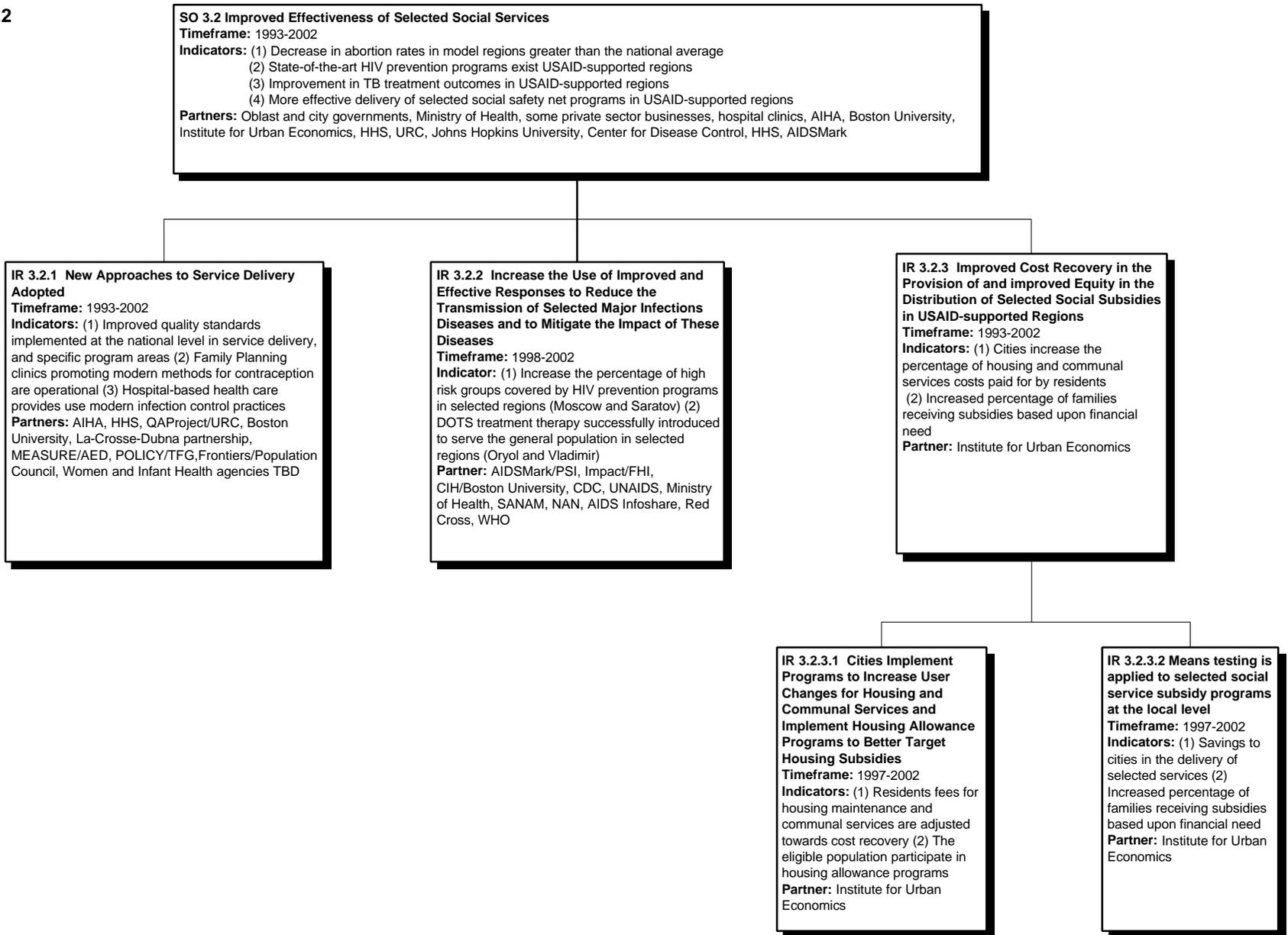
IR 2.2.3.2 Practicing lawyers have skills necessary for specialized cases
Timeframe: 1997 -2002
Indicators: (1) # of lawyers or labor activists who are able to advocate for laborer's rights; (2) # of lawyers and other legal professionals who are directly exposed to new information relevant to enforcement of women's rights.
Partners: ACILS, ABA

IR 2.2.2.3 Changes in court administration and procedure are adopted or endorsed
Timeframe: 1997-2002
Indicators: (1) Specialized courts developed on tax, securities, and bankruptcies; (2) Procedural rules empower judges to move cases more quickly.
Partners: Chemonics, Council of Judges

IR 2.2.3.3 Establishment of a commercially viable continuing legal education institution or entity
Timeframe: 1998 -2002
Indicator: # of hours legal professionals spend in continuing legal education (CLE) courses on commercial topics.
Partner: ABA/CEELI

IR 2.2.3.4 Members of labor unions have effective counsel
Timeframe: 1998 -2002
Indicator: # of hearings in which labor activists are represented by Public Interest Law Center Staff
Partner: ACILS

Russia SO 3.2



B. INDICATOR TABLES

PERFORMANCE ASSESSMENT

Table 1 Performance Data

RESULT LEVEL (SO or IR) and NO	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS											
					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03			
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
SO 13	Staff using IMF standby and Goskostat press release	Accelerated Development and Growth of Private Enterprises	Private Sector Contribution to GDP Increases	Private sector production in firms which are totally private (percent state ownership of shares) as a percent of GDP will grow Unit percent	1995	20	>45	>45	>45	>45	>45	>45	>45	>45	>45	>45		
SO 13	Staff using RLMS survey results	Accelerated Development and Growth of Private Enterprises	Household Cash Income from Non state Owned Organizations and all (cash/noncash) from Informal Sector and family/charity will steadily increase and be sustained	Percent of household income from private sector sources increases and is sustained Unit percent	1995	32.3	>50	>50	>50	>50	>50	>50	>50	>50	>50	>50		
SO 13	Staff and Goskostat annual	Accelerated Development and Growth of Private Enterprises	Small and Medium Size Businesses Flourish Over Time	Gross number of registered SMEs in Russia on December 31 Unit Number of firms	1992	560 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000		
IR 13 1	Cecilia Ciapiela using implementing organizations reports (RII)	Policies Legislation and Regulations (PLR) Conducive to Broad Based Competition and Private Sector Growth Adopted	New laws and policies passed on national and regional levels	Definition laws and policies passed on regional level Unit number of new laws and policies	1995	0	6	7	6	8	9	9	9	9	9	9		
IR 13 2	Erin Kinder and ACDIVOCA CDC IESC (ButVois)	Successful Models of Private Ownership and Modern Management Widely Replicated	Number of firms served	Definition Number of assisted firms Unit # of firms	1997	175	42	completed										
IR 13 2	Erin Kinder and ACDIVOCA CDC IESC (ButVois)	Successful Models of Private Ownership and Modern Management Widely Replicated	Number of jobs created	Definition Number of jobs created Unit sustained jobs	1997	0	10 000	20 000	30 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000		
IR 13 2 1	Erin Kinder working with other team members to get an aggregate annual tracking number	Workable Models for New and Restructured Firms to Compete in a Market Economy are Created	Modern Management Practices are adopted by private sector firms	Definition Client firms get external financing and/or investment at USAID Business Support Institutions (BSIs) Unit level of financing	1995	\$8 mil	\$40 mil	\$50 mil	\$75 mil	\$100 mil	\$100 mil	\$100 mil	\$100 mil	\$100 mil	\$100 mil	\$100 mil		

PERFORMANCE ASSESSMENT

Table 1 Performance Data

RESULT LEVEL (SO or IR) and NO	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS											
					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03			
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
IR 1 3 2 2	Valentin Stobetsky and Institute for Urban Economics	Housing ownership and management rights are moved to the private sector	Housing is managed on a competitive basis	Number of housing management competitions held per year/average share of municipal housing managed on the competitive basis Unit: #%	1997	0	3/5	6/15	12/25									
IR 1 3 3	Erin Kinder will get aggregate number with help from other team members	Sustainable Network of Business Support Institutions (BSIs) Rendering Services to Entrepreneurs and Enterprises	Number of self sufficient Business Support Institutions	Definition BSI (financially self sufficient (revenues cover costs) without USAID support of any kind Unit # of BSIs	1994 1995	0	165	120	120	120								
IR 1 3 3 1	Valentin Stobetsky and Russian Guild of Realtors/Russia in Society of Appraisers	Increased professionalism and effectiveness of the private real estate sector	Russian Guild of Realtors is growing and its local branches cover all regions in Russia	Number of dues paying members at the Russian Guild of Realtors/Number of local boards established Unit #	1997	804/22	950/30	1100/35	1300/45									

PERFORMANCE ASSESSMENT

Table 1. Performance Data

INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS											
	YEAR	VALUE	19 99		20 00		20 01		20 02		20 03			
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
In Fixed capital increases to previous year	1992 1993 1994 1995	80 88 78 87	100		100		105		105		105			
In Balance amount of saving/entering becomes a positive Unit of dollars net flow	1994 1995	28.4 -8.3	positive		positive		positive		positive		positive			
In Commercial real estate made to private Unit number commercial real estate being made by project if banks	1997	170	190		200		210		220					
In Exemptions in different tax abolished	1995	No	yes		yes		yes		yes		yes			
In Passage and initiation of simplified tax legislation in regions and at the level Unit # of tax laws	1995	Federal enabling law enacted	Law on Simplified system of small business taxation is implemented		Discontinue									
In Drafting legislative and implementation of revised Tax Law	1995	Drafted Parts I and II	EPT legislation passed		PIT legislation passed		VAT legislation passed		Implementation of EPT PIT VAT legislation					
In Property tax adopted and implemented in two regions /no for Noggorod	1998	No	3		5		7							
In Residential and enterprise issued /no	1998	No	yes		yes		yes		yes		yes			

RESULT LEVEL (SO or IR) and NO	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR
SO 1.4	Tracy Thoman and IMF reports (if available) and 2 year trend forecast (if not)	Improved economic infrastructure to support market oriented growth	Investment in Fixed Capital
SO 1.4	Tracy Thoman and annual IMF reports and preliminary estimates	Improved economic infrastructure to support market oriented growth	Improved Capital in Balance of Payments
IR 1.4	Rafael Narnsky and Urban Institute	Successful pilots produce new financial products for market participants	Commercial Mortgage Lending Pilot credit for long term commercial property financing
IR 1.4.1	Tracy Thoman GSU and other sources	Tax System Fair and Efficient	Reduction of Tax Exemptions
IR 1.4.1	Tracy Thoman and GSU	Tax System Fair and Efficient	Taxpayers Cost of Filing Reduced
IR 1.4.1.1	Tracy Thoman and GSU	Tax Legislation Passed	Adoption of Tax Law
IR 1.4.1.2	Hugh Wann and GSU	More Authority for property and other taxes transferred to local government	Real property tax defined in Federal legislation and delinquent local legislation in two regions
IR 1.4.1.2	Hugh Wann and GSU	More Authority for property and other taxes transferred to local government	Property tax bills issued in 2 cities

PERFORMANCE ASSESSMENT

Table 1 Performance Data

RESULT LEVEL (ISO or IR) and NO	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS											
					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03			
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
IR 1 4 1 3	Tracy Thoman and GSU	Objective Criteria and System Developed for Transfer of Resources from Center to Regions	Transparent Criteria for Distribution of Federal Funds to Regions by Formula	Definition: Federal funds formula to support the regions in place and operational Unit: yes/no	yes formula exists but not a good one (activity complete)	60%	Federal funds formula is changed to reflect regional capacity	yes new formula for estimated transfers for support of the regions with old parameters negotiated	100%	Improve statistical base for parameters in transfer formula	Improve statistical base for parameters in transfer formula	Improve statistical base for parameters in transfer formula	Improve statistical base for parameters in transfer formula	Improve statistical base for parameters in transfer formula	Improve statistical base for parameters in transfer formula			
IR 1 4 1 3	Tracy Thoman and GSU	Objective Criteria and System Developed for Transfer of Resources from Center to Regions	Transparent and Objective Criteria for Distribution of Regional Funds to Municipalities by Formula	Definition: Regional legislation in place and operational for interbudgetary relations with clear methodology for transfer of funds to Municipalities Unit: percent of regions	40%	60%	80%	100%	Discontinue									
IR 1 4 2	Anne Simmons Benton and FSVC	Legal and Regulatory Framework for the Financial Sector Established and Strengthened	Bank Licenses Revoked by CBR	Definition: Cumulative number of licenses revoked Unit: Number of licenses	85	1 1500	1 1500	1 1500	1 1500									
IR 1 4 2	Rafael Nainrsky and Urban Institute	Successful pilots produce new financial products for market participants	Commercial Mortgage Lending Pilot creates model for long term commercial property financing	Definition: Commercial real estate loans made to private enterprises Unit: number of commercial real estate loans being made by project assisted banks	170	190	200	210	220									
IR 1 4 3	Douglas Arnold Galina Khlova and American Chamber of Commerce ICAR CARANA Corp	International Accounting Standards will properly match revenues and expenses to improve existing operations and will make financial reporting transparent to domestic and international investors	International Accounting Standards adopted by companies	Definition: International Accounting Standards translated into Russian and published Unit: Number of copies published	0	5000	5000	5000	5000									

PERFORMANCE ASSESSMENT

Table 1 Performance Data

RESULT LEVEL (SO or IR) and NO	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 1 4 3	Douglas Arnold Galina Krivova and American Chamber of Commerce ICAR CARANA Corp	International Accounting Standards will properly match revenues and expenses to improve existing operations and will make financial reporting transparent to domestic and international investors	International Accounting Standards adopted by companies	Individuals trained in International Accounting Standards Unit Number of Individuals trained	1995	0	324	400	400	400	400					
IR 1 4 4	Irina Karzenova	Economic Think Tanks Analytical and Policy Advice Capabilities Strengthened to Support Sound Policy Formulation	Wide Dissemination of Policy Advice and Publications	Definition Improved efficiency of Results Dissemination Unit number of publications presented to government officials	1998	1	5	10	20	20						

PERFORMANCE ASSESSMENT

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					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03					
							Target	Actual	Target	Actual	Target	Actual	Target	Actual						
SO 1 6	Lori Freer and US EPA HIID SCEP of Russia	Increased environmental management capacity to support sustainable economic growth	New policies (techniques, technologies, management practices and public awareness activities) to support sustainable economic growth are introduced and implemented widely throughout the Russian Federation	Definition: Oblasts implementing environmental management activities. Unit: percent of oblasts	1992	0	50	65	75											
IR 1 6 1	Lori Freer/ Yuri Kazakov and US EPA ISC SCEP of Russia	Increased capacity to deal with environmental pollution	New approaches/techniques/activities to prevent and reduce pollution are introduced and implemented throughout the Russian Federation	Definition: percent of oblasts (cumulative) using new approaches/techniques/tech. Unit: % of oblasts	1992	0	35	45	50											
IR 1 6 1 1	Yuri Kazakov and US EPA ISC	Increased number of enterprises adopt/install pollution and risk reduction techniques/technologies at low/no cost	Enterprises implement/audit pollution and risk reduction techniques/technologies	Definition: Technologies/techniques adopted in enterprises. Unit: # of enterprises	1992	0	4	5	5											
IR 1 6 1 2	Elmira Stanchevskaya and ISAR ESD Globe	NGOs take more effective advocacy position citizens initiatives maintain public urban environmental awareness and encourage governmental entities to better address urban environmental issues	Environmental education practices approaches and methodologies developed and disseminated in oblasts	Definition: Environmental education programs and curriculum developed and introduced in schools. Unit: % of oblasts (percentages are cumulative)	1994	unknown	25	30	35											

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					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 1623	Enira Sierchevskaya and ISAR ESD ISC	NGOs and public work to promote sustainable use of natural resources and biodiversity protection	Community actions to protect existing and established new protected areas/endangered species including increased number of environmental education and public awareness programs developed and disseminated	Definition Increased number of oblasts are involved/affected community actions Unit % of oblasts (percentages are cumulative)	1994	unknown	25	30	32	34						
IR 1624	Lyudmila Vikhrova and Pacific Taiga	More developed system of environmentally friendly businesses in the area of non- timber forestry products and value added timber production	Environment oriented associations created to support environmentally friendly small businesses and increased number of partnerships and joint ventures created to promote processing and trade of timber and non-timber forest products	Definition Environment oriented associations created and number of joint ventures created Unit # of associations and joint ventures	1993	0	2	2	2							
IR 163	Lori Freer/ Lyudmila Vikhrova and ISC	Improved economic mechanisms for natural resources management environmental protection and emissions trading	Environmental investment packages and business plans developed and submitted to funding institutions	Definition Investment packages and business plans Unit #	1992	0	5	3	2							
IR 1631	Lyudmila Vikhrova and ISC	Improve/develop economic instruments to manage natural resources and environmental protection on market oriented basis	Natural resources valuations undertaken	Definition Natural resources valuations undertaken Unit #	1996	0	2	1	1							

PERFORMANCE ASSESSMENT

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							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
IR 2 1 1 1	Ken Duckworth and IRI MDI media reports contractor input and political map software available at mission.	National and Regional Political Parties Infrastructure Developed	Regional and national reform oriented political parties have internal democratic governance and hold regular party membership congresses	Definition: National and Regional parliashave defined internal rules of procedure and hold membership congresses Unit: yes/no	1995	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
IR 2 1 1 1	Ken Duckworth IRI and party input	National and Regional Political Parties Infrastructure Developed	Political parties establish internal political education programs	Definition: The political party has designated a director of party education programs and has conducted political training programs for its members Unit: yes/no	1995	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
IR 2 1 1 1	Ken Duckworth IRI and party documents	National and Regional Political Parties Infrastructure Development	Democratic parties have established or are building an integrated organizational structure consisting of local and regional chapters	Definition: Political parties develop party platforms that clarify party positions on public policy issues and differentiate the party from competitors Unit: yes/no	1995	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
IR 2 1 2	Mark Koenig and Internews/Russia	Increased Public Access to Information which is Needed for Informed Political and Economic Choices	USAID funded media partnerships are created and self sustaining	Definition: Partnership created and turning without USAID funds Unit: aggregate number of self sustaining partnerships	1995	0	10	10	10	10	10	10	10	10	10	10	10	10	10		
IR 2 1 2	Mark Koenig and Internews/Russia	Increased Public Access to Information which is Needed for Informed Political and Economic Choices	More readers in regions obtain news from non-state regional newspapers	Definition: Increased circulation of non state regional newspapers Unit: Total average weekly circulation of articles distributed by Mid Volga News Exchange (MVNE)	1994	0	11 M average weekly circulation of MVNE articles (1 article weekly in each of 45 newspapers total circulation 1.1 M)	12M average weekly circulation of MVNE articles (1 article weekly in each of 50 newspapers total circulation 1.2 M)	13 M average weekly circulation of MVNE articles (1 article weekly in each of 55 newspapers total circulation 1.3 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	14 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers total circulation 1.4 M)	
IR 2 1 2 1	Mark Koenig Internews	Independent broadcasters/information sources produce and widely disseminate high quality and objective information	Expansion of cyberjournalism and electronic means of communication	Definition: Increased use of electronic media and electronic sources of information. Units: # of (a) media-related web sites (b) on-line newspapers (c) media using e-mail access (d) media list server groups	1994	0	(e) 50 media web sites started (c) 300 TV stations on e-mail	(e) 75 media web sites started (c) 325 TV stations on e-mail	(e) 150 media web sites started (c) 350 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	(e) 200 media web sites started (c) 372 TV stations on e-mail	

PERFORMANCE ASSESSMENT

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					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 2 1 2 1	Mark Koenig and Internews NPI	Independent broadcasters/infor mation sources produce and widely disseminate high quality and objective information	Increased circulation of news by private printing presses increases	Definition readers obtain news from newspapers printed on private printing presses Units (a) # of private printing presses operating in regions (b) Total weekly circulation of newspapers printed by Volgograd (non state)	0	(b) 12 (b) 110 000	(b) 130 000		(b) 150 000		(b) 170 000					
IR 2 1 2 2	Mark Koenig and Internews NPI	More Programming Produced and Broadcast by Independent Stations in the Regions	Regional independent TV station is the primary source of local news for viewers	Definition Targeted regional independent TV station is primary source of news (based on viewer survey) Unit # of Regional TV stations out of 200 targeted	0	40%	45%		50%		50%					
IR 2 1 2 3	Mark Koenig and Internews	Financial and Institutional Status of the Media Sector Better Developed	Advertising revenues increase	Definition TV stations averaging over \$100 000 per month in gross advertising revenues Unit # of non state regional TV stations	0	50	55		60		70					
IR 2 1 2 3	Mark Koenig and NPI	Financial and Institutional Status of the Media Sector Better Developed	Advertising revenues increase	Definition Newspapers averaging over \$25 000 per month in gross advertising revenues Unit # of non state regional newspapers	0	10	20		30		40					
IR 2 1 2 3	Mark Koenig MDP and MVF	Financial and Institutional Status of the Media Sector Better Developed	Independent regional newspapers increase financial viability	Definition Number of NPI and MVF assisted regional newspapers showing increased revenues Unit # of newspapers	0	75 (including NPI's Financial Strengthening Program)	100		125		150					
IR 2 1 2 3	Mark Koenig and Internews	Financial and Institutional Status of the Media Sector Better Developed	Improved technical program production capability of 250 Internews assisted non state regional TV stations	Definition Out of 250 stations the number using Betacam or digital technology (improved technical quality) Unit # of non state TV stations in Russia	0	125	150		175		200					
IR 2 1 2 3	Mark Koenig and Internews contractor (BBDO)	Financial and Institutional Status of the Media Sector Better Developed	Amount of Russian TV advertising outside Moscow	Definition percentage of Russian TV advertising purchased in regions (outside Moscow) Unit %	3%	25%	30%		33%		35%					
IR 2 1 2 3	Mark Koenig and Independent Media Project Contractors	Financial and Institutional Status of the Media Sector Better Developed	Organized citizens support for professional non state media	Definition sustained NGO's supporting media Unit # of NGO's	0	8	8		8		9					

PERFORMANCE ASSESSMENT

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					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03			
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
IR 2 1 2 3	Mark Koenig and Independent Media Project Grantees	Financial and Institutional Status of the Media Sector Better Developed	Media industry organized to support professionalism and to advocate for press liberties protected by law	Definition Media industry publishing and organizational activity Unit (a) # of sustained professional media organizations Unit (b) # of sustaining media-related publications	1991	0	(a) 19 33 (egor)	(a) 20 (b) 35	(a) 22 (b) 36	(a) 22 (b) 36	(a) 22 (b) 38							
IR 2 1 2 3	Mark Koenig and NDP contractor	Financial and Institutional Status of the Media Sector Better Developed	Media professional organization (National Telebroadcasters) is established and has increasing paying membership with quality standards	Definition Association increases paying members Unit Number of paying members in association	1994	0	175	200	250	275								
IR 2 1 3	Maria Grigoreva Angelina Gurkina and World Learning ISAR IREX	NGO Sector Provides Alternative to Ballot Box for Participating in Economic and Political Decision Making	Increase in interaction between NGOs and local government	Definition Cities in target regions have mechanisms for NGO interaction with local governments in use Unit # of cities	1994	0	25	35	40	50								
IR 2 1 3 1	Maria Grigoreva Angelina Gurkina and World Learning ISAR	NGOs advocate more effectively for members needs/interests	Increase in level of activity and number of NGOs engaging in civic advocacy	Definition In Siberia and Southern Russia NGOs provide input to legislative process on issues affecting their operations/interests Unit # of expert commentaries submitted to local authorities on public	1997	35	50	65	80									
IR 2 1 3 1	Maria Grigoreva and World Learning ISAR	NGOs advocate more effectively for members needs/interests		Definitions In Siberia and Southern Russia NGOs participate in short term issue-based coalitions Unit # of coalitions formed	1997	39	60	65	70									
IR 2 1 3 1	Lisa Peltier and ACILS	NGOs advocate more effectively for members needs/interests	Public Interest Law Clinics advocate successfully for citizens and workers rights	Definition Public Interest Law Clinics represent citizens and workers rights in court cases Unit # of cases for which representation is provided	1997	350	500	550	600									
IR 2 1 3 2	Maria Grigoreva Angelina Gurkina and World Learning ISAR	NGOs and Russian Institutions Strengthened	NGOs diversify their sources of support	Definition In Siberia and Southern Russia new projects are undertaken by NGOs with support from local government and/or business Unit # of new projects (cumulative)	1997	50	150	200	250									
IR 2 1 3 2	Olya Mozhkova and IREX	NGOs and Russian Institutions Strengthened	Number of partnerships surviving after USAID funding is terminated	Definition partnerships surviving after USAID funding is terminated Unit # of partnerships	1998	0	3	8	13	18								

PERFORMANCE ASSESSMENT

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					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03			
							Target	Actual	Target	Actual	Target	Actual	Target	Actual				
SD 2 2	Patrick Murphy and Freedom House Nations in Transit report Rule of Law rating	Strengthened Rule of Law and Respect for Human Rights	Change in Freedom House Rule of Law rating	Definition: The Freedom House Rule of Law rating considers matters as well as the legal and de facto status of ethnic minorities Unit 1	1997	No	No	No	No	No	No	No	No	No	No	No	No	No
IR 2 2 1	Patrick Murphy and US State Department Human Rights report	Independent Russian Judiciary	State Department Human Rights Report assessment of Russian Judiciary	Definition: In 1997 this report noted that "the judiciary still the weakest of the three branches showed signs of limited independence" Unit: Yes/No	1997	No	No	No	No	No	No	No	No	No	No	No	No	No
IR 2 2 1	Patrick Murphy and Freedom House Nations in Transit report Rule of Law section	Independent Russian Judiciary	Freedom House Nations in Transit Report on Russia states that judiciary is independent	Definition: The Freedom House Report Rule of Law section states that all courts in Russia are free of political control and influence. Unit: Yes/No	1996	No	No	No	No	No	No	No	No	No	No	No	No	No
IR 2 2 1	Patrick Murphy and Council of Judges media and NGOs	Independent Russian Judiciary	Judges are approved and removed by the Collegia on Judicial Qualifications	Definition: This is a negative indicator currently the answer is no Unit: Yes/No	1997	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
IR 2 2 1	Patrick Murphy and Judicial Department Council of Judges and Chemonics	Legal Framework provides judicial independence	100% of the Judiciary Budget is transferred to the judiciary or the % of the Judiciary budget transferred is greater or equal to the % of the Executive budget transferred	Definition: This indicator measures independence by measuring whether the Executive is withholding additional funds from the Judicial branch as a coercive measure. It assumes an approved budget. If then looks at the amount of the budget actually transfer	1997	No	No	No	No	No	No	No	No	No	No	No	No	No
IR 2 2 1 2	Patrick Murphy and Judicial Department Council of Judges and Chemonics	Judicial department functions as intended by legislation	Judicial department formulates the annual budget of the courts of general jurisdiction	Definition: Judicial department formulates the annual budget of the courts of general jurisdiction Unit: Yes/No	1998	No	No	No	No	No	No	No	No	No	No	No	No	No
IR 2 2 1 2	Patrick Murphy and Judicial Department Council of Judges and Chemonics	Judicial department functions as intended by legislation	Judicial department establishes operational guidelines for personnel management internal audit and internal communications	Definition: This indicator will be measured by whether a Handbook with guidelines is officially approved disseminated and utilized Unit: Yes/No	1998	No	No	No	No	No	No	No	No	No	No	No	No	No
IR 2 2 1 2	Patrick Murphy and Judicial Department Council of Judges and Chemonics	Judicial department functions as intended by legislation	Judicial department recruits and trains its staff	Definition: Judicial department recruits and trains its staff Unit: Yes/No	1998	No	No	No	No	No	No	No	No	No	No	No	No	No
IR 2 2 1 2	Patrick Murphy and Judicial Department Council of Judges and Chemonics	Judicial department functions as intended by legislation	Judicial department institutes case flow management system and internal communications including email to disseminate new regulations from Moscow to regions	Definition: Judicial department institutes case flow management system and internal communications including email to disseminate new regulations from Moscow to regions Unit: Yes/No	1998	No	No	No	No	No	No	No	No	No	No	No	No	No

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							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
IR 2 2 2	Patrick Murphy and ABA/CEELI	Judicial decisions are uniform, predictable and made without delay	Annual survey of commercial lawyers taking commercial CLE seminar	Definition: This survey will ask commercial lawyers taking commercial CLE seminar if they believe that judicial decisions are uniform, predictable and made without undue delay Unit: Yes/No	1998	10	15	20	25												
IR 2 2 1	Patrick Murphy and Supreme Commercial Report and Chemonica	Judges have access to laws and judicial decisions	New methodology to disseminate recent changes in law and court decisions employed for Oling level commercial courts including Internet and email training programs	Definition: New methodology to disseminate recent changes in law and court decisions employed for Oling level commercial courts including Internet and email training programs Unit: Yes/No	1997	No	Yes	Yes	Yes												
IR 2 2 2	Patrick Murphy and Chemonica Reports Academy of Justice	Judicial training keeps judges up to date on new laws and decisions	Training of commercial court judges is conducted with specially developed curricular materials	Definition: Curricular materials will reflect changes and updates of law. Additionally training sessions will feature current methodology and current law Unit: Yes/No	1998	No	No	No	Yes												
IR 2 2 2	Patrick Murphy and Chemonica Reports Russian Academy of Justice	Judicial training keeps judges up to date on new laws and decisions	Judges of the courts of general jurisdiction receive training every five years	Definition: The government provides money to the Academy for the training of general jurisdiction judges. There are approximately 15 000 of these judges in Russia and the Academy says it trains 1 300-1 500 per year. At that rate they educate an indivi	1997	No	No	No	Yes												
IR 2 2 2	Patrick Murphy and Chemonica Reports Russian Academy of Justice	Judicial training keeps judges up to date on new laws and decisions	Continuing judicial education of judges is either mandatory or recognized by a certificate program	Definition: Continuing judicial education of judges is either mandatory or recognized by a certificate program Unit: Yes/No	1997	No	No	No	Yes												
IR 2 2 2	Patrick Murphy and Chemonica Reports Russian Academy of Justice	Judicial training keeps judges up to date on new laws and decisions	Training for newly appointed judges is instituted	Definition: Training for newly appointed judges is instituted Unit: Yes/No	1997	No	No	No	Yes												
IR 2 2 3	Patrick Murphy and Chemonica Council of Judges	Changes in court administration and procedure are adopted or endorsed	Specialized courts developed on tax securities and bankruptcies	Definition: Specialized courts developed on tax securities and bankruptcies Unit: Yes/No	1997	No	No	No	Yes												
IR 2 2 3	Patrick Murphy and Chemonica Council of Judges	Changes in court administration and procedure are adopted or endorsed	Procedural rules empower judges to move cases more quickly	Definition: New pretrial and settlement procedures rules are adopted so that various types of cases can be dealt with appropriate to their complexity Unit: Yes/No	1997	No	No	No	Yes												
IR 2 2 3	Patrick Murphy and ABA/CEELI ACILS	Competent counsel available in Russia	Number of law school graduates increases	Definition: Law schools graduates a year Unit: thousands of people	1998	40	45	55 /	60									62			
IR 2 2 3	Patrick Murphy and ABA/CEELI	Law graduates have practice based legal skills	# of legal clinics within law faculties	Definition: # of legal clinics within law faculties Unit: Number	1997	5	10	10	15									15			

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							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
IR 2 2 3 2	Patrick Murphy and ACLU reports	Practising lawyers have skills necessary for specialized cases	# of lawyers or labor activists who are able to advocate for laborers' rights	Definition: lawyers or labor activists who are able to advocate for laborer's rights Unit: Number	1998	997	1050		1100								
IR 2 2 3 2	Patrick Murphy and ABA	Practising lawyers have skills necessary for specialized cases	# of lawyers and other legal professionals who are directly exposed to new information relevant to enforcement of women's rights	Definition: # of lawyers and other legal professionals who are directly exposed to new information relevant to enforcement of women's rights Other legal professionals includes policemen, judges and professors	1997	29	40		45								
IR 2 2 3 3	Patrick Murphy and ABUCEELI	Establishment of a commercially viable continuing legal education (CLE) courses on institution or entity	# of hours legal professionals spend in continuing legal education (CLE) courses on commercial topics **	Definition: # of hours legal professionals spend in continuing legal education (CLE) courses on commercial topics Unit: Number	1998***												
IR 2 2 3 4	Patrick Murphy and International Center for Labor Solidarity (ICLS)	Members of labor unions have effective counsel	# of hearings in which labor activists are represented by Public Interest Law Center Staff	Definition: # of hearings in which labor activists are represented by Public Interest Law Center Staff Unit: Number	1998	460****											
IR 2 2 4	Patrick Murphy and IRIS	Presence of enforcement service induces greater voluntary compliance with court judgements	Enforceability of commercial court judgements increases	Definition: % of commercial court judgements enforced Unit: %	1998	30	35		40								
IR 2 2 5	Patrick Murphy and Moscow Helsinki Group Sakharov Center	Effective advocacy for adherence to international human rights commitments increased	Number of regions with human rights monitors trained increases	Definition: Number of regions with human rights monitors trained Unit: # of regions	1998	0	30		32								

ABA plans to have a pool of about 300 persons to whom invitations will be sent to its workshops, roundtables, and seminars related to women's rights and domestic violence. Since not all 300 will always attend ABA's functions, ABA expects that on average in attendance at any one function.

**ABA and Mission have decided to measure person hours spent by legal professionals in CLE courses, not simply the number such persons attending, since CLE courses offered vary regarding the amount of time any particular course runs. While some are 1 hour, measuring hours spent in CLE courses more accurately reflects the extent to which legal professionals receive training on commercial topics.

***ABA monthly reports are regularly available at Mission. However, to measure progress on this indicator, ABA will need to begin to report on the number of attendees at each CLE course, giving the amount of time in hours of each CLE course.

**** This is a demand driven program. Mission is unable to provide targets for this indicator.

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					YEAR	VALUE	19 99		20 00		20 01		20 02		20 03			
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
IR 3 2 3	Valentin Stobetsky and Institute for Urban Economics	User fees for targeted city services (housing maintenance and communal services) moved towards full recovery	The eligible population participates in the housing allowance programs	Definition: Average percentage of the population receiving housing allowances in targeted cities Unit: %	1997	10	18	23	28									
IR 3 2 3	Valentin Stobetsky and Institute for Urban Economics		Resident's fees for housing maintenance and communal services are adjusted towards cost recovery	Definition: Average housing maintenance and communal services cost recovery rate in targeted cities Unit: %	1997	35	65	80	90									
IR 3 2 4	George Oswald and AIDSMark/FSI Impact/FHI CH/Boston University CDC UNAIDS Ministry of Health SANAMI NAN AIDS InfoShare Red Cross WHO	Increase the use of improved and effective responses to reduce the transmission of selected major infections and to mitigate the impact of epidemics resulting from these diseases	Rate of increase of key infectious diseases HIV/AIDS/STI and Tuberculosis diminishes in 2-4 regions	Definition: Rate of increase of key infectious diseases Unit: %	1998													

Unable to estimate because future plans have not been developed

Project scheduled to end or discontinued

*** This is a new activity. There is no strategy for this activity yet.

PERFORMANCE ASSESSMENT

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					YEAR	VALUE	19 99			20 00			20 01			20 02			20 03		
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
SO 3 2	Liese Sherwood Fabre Oblast Health Committees	Improved Effectiveness of Selected Social Benefits and Services	Decrease in abortion rates greater than the national average in selected regions	Definition: Selected regions where decrease in abortion rates greater than the national average Unit: # of regions	1998	0	3	3	3	2	2	2	2	2							
SO 3 2	Tamara Shbiladze and National AIDS Central Program	Improved Effectiveness of Selected Social Benefits and Services	Government expansion of HIV prevention programs	Definition: NACP adopts comprehensive HIV prevention strategies at oblast level Unit: # of oblasts	1998	0	2	0	0	4	4	0	0	0	6						
SO 3 2	George Oswald and National TB Program	Improved Effectiveness of Selected Social Benefits and Services	Government expansion of DOTS TB programs	Definition: Oblasts served by DOTS program Unit: # of oblasts	1998	1	3	0	0	6	6	0	0	0	9						
SO 3 2	Hugh Wynn and Institute for Urban Economics	Improved Effectiveness of Selected Social Benefits and Services	Expansion of quality social safety net programs throughout Russia outside of the housing sector	Definition: Number of communities served by means testing in social safety net programs Unit: # of communities	1998	0	0	0	10	0	0	0	0	0	30	40					
IR 3 2 1	Liese Sherwood Fabre AIHA AVSC Status Reports	New Approaches to Service Delivery Adopted	Family Planning clinics promoting modern contraception are operational	Definition: Family planning clinics offer consulting and choice of contraceptives Unit: number of sites	1994	0	future plans to be developed														
IR 3 2 1	Liese Sherwood Fabre JPIEGORFP Status Reports	Service Delivery Skills Improved	Physicians use modern family planning techniques gained in USAID training courses	Definition: number of physicians trained and using techniques based in training evaluation Unit: physicians	1995	0															
IR 3 2 1	Natasha Vozianova Health Partnership/CDC Reports	Service Delivery Skills Improved	Hospital-based health care providers use modern infection control practices	Definition: Number of hospital physicians nurses epidemiologists trained and using infection control techniques based on evaluation Unit: Number of trained health care personnel	1997	350	TBD	TBD	TBD												
IR 3 2 2	Tamara Shbiladze	Response to infections disease	HIV prevention coverage	Definition: % of high risk groups with access to HIV prevention in Moscow and Saratov	1999	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD				
IR 3 2 2	George Oswald	Response to infections disease	Acceptance of DOTS in Russia	Definition: % of patients converting sputum in TB programs in Oryol and Vladimir	1999	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD				

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SOURCE AIDUNC 002909

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APPROVED BY AID/DAA/ENI GEORGE INGRAM AID2909
AID/ENI/PCS PSMATHESON (DRAFT) AID/ENI/NCA RPHILLIPS (DRAFT)
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TAGS

SUBJECT APPROVAL FOR THE RUSSIA STRATEGY

REFTEL STATE 062052

1 USAID/RUSSIA'S 1999-2003 COUNTY ASSISTANCE STRATEGY IS
APPROVED MISSION SATISFACTORILY COMPLETED THE REQUIRED
REVISIONS (REFTEL 062052) THAT EMERGED FROM THE WEEK-LONG
REVIEW IN WASHINGTON IN MARCH THE MISSION IS COMMENDED
FOR FORMULATING A PROMISING STRATEGY AND FOR PRODUCING A
READABLE, COGENT AND ANALYTICALLY SOUND DOCUMENT
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SOURCE AIDUNC 001828
DRAFTED BY AID/ENI/PCS RHERMAN MS -- 03/30/99 712-0562
APPROVED BY AID/DAA/ENI GINGRAM AID1827
AID/ENI/NCA RPHILLIPS (DRAFT) AID/G/PDSP KSCHOFIELD (DRAFT)
STATE/S/NIS WTAYLOR (DRAFT) AID/ENI/OIM GSTEELE (DRAFT)
AID/PPC/PC OCARDUNER (DRAFT) AID/M/B JPAINTE (BLB FOR)
AID/ENI/PCS PMATHESON (DRAFT)
AID/ENI/PER JOWATSON (POT 1 1) (DRAFT)
AID/ENI/PER ASHAPLEIGH (POT 1 2) (DRAFT)
AID/ENI/ED GIMHOFF (POT 1 3) (DRAFT)
AID/ENI/PER BCORNELIO (POT 1 4) (DRAFT)
AID/ENI/EEUD RICHORD (POT 1 5) (DRAFT)
AID/ENI/EEUD LSCHULZE (POT 1 6) (DRAFT)
AID/ENI/DGSR MARIEGELMAN (POT 2 1) (DRAFT)
AID/ENI/DGSR PLIEFERT (POT 2 2) (DRAFT)
AID/ENI/EEUD NHOOFF (POT 2 3) (DRAFT)
AID/ENI/DGSR RHUDSON (POT 3 1) (DRAFT)
AID/ENI/DGSR CCOLEMEN (POT 3 2) (DRAFT)
AID/ENI/DGSR JNINDEL (POT 4 2) (DRAFT)
AID/ENI/AMS ELUNDQUIST (DRAFT)

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TAGS

SUBJECT REVIEW OF USAID/RUSSIA'S ASSISTANCE STRATEGY
1999-2003

REF STATE

1 SUMMARY USAID RUSSIA S 1999-2003 COUNTRY ASSISTANCE
STRATEGY WAS FAVORABLY REVIEWED IN USAID/WASHINGTON MARCH
1-5, 1999 BY A BROAD SPECTRUM OF INTERESTED PARTICIPANTS
FROM SEVERAL USAID OFFICES AND BUREAUS AND FROM OTHER USG
AGENCIES GENERAL AGREEMENT ON MOST ISSUES WAS REACHED IN
THE INITIAL ISSUES MEETING AND IN SUBSEQUENT SIDE

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DISCUSSIONS WITH MISSION STAFF REMAINING OUTSTANDING
ISSUES WERE RESOLVED AT THE MARCH 4 PROGRAM REVIEW CHAIRED
BY DAA/ENI, GEORGE INGRAM CONTINGENT UPON FULFILLMENT OF
PROVISIONS OUTLINED BELOW, THIS CABLE CONSTITUTES APPROVAL
OF THE USAID RUSSIA STRATEGY END SUMMARY

2 A FORMAL REVIEW OF USAID/RUSSIA S ASSISTANCE STRATEGY
FOR FY 1999 TO 2003 WAS HELD ON MARCH 4, CHAIRED BY
DAA/ENI, GEORGE INGRAM USAID/RUSSIA WAS REPRESENTED BY
MISSION DEPUTY DIRECTOR MARK WARD, PROGRAM OFFICER RICK
SCOTT AND DEMOCRACY OFFICER BILL HAMMINK THE FOLLOWING
OFFICES, BUREAUS AND AGENCIES WERE REPRESENTED BUREAU FOR
MANAGEMENT, OFFICE OF BUDGET, BUREAU FOR POLICY AND

PROGRAM COORDINATION, GLOBAL BUREAU, OFFICES OF WOMEN IN
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DEVELOPMENT, POPULATION, HEALTH AND NUTRITION, CENTERS FOR
ECONOMIC GROWTH AND AGRICULTURAL DEVELOPMENT, AND
DEMOCRACY AND GOVERNANCE, ENI/PCS, ENI/NCA, ENI/DGSR,
ENI/PER, ENI/EMI, AND ENI/EEUD, DEPARTMENT OF STATE
OFFICES OF THE COORDINATOR OF ASSISTANCE FOR THE NEW
INDEPENDENT STATES, AND DEMOCRACY, HUMAN RIGHTS AND LABOR,
OFFICE OF MANAGEMENT AND BUDGET, AND DEPARTMENTS OF
TREASURY AND AGRICULTURE

3 THE USAID/RUSSIA MISSION WAS WIDELY PRAISED FOR
PRODUCING A DOCUMENT THAT LAYS OUT ITS PROPOSED STRATEGY
IN A WAY THAT IS CLEAR AND ACCESSIBLE TO NON-USAID
AUDIENCES READERS ALSO ENDORSED THE ACCELERATED
REORIENTATION OF THE STRATEGY TOWARD A FOCUS ON RUSSIA'S
REGIONS HOWEVER, A NUMBER OF REVIEWERS EXPRESSED THE
VIEW THAT THE DOCUMENT WOULD BE SIGNIFICANTLY IMPROVED BY
INCLUDING MORE ANALYSIS TO SUPPORT THE CHOICE OF STRATEGIC
AND PROGRAMMATIC INTERVENTIONS IN RESPONSE, MISSION
AGREED TO BOLSTER THE ANALYTICAL CONTENT OF THE DOCUMENT
--WITHOUT COMPROMISING ITS COMMENDABLE BREVITY AND
COGENCY-- AND TO TAKE OTHER STEPS (SEE BELOW) TO SATISFY
THE USAID/W CONDITIONS FOR FINAL APPROVAL

4 THE PRINCIPAL DECISIONS AND ATTENDING ISSUES
DISCUSSIONS CONCERNING THE RUSSIA COUNTRY STRATEGY ARE AS
FOLLOWS

A AA/ENI PROVISIONALLY APPROVES USAID/RUSSIA'S FY 1999-
2003 COUNTRY ASSISTANCE STRATEGY SUBJECT TO MISSION
SUBMISSION BY APRIL 5 OF AGREED UPON REVISIONS AND
SUBSEQUENT REVIEW BY USAID/W THIS CABLE TOGETHER WITH
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THE FINAL COUNTRY STRATEGY CONSTITUTE THE ENI BUREAU S

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MANAGEMENT CONTRACT WITH USAID/RUSSIA THROUGH FY 2003

B SPECIFICALLY, THE MISSION WILL SUBMIT A REVISED STRATEGY DOCUMENT THAT

* PROVIDES ADDITIONAL ANALYSIS FOR EACH STRATEGIC OBJECTIVE, DRAWING ON COMPLETED SECTOR AND SUB-SECTOR ASSESSMENTS AND REFERENCING OTHER RELEVANT WORK, IN ORDER TO UNDERGIRD STRATEGIC AND PROGRAMMATIC CHOICES

* BUTTRESSES ANALYTICALLY, ALONG THE LINES OF THE CONGRESSIONAL PRESENTATION ON RUSSIA, THE INTRODUCTORY SECTIONS CONCERNING THE BROADER STRATEGIC ENVIRONMENT FACING THE USG ASSISTANCE EFFORT THIS WILL HELP TO SCALE BACK EXPECTATIONS ABOUT WHAT THE ASSISTANCE PROGRAM CAN ACCOMPLISH IN ADVANCING RUSSIA'S TRANSITION TO MARKET-

BASED DEMOCRACY UNDER VERY DIFFICULT CURRENT AND PROJECTED CONDITIONS

* INCLUDES AN EXPANDED DISCUSSION EARLY IN THE DOCUMENT OF THE REGIONAL INVESTMENT INITIATIVE (RII)

* RECOGNIZES THE IMPORTANCE OF WORK WITH REGIONAL AND MUNICIPAL GOVERNMENTS, PARTICULARLY IN LIGHT OF THE STRATEGY'S FOCUS ON RUSSIA'S REGIONS, WHILE ALSO TAKING INTO ACCOUNT THE EXTENT TO WHICH USAID IS PERMITTED TO ASSIST THE RUSSIAN GOVERNMENT

* INCORPORATES CHANGES IN SELECTED INDICATORS AND TARGETS
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FOR STRATEGIC OBJECTIVES 1 6 (ENVIRONMENT), 3 2 (HEALTH) AND 4 2 (TRAINING) AND WITH RESPECT TO GENDER DISAGGREGATED DATA, AS AGREED UPON IN DISCUSSIONS BETWEEN CORRESPONDING MISSION STRATEGIC OBJECTIVE TEAMS AND USAID/W PROGRAM OBJECTIVE TEAMS AND OTHER TECHNICAL STAFF

5 USAID/RUSSIA STRESSED THE IMPORTANCE OF WORKING CLOSELY WITH ENI BUREAU SENIOR MANAGEMENT TO EXPLAIN TO KEY MEMBERS OF CONGRESS AND THEIR STAFFS THE ADVERSE IMPACT ON ASSISTANCE PROGRAMS OF CONGRESSIONALLY-IMPOSED RESTRICTIONS, MOST NOTABLY ON WORK WITH THE RUSSIAN GOVERNMENT SEVERAL MEETING PARTICIPANTS NOTED THAT CONGRESS IS GENERALLY SUPPORTIVE OF THE GRASSROOTS FOCUS PROPOSED BY THE MISSION AND MIGHT THEREFORE BE MORE RECEPTIVE TO ARGUMENTS THAT THE STRATEGY'S EFFECTIVENESS IS HAMPERED BY SUCH RESTRICTIONS, PARTICULARLY AS THEY AFFECT REGIONAL AND LOCAL GOVERNMENT SUPPORT

6 IN ORDER TO COMMUNICATE ITS MESSAGE MORE EFFECTIVELY, MISSION AGREED TO UPDATE A BRIEF PIECE PREPARED IN LATE FY 98 OUTLINING SOME OF THE ACTIVITIES IT WOULD FUND IN THE ABSENCE OF CONGRESSIONAL RESTRICTIONS ON IMPLEMENTING THE

RUSSIA ASSISTANCE PROGRAM THE REVISED PIECE SHOULD ALSO INCLUDE ACTIVITIES THE MISSION WOULD NOT PURSUE EVEN IF GRANTED THE ABILITY TO DO SO

7 MISSION EMPHASIZED THAT THE PROGRAM IS FORWARD LOOKING IN THAT IT IS GEARED TO BOOSTING THE CAPACITY OF INDIGENOUS RUSSIAN ACTORS WHO WILL CONTINUE THE TASK OF CONSOLIDATING THE DEMOCRATIC, FREE-MARKET TRANSITION AFTER USAID HAS LEFT THROUGH PARTNERSHIPS, CAREFULLY TARGETED
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TECHNICAL ASSISTANCE AND OTHER MECHANISMS, THE MISSION SUPPORTS THE RUSSIANIZATION OF THE US ASSISTANCE EFFORT

8 OTHER ISSUES THAT WERE DISCUSSED AND RESOLVED DURING THE STRATEGY REVIEW PROCESS INCLUDE THE FOLLOWING

9 CORRUPTION MISSION READILY ACKNOWLEDGES THAT CORRUPTION IS A MAJOR PROBLEM IN RUSSIA THAT POTENTIALLY IMPERILS ECONOMIC AND POLITICAL REFORM AND MUST THEREFORE BE ADDRESSED HOWEVER, MISSION MADE A PERSUASIVE CASE THAT AN INDIRECT APPROACH --PROMOTING GREATER TRANSPARENCY IN COMMERCIAL AFFAIRS, STRENGTHENING JUDICIAL INSTITUTIONAL CAPACITY AND INDEPENDENCE, BOLSTERING INDEPENDENT MEDIA, INCREASING CITIZEN ACCESS TO COURTS-- IS MORE LIKELY TO HAVE THE INTENDED IMPACT THAN WOULD A DIRECT ATTACK ON THE PROBLEM IT WAS ALSO POINTED OUT THAT CORRUPTION REMAINS A PRIORITY OF THE GORE-PRIMAKOV COMMISSION AND THAT THE DEPARTMENTS OF STATE AND JUSTICE BOTH HAVE PROGRAMS TO COMBAT CORRUPTION IN RUSSIA USAID WILL CONTINUE TO COORDINATE CLOSELY WITH THE OTHER USG AGENCIES INVOLVED IN THE ANTI-CORRUPTION EFFORT

10 AGRICULTURE REVIEWERS ENDORSED THE MISSION'S EARLIER DECISION TO DISCONTINUE INVOLVEMENT IN RESTRUCTURING THE AGRICULTURE SECTOR BUT SUGGESTED THAT THE MISSION SEEK FUNDS FROM MONETIZATION OF FOOD AID TO BE

DEDICATED TO CREDIT PROGRAMS FOR PRIVATE FARMERS AND AGRIBUSINESS MISSION POINTED OUT THAT IT REMAINS ENGAGED IN THE AGRICULTURE SPHERE, PRIMARILY THROUGH SMALL CREDIT PROGRAMS FOR AGRIBUSINESS AND THAT EXISTING ACTIVITIES ARE CARRIED OUT UNDER ONGOING BUSINESS SUPPORT OR RII EFFORTS
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MISSION ALSO EXPRESSED THE VIEW THAT MONETIZATION OF FOOD ASSISTANCE IS A POLICY MATTER FOR S/NIS/C AND USDA, AND ONE THAT IS MORE LIKELY TO BE RESOLVED IN WASHINGTON

11 ECONOMIC TRANSITION REVIEWERS ENDORSED MISSION PLAN TO COMBINE ACTIVITIES FROM SO 1 2 (FISCAL REFORM) AND SO 1 4 (FINANCIAL MARKETS) UNDER A NEW EXPANDED STRATEGIC

OBJECTIVE ON ECONOMIC INFRASTRUCTURE REQUIRED FOR SUSTAINABLE GROWTH A CONSENSUS EMERGED THAT NOTWITHSTANDING THE LACK OF PROGRESS ON BANKING AND TAX REFORM DUE TO LUKEWARM SUPPORT ON THE PART OF THE RUSSIAN GOVERNMENT, THE USAID ASSISTANCE STRATEGY SHOULD REMAIN FLEXIBLE IN ORDER TO RESPOND TO CHANGING CIRCUMSTANCES IN THIS PIVOTAL AREA THE MISSION IS CONFIDENT THAT DESPITE THE SLOW PACE OF REFORM IN THE MACRO-ECONOMIC SPHERE, PROPOSED ACTIVITIES UNDER OTHER RELATED STRATEGIC OBJECTIVES SUCH AS SMALL AND MEDIUM ENTERPRISE DEVELOPMENT WILL STILL HAVE THE PROJECTED IMPACT MISSION ALSO POINTED OUT THAT THE TREASURY DEPARTMENT IS THE OTHER PRINCIPAL USG ACTOR IN THE BANKING AND TAX AREA, AND COORDINATION WITH USAID HAS MARKEDLY IMPROVED MISSION AGREED THAT FOR PURPOSES OF AGGREGATING FINANCIAL INFORMATION IN WASHINGTON, SPECIFIC ACTIVITIES UNDER THIS

REVISED STRATEGIC OBJECTIVE WILL BE TAGGED AS EITHER SO 1 2 OR 1 4, AS APPROPRIATE

12 ENERGY MISSION RESPONDED TO A PROPOSAL BY POT 1 5 CALLING FOR A SPECIAL INITIATIVE TO SUPPORT USG AND G-7 NUCLEAR SAFETY/ALTERNATIVE ENERGY STRATEGIES IN NORTHWEST RUSSIA BY REAFFIRMING THE MISSION S PREVIOUS DECISION TO UNCLASSIFIED

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DISENGAGE FROM THE ENERGY SECTOR RESTRUCTURING OF THE ENERGY SECTOR IS LIKELY TO BE AN ONGOING ISSUE FOR THE GORE-PRIMAKOV COMMISSION

13 HEALTH POT WELCOMES THE MISSION S PROGRESS IN DEVELOPING A MORE INTEGRATED APPROACH TO DEAL WITH THE SERIOUS PROBLEMS ARISING FROM THE NEAR- COLLAPSE OF THE COUNTRY S HEALTH CARE SYSTEM THE TRANS-BORDER THREAT POSED BY INFECTIOUS DISEASES SUCH AS TB AND HIV/AIDS IS OF PARTICULAR CONCERN HERE AGAIN, CONGRESSIONALLY-IMPOSED RESTRICTIONS ON WORKING WITH THE GOR IS A MAJOR HANDICAP POT WILL WORK WITH THE MISSION ON REVISING SELECTED INDICATORS

14 FINAL DECISION USAID/RUSSIA S ASSISTANCE STRATEGY IS HEREBY PROVISIONALLY APPROVED SUBJECT TO FULFILLMENT OF POINTS DISCUSSED ABOVE
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