Final Report

Partnership Project with
Rossiskaya Zabota (Russian Care)

Submitted to: World Learning, Inc.
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EXECUTIVE SUMMARY

With a subgrant from World Learning in 1993, Counterpart formed a partnership with Rossiskaya Zabota (Russian Care) — an indigenous non-governmental organization (NGO) created in 1992 to address the growing economic and social needs of the Russian military family. Following two years of targeted training and technical assistance, Rossiskaya Zabota has emerged as a more effective, self-sufficient social service provider.

Through staff development, direct investment in pilot projects, and humanitarian aid for children, Counterpart has helped to increase the viability and capacity of its local partner to design, implement and monitor its own programs. Joint project activities, conducted under the auspices of the World Learning grant, have played a unique role in enabling Rossiskaya Zabota to expand its outreach to greater numbers of high risk children, families, and communities.

Building upon the program’s success, Counterpart and Rossiskaya Zabota successfully leveraged an additional $1.7 million in financial and in-kind contributions to the initial half-million dollar grant. This figure does not include $2.4 million in humanitarian assistance provided in collaboration with Counterpart’s Humanitarian Assistance Program (CHAP) through December 1995, or the bolt cloth valued $2.4 million shipped to the Zarya Sewing Center in March 1996.

Overall Program Accomplishments

<table>
<thead>
<tr>
<th>IMPACT</th>
<th>Business Development</th>
<th>designed four small-scale enterprises, three bakeries and a sewing center, to create alternate sources of income and employment opportunities;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Creation</td>
<td>employed over 65 previously unemployed military wives or dependents;</td>
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<tr>
<td>New Skills</td>
<td>trained over 331 military wives in the following areas: NGO management, business development, computer training, on-the-job performance and outreach and counseling techniques for social workers;</td>
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<tr>
<td>Aid</td>
<td>distributed over 2.4 million dollars worth of humanitarian goods and materials to orphanages, hospitals and medical clinics --an additional $2.4 million was shipped in 1996 after the end of the grant to the Sewing Center (see Comments and Recommendations);</td>
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<tr>
<td>Networks</td>
<td>increased Rossiskaya Zabota’s support network to include more than 50 organizations, and the medical network to include 9 Moscow region hospitals.</td>
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</table>
Financial Sustainability and Self-Sufficiency in Russia’s Third Sector

One of the key impediments to Rossiskaya Zabota’s long-term sustainability is the inability -- be it through grants from philanthropic organizations, financial donations from local corporations, or fee-based membership from key constituents -- to develop a sustainable base of local funding. Fundraising efforts have been on-going but have borne little fruit to date, primarily due to Russia’s economic hardship and lack of philanthropic traditions.

In order to stabilize the financial position of Rossiskaya Zabota, Lilia Matveytchuk, Director of the Zarya Sewing Center (the first pilot project under this grant), became the NGO’s Executive Director as of 1 February 1996. Working together, Ms. Matveychuk and Mr. Stepanov, Managing Director, designed a multiple plan for joint commercial activities to provide financial sustainability for the long-term future of Russian Care. This important step, initiated by Rossiskaya Zabota, demonstrates the organization’s long-term commitment to achieving its mission even under difficult and restrictive economic circumstances.

Upon completing joint project activities in December 1995, Counterpart and Rossiskaya Zabota continue to operate in partnership throughout the Russian Federation.
PROGRAM ACTIVITIES
Organizational Development and Staff Training

One of the primary goals of the partnership program was to strengthen Rossiskaya Zabota's institutional and programmatic capacity thereby increasing its ability to provide self-help oriented social services to military families and communities. This was achieved through:

BOARD RESTRUCTURING  The Board of Trustees was reorganized to become more pro-active and more politically balanced as recommended in the mid-term evaluation.

MANAGING DIRECTOR  In February 1994, Andrei Vadimovich Stepanov was hired by the Board to be the new Managing Director of Rossiskaya Zabota. Mr. Stepanov's international background, government contacts and proactive approach towards complex management issues was a significant factor in the program's success. Over the life of the program, the Managing Director's roles and responsibilities for partnership activities evolved from those of a Co-Director to Director during the last quarter of operation.

MEDICAL DIRECTOR  To strengthen the organization's medical program a doctor was hired to work as a member of Rossiskaya Zabota's staff.

STAFF DEVELOPMENT  Considerable emphasis was placed on staff training and skills development. Rossiskaya Zabota staff received training in:
- Strategic and Project Planning
- Computer Skills (Intensive Beginning and Advanced Lessons)
- English
- Organization and Management
- Fundraising
- Financial Management
- Pilot Project Needs Assessments
- NGO Legal Environment in Russia (Consultations with Interlegal)
- Proposal Writing (Seminar by World Learning)
- Accounting and NGO Management in the United States for the Financial Director and the NGO Specialist/Program Assistant respectively. (Through participation in AED's NET program).

EQUIPMENT  Basic office equipment such as computers, printers, telephones, fax machine and copiers were purchased to improve office operations and increase organizational efficiency. The modernization of office operations allowed for the computerization of "institutional memory," improved communications with other organizations through e-mail and fax and the publication of a newsletter.
Overview

The first pilot project, the Zarya Sewing Center, has created and sold more than 500 garments to date, with a 25% profit margin. The Center has diversified its product line, expanded into new markets, and created a network of 22 distributors and retailers as well as its own on-site shop. Demonstrative of the Center's business viability was the extension of a line of credit by one of its primary suppliers. As Russia is largely a cash-driven economy, the establishment of a reliable credit based relationship is a major step for the Center and small businesses in general. Currently employing 13, the Center would like to expand its operations to include up to 40 women working out of their homes. Also in 1996, the Center will use the bulk of its profits to maintain a full-time Social Support Center to support the wives and families of the military; a psychologist for the center and volunteers have already been identified and received training in crisis counseling and social work.

Business Basics

| Production | 100 tailor made or bulk order outfits per month. |
| Distribution | 22 distributors and retailers as well as an on-site shop. |
| Personnel | 13 employees in the following capacity: Director, responsible for financial and organizational activities; Accountant, responsible for all financial reporting and accounting as well as providing the appropriate documentation to the tax, state and court authorities; Deputy Director, responsible for the production process and quality control; Marketing Manager, responsible for assessing demand and widening the general market opportunities for the Center; and 9 Sewing Operators, responsible for production. |
| Sales | Increasing by 7-10 pieces per month. |
| Profit | 25% |
| Credit | Credit line with "All from Paris" a french boutique in Moscow. |
| Advertising | Radio, community meetings, posters and newspapers. |
| Competition | High quality suits from Europe and cheaper outfits from Eastern and South Asia. |
| Expansion | 200-300% projected for 1996-97: |
| Personnel | Up to 40 Sewing Operators working part-time, a Deputy Director of Marketing and an Accountant; |
| Equipment | 20 basic and specialized sewing machines |
Pilot Project 2 • Murmansk Bakery

Opened: June 1995

**Project Manager:** Igor Vnuk

**Bakery Director:** Feodorova, Gulnara

**Company Name:** AOZT "Kolos" (Kolos Limited)

**Address:** 184650, Murmansk Oblast
Zaozersk, Ulitsa Leninsky Komsomol # 18

**Phone:** (815-562) 56-88

**Fax:** 104 7789 10274 (Norway line)

**Overview**

The first bakery of the joint project is profitable and recently received credit from the local administration to expand its operations. The bakery produces bread, moulder and cakes in bulk and per individual orders. With 15 employees, its own shop and evening sales through stores in the city, the business is doing extremely well and will be hiring additional staff in 1996 to increase its level of production. The bakery is located at Murmansk-150, located approximately 2.5 hours from the city center and services the local population of 28,000 military personnel and families.

**Business Basics**

**Production**

45,000 kg/month of white and black bread as well as moulder and cakes.

**Distribution**

On-site shop and several shops in the city.

**Personnel**

15 employees in the following capacity: Director, general guidance and purchase of raw materials; Accountant, all financial issues; Technical Director for Production, responsible for technology and general production; 8 Bakery Workers; 2 Sales Clerks for the shop; 1 Driver; and 1 Electrician.

**Sales**

216 million roubles/month

**Profit**

23%

**Credit**

50 million roubles in loans and grants from Zaozersk Administration; 5-7 day line of credit from bulk ingredient supplier.

**Advertising**

Has reliable customer base and does not need to advertise.

**Competition**

State commercial structure and bakeries from Murmansk which is 150 km away.

**Expansion**

200% projected for 1996-97:

**Personnel**

4 Additional Bakery Workers;

**Equipment**

2 mixers and ovens; 1 bowl lifter; 1 proof box; and 1 electric lift to load and unload supplies from the truck.
Pilot Project 3 • Yekaterinburg Bakery  
Opened: August 1995

**Overview**

Operational in August 1995, the bakery, which has not yet reached its full capacity, is already turning a 20% profit and employing 25 individuals — all military dependents or former military personnel. Once the bakery reaches full capacity, a percentage of its profits will be donated to the All Ural Center for Social Readaptation of Former Military Servicemen. The All Ural Center will use the funds to create a Social Support Center similar to the Zarya model.

**Business Basics**

**Production**

- 1 ton, 300 kg/day white bread.

**Distribution**

- Shopping Center “Maria”; once at full production, bread will be sold to military messes.

**Personnel**

- 25 employees in the following capacity: 3 person Board of Directors, coordinate general business activities; Bakery Director; Deputy Director for Marketing; Accountant; Technical Supervisor; 12 Bakery Workers; Office Assistant responsible for cleaning and meals; Assistant for maintaining water supply and purification system; 1 Driver; 2 Workers to load and unload bakery products and supplies; and 1 Electrician.

**Sales**

- 32 tons/month

**Profit**

- 20%

**Credit**

- 5 day line of credit from Central Industrial unit in Yekaterinburg which makes flour.

**Advertising**

- Community meetings, posters, and newspapers.

**Competition**

- State bakery of Yekaterinburg and 25 private bakeries in Yekaterinburg.

**Expansion**

- Black bread, pastries and pilmeny will be produced in 1996.

**Personnel**

- Specialist for pastry production;

**Equipment**

- 2 ovens, one specifically for pastry production; 1 mixer; 1 proof box; and 3 bowls.
Pilot Project 4 • Kaliningrad Bakery

Expected Opening: April 1996

Project Manager: Alexander Gloukhov, Fund “Partniorstvo”
Bakery Director: Alexander Vladimirovich Puskov
Deputy Director: Schliakhtina G.
Company Name: Fund “Partniorstvo” (Bakery currently unnamed)
Address: 27 Kutuzova street, Kaliningrad 236 000
Phone: (0112) 22 8140
Fax: (0112) 21 1677
E-mail: alex@cityhall.koenig.su

Overview

The final bakery created under the joint project will begin operations in April 1996. The bakery’s management team has already secured a contract to supply a local company with 10 stores with as much bread as the bakery can produce -- approximately 1.5 tons in the first quarter. By the end of the first two quarters of production, the bakery will have opened its own shop, increased the number of employees from 12 to 17 and increased production from 1.5 tons to up to 3 tons a day.

Business Basics (Projections for 1996)

PRODUCTION 1.5 tons white bread in the first 3 months; future up to 3 tons and diversified product line to include black bread, pastries and other special products.
DISTRIBUTION On-site shop and the Rybkop company which has 10 shops.
PERSONNEL 12 employees in the following capacity: President, general direction; Secretary, all administrative and related questions; Director of Programs, all operational questions; Accountant, all financial issues; 8 Bakery Workers. (Two people will be hired as clerks in the shop and the bakery staff will increase by 5 in quarters two and three).
SALES Rybkop company will buy all the bread the bakery can supply.
PROFIT NOT APPLICABLE
CREDIT They will have a line of credit, currently they have an oral agreement and exact details can be provided after production begins.
ADVERTISING Community meetings and newspapers.
COMPETITION This will be the first bakery in Svelty; the current bread supply comes from Baltysk and Kaliningrad. Both supply lines are plagued by transportation problems and the quality from Baltysk is poor.
EXPANSION Production will increase in early 1996.
PERSONNEL 5 bakery workers, 2 clerks;
EQUIPMENT Industrial size freezer and additional forms.
Training for Military Wives

The programming approach of *Rossiskaya Zabota* and Counterpart focused on women as the principal agents of change for the well-being and stability of children and families. The training activities, most held in conjunction with the pilot projects, were designed to empower women by providing them with needed skills, forums for networking and information sharing, and innovative ways to address the social service needs of their respective communities.

Training for military wives was provided by three main activities. First, seminars in business, computers, and social work were conducted in pilot project communities under this grant. Second, the *Women’s Labor and Training Conference*, jointly sponsored by Counterpart, *Rossiskaya Zabota*, and the Women’s Union of Russia and funded by local and international donors. Third, with a grant from the Eurasia Foundation — Counterpart sponsored a variety of skill training programs for Russian women entrepreneurs in key cities as a follow-on to the conference.

**PILOT PROJECT TRAINING**

178 military wives from pilot project communities were trained under the auspices of the World Learning project. The training is broken down as follows:

- 76 women: business training at pilot project sites in Perm-76, Zarya, and Yekaterinburg.
- 6 women: social worker training in Moscow.
- 10 women: social worker training in support of the Social Center at the Zarya site.
- 20 women: accountant’s training at Perm-76 and Zarya.
- 42 women and 2 men: on-the-job training at Perm, Zarya, Murmansk, and Yekaterinburg.
- 6 women: computer training for military wives at Zarya and Yekaterinburg.
- 1 woman: NGO Training in US
- 10 women: computer training for sewing center employees at Zarya.
- 7 women: professional training for bakery employees in Yekaterinburg.

**TRAINING CONFERENCE**

Nineteen military wives from Perm, Murmansk, and Zarya attended the Women’s Labor and Training Conference in 1994. The core of the conference offered training in everything from Job Search Techniques, to How to Write a Business Plan, to Access to Financial Services. The wives were provided with a unique training experience and the opportunity to network with 150 women from throughout Russia.

**FOLLOW-ON TRAINING**

The follow-on training, while Counterpart managed, enhanced the partnership by training more than 300 Russian women, including 134 military wives from Yekaterinburg, Perm, Nizhny Novgorod, Murmansk, Vladivostok and Khabarovsk, in small business and microenterprise development techniques.
Networking and Resource Development

In order to maximize program impact and increase the quality and quantity of resources available to Rossiskaya Zabota and its constituency, considerable time was spent on developing the following networks and resources:

**Support Network**

Rossiskaya Zabota’s active network of collaborating organizations is now comprised of over 50 organizations including NGOs/PVOs, military, former military, families of military, social service and welfare organizations, women’s groups, as well as hospitals, clinics, and orphanages.

For example, in Nizhny Novgorod, collaboration began with Vozhmozhnost/Opportunity International, an umbrella NGO uniting more than 20 NGOs in the region. Also, close cooperation started between Rossiskaya Zabota and the Government Coordinative Council on Retraining Retired Servicemen headed by Vladimir Mikhailov. The Council has been successfully working since 1992, financially supporting the process of social adaptation of retired servicemen. There are 15 regional branches throughout Russia. Over the last three years, more than 6,000 demobilized servicemen and their families have been retrained and are now employed. By collaborating on joint projects, Rossiskaya Zabota will be able to expand its resource base and geographic scope to include the 15 regional branches of the Council.

**Medical Network**

Rossiskaya Zabota’s medical network has been broadened to include partnership with nine Moscow area hospitals and children’s sanatoriums. The relationships established or strengthened under this project, in conjunction with Counterpart’s Humanitarian Assistance Program (CHAP) has led these hospitals to service children of the military in remote garrisons free of charge.

Also, for the medical component, more than $1.5 million in birth control pills were donated for distribution through Rossiskaya Zabota and the International Women’s Center. In addition to the birth control pills, another $34,895 in matching funds enabled the project to acquire medical supplies for a mobile medical clinic to treat military children.

**CHAP**

Under the auspices of CHAP, Rossiskaya Zabota was able to facilitate delivery of more than 300 tons of medical supplies, consumables, and furniture to NGOs and hospitals in the Moscow region, Yekaterinburg, and Nizhny Novgorod. This assistance was valued at more than $2.4 million.

**Newsletter**

Production of a bi-monthly newsletter “Partnyorstvo” is a new networking method for Rossiskaya Zabota to disseminate information on its charitable activities and to solicit information from their growing network of NGOs.
SIGNIFICANCE OF ACTIVITIES

ORGANIZATIONAL DEVELOPMENT AND STAFF TRAINING

In 1992, when Rossiskaya Zabota (Russian Care) was created, non-governmental organizations were a relatively new phenomena in the Russian Federation. As such, there were few precedents or local models for creating and developing sustainable, efficient NGOs from which Rossiskaya Zabota and other nascent charitable organizations could draw. The 1993 World Learning partnership project provided Rossiskaya Zabota with a conduit to access, utilize and adapt Counterpart’s community and NGO development experiences to the Russian context. Thus, the partnership fueled Rossiskaya Zabota’s emergence as an effective and experienced social service provider. Below, Andrei Stepanov, Managing Director of Rossiskaya Zabota, expressed his own views on the partnership project and its impact on and significance for his organization.

“Obviously speaking, there never would have been a Russian Care without partnership with Counterpart for the following reasons:

A) Counterpart has initially supported the new born Russian Care financially through the grant. The short history of Russian Third Sector gives a lot of examples of abortive attempts to run a local NGO without cooperation with foreign partners or NGOs brought to death after the closure of the grant.

B) The partnership changed the basic communist mentality of Russian Care’s staff by (helping them understand) what the charitable action, previously unknown in the country, should be and how NGOs should operate.

C) Intensive internal training of the staff initiated strategic planning, fund raising strategy, provided computer skills and improved the organizational efficiency and financial capacity of Russian Care.”

At the beginning of the grant, Rossiskaya Zabota was functioning in an old-style, highly bureaucratic mode coupled with operational and logistical problems due to the lack of modern office equipment. An initial organizational assessment revealed that there were few concrete achievements beyond the scope of diagnosing and treating children at several military bases. Based on the initial assessment, Counterpart and Rossiskaya Zabota developed and implemented a “New Office Program” which included the procurement of equipment, staff development activities, and new office management procedures. The changes were dramatic and the organization is now operating with an expanded scope and at a much higher level of efficiency.

PILOT PROJECTS AND TRAINING FOR MILITARY WIVES

The pilot projects and training programs have become successful and viable models which can be recreated in other military communities and beyond. Their initial success underscores the potential for small business enterprises, manned and managed by military wives, to serve three vital functions
for the military families -- functions which are not currently or adequately addressed by government agencies or other service providers. They are:

1. Employment of military wives, the vast majority of whom are presently unemployed or underemployed throughout Russia. In general, these women do not register with the existing local unemployment service, and thus, are not being reached by any social service or government program;

2. Provision of specialized training and job skills, typically lacking in this segment of the population. Training in small business development, accounting, financial planning and management, marketing, social work and counseling, computer skills and on-the-job performance help military wives become more self-sufficient and more marketable to potential employers;

3. Creation of income-generating opportunities. These opportunities accomplish two distinct goals: solving social problems on the local level, as the government can no longer afford to provide welfare or other support services to all of Russia; and placating a large, discontented segment of Russian population -- the military -- which possesses the means to bring either stability or conflict to the new democratic society emerging in Russia today.

The grant from World Learning enabled Rossiskaya Zabota and Counterpart to train over 330 military wives and to create four pilot projects which employ 65 people. Based on projections for all sites, pilot project managers expect to employ an additional 52 persons in 1996. The success of the pilot projects demonstrates what careful planning and minimal investment can accomplish.

Each of the pilot projects, in addition to providing employees with jobs and communities with quality products and services, has chosen to reinvest a percentage of their profits back into charitable activities. For example, the Zarya Sewing Center, the Yekaterinburg Bakery, and the Kaliningrad Bakery currently donate or plan on donating a percentage of their profits to Social Support Centers offering crisis counseling, social, education and child care services to their communities. These projects provide desperately needed services and present role models for other non-governmental charities and social projects.

In addition, to express their gratitude and support for Rossiskaya Zabota's role in the pilot projects, Zarya Sewing Center -- which was created to help the local community finance a new Social Support Center -- will be donating blankets and children's clothing to Rossiskaya Zabota so it can continue to fulfill its mission. Also, the Director of the Sewing Center recently became Rossiskaya Zabota's new Executive Director so that she can use her resources and contacts to strengthen the organization that gave so much to her community.

**NETWORKING AND RESOURCE DEVELOPMENT**

Close cooperation within the grant increased Russian Care's access to indigenous and international organizations and resources focusing on social services. At the beginning of the joint project, Rossiskaya Zabota had done little networking with other NGOs -- foreign or indigenous; at the end of the grant, their network included over 50 Russian NGOs, affiliates of international NGOs, and
other groups active in military communities. The geographic scope of the network was also expanded outside of the Moscow region to the following areas: Archangelsk, Chita, Dagestan, Kaliningrad, Khabarovsk, Murmansk, Nizhny Novgorod, Perm, St. Petersburg, Yekaterinburg, and Vladivostok.

The extension of foreign NGO contacts led to a partnership with Toys for Tots during their first year in Russia. The Toys for Tots partnership delivered more than 5000 toys to children working with Rossiskaya Zabota throughout the Moscow and Yekaterinburg regions. This activity also increased visibility and name recognition as well as facilitated additional business contacts with companies like Coca-Cola, Reebok, Pepsi, and Pfizer Pharmaceuticals.

Through the joint partner activities, Rossiskaya Zabota was able to expand its medical program for military children. This was accomplished through their role in facilitating the delivery of humanitarian aid received under the CHAP program. The recipient Moscow and Moscow Region children’s hospitals began treating children of servicemen on a gratis basis to express their commitment to Rossiskaya Zabota’s mission and their gratitude for much needed equipment and supplies. Hospitals in other recipient regions have also begun collaborating with Rossiskaya Zabota and its network agencies. Among the participating hospitals that have examined more than 2,500 children and diagnosed and hospitalized 279 of them are:

- Russian Children’s Hospital
- Institute of Cardiac Diseases A.N. Bakulev
- Institute of Pediatrics of the Russian Medical Academy
- Federal Scientific Center of Rehabilitation of Children with birth defects of motor functions
- Republican Center for Rehabilitation of Children “Gorki Leninsky” of the Ministry of Public Health
- Institute of Hemophilia
- Psychological-Neurological Sanatorium Number 28
- Children’s Oncology of the Ministry of Health
- Children’s Clinical Hospital Number 13

Through medicines provided with the mobile clinic, along with privately donated winter clothing, Rossiskaya Zabota also assisted the wives and children who have suffered as a result of the war in Chechnya.
COMMENTS AND RECOMMENDATIONS

Counterpart Foundation and Rossiskaya Zabota would like to thank World Learning for their support throughout the life of this project. This project was the beginning of what has developed into a long-term partnership between our organizations as well as between Rossiskaya Zabota and the pilot projects created under this grant.

Future plans for 1996 include several joint projects which are currently being developed for submission to local and international donors. Among the first proposed projects are a video and a TACIS proposal. The video would highlight the success of the pilot projects and their potential as models of development for other communities. The TACIS proposal would facilitate a partnership with Rossiskaya Zabota and two European NGOs to create up to two additional pilot projects as well as to provide supplementary technical assistance and training to the social centers located in existing pilot project sites.

In addition to projects mentioned above and the $2.4 million in humanitarian aid distributed during the grant, CHAP recently sent 10 truckloads of excess bolt cloth valued at $2,436,593 to the Zarya Sewing Center. The materials are currently in customs and are expected to be delivered to the Sewing Center in April 1996. The shipment will enhance humanitarian assistance efforts and charitable activities conducted by Rossiskaya Zabota and the Social Support Center located at Zarya. For example, the Sewing Center will utilize a significant part of the shipment to produce blankets and clothing for Rossiskaya Zabota to distribute to its network of hospitals and orphanages. Also, a percentage of the profits made on additional items created and sold will be donated to the NGO as a direct financial contribution to support other charitable activities. The remainder of the profits will be used to support the activities of Zarya’s Social Support Center.

As demonstrated during the project, this partnership has achieved a high level of success. The primary recommendation would be to develop a mechanism to support NGOs who would like to create micro-enterprises -- such as the pilot projects created under this grant -- that would donate a portion of its profits to the charitable organization. Activities such as these would insure the long-term financial sustainability of the NGOs in the absence of a well-founded philanthropic community.
Attachments
# WORLD LEARNING/NIS FINANCIAL REPORT FORMAT

**Grant #**: NIS-2022-00-15  
(Russia Care Project)  
**TOTAL AMOUNT OF GRANT**: $525,000.00  
**GRANT PERIOD**: AUGUST 15, 1993 TO DECEMBER 31, 1995

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**END OF PERIOD**  
(subtract line 5 from line 3)

**IF USING NON U.S. CURRENCY, PLEASE GIVE U.S. DOLLAR EQUIVALENT**

The undersigned hereby certifies:

a. that payment of the sum claimed under the cited subgrant is proper and due and that appropriate refund to World Learning will be made promptly upon request by World Learning in the event of nonperformance in whole or in part under the Subagreement for any breach of the terms of the Subagreement; and,

b. that information in the financial report is correct and such detail supporting information as World Learning may require will be furnished by the Subrecipient promptly to World Learning on request; and

c. that all requirements called for by the Subagreement to the date of this certification have been met.

By: [Signature]  
Date: 3/28/96
## WORLD LEARNING/NIIS FINANCIAL REPORT
### BACKUP LIST OF EXPENDITURES
#### Final report

<table>
<thead>
<tr>
<th>PAID TO</th>
<th>Ref:</th>
<th>PURPOSE</th>
<th>PERSONNEL</th>
<th>PROCUREMENT (EQUIPMENT)</th>
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<th>COMMUNICATION</th>
<th>OTHER DIRECT COSTS</th>
<th>EVALUATION</th>
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*By: [Signature]*

*Title: [Signature]*

*Date: 3/28/96*
Russian Care Brochure
RUSSIAN CARE

Russian Care is a non-governmental, charitable foundation, working to improve the condition of children, especially those of active, demobilized or dislocated military families.

Founded in June, 1992 by Mrs. Irina Kozyrev, the wife of Russia's Foreign Minister, Russian Care enlists the cooperation of citizens as well as public and private organizations in undertaking various charity and humanitarian activities. Working with local governmental bodies, efforts focus on the following areas: material, legal, moral, and social support for military families in adapting to a market economy and a new social reality, health services for family conditions.

The Russian military is presently in a difficult period of transition, when budgets have been drastically cut and forces reduced to an unprecedented low in the postwar period. At least 200,000 families of military servicemen have been transferred or demobilized from long-term postings in the Baltic States, Eastern Europe, Cuba, former Soviet Republics and other former Soviet military outposts. A considerable number of these families are not being provided with any transitional support services to include housing. By law, the government and military authorities must provide for locally-based military contingents and civilians, and the establishment and promotion of educational opportunities for their children.

As more officers are prematurely forced into retirement or out of the service, the plight of military wives and children has commensurably worsened. While base commanders are struggling to keep their officers and soldiers fed and cared for, the problems of military wives and children are perceived as secondary.

This cadre of dissatisfied military personnel represent a profoundly dangerous and potentially destabilizing force in modern Russian civil society. As conditions worsen, especially for the children of these frustrated military officers, it is difficult to predict how this increasingly vocal sector of society may react.

Russian Care is an expression of this dramatic situation. Created to address the needs of the children, their families, and the communities into which they are being introduced, it seeks to do so both by mobilizing resources to meet short-term needs in the critical sectors of health care, housing and education, and by awakening and empowering communities of women with the possibility of mutual support, initiative and self-support.

In the short term, Russian Care plans to provide medical assistance to children and supply medical institutions in the remote regions. Longer term plans include organizing mobile diagnostic teams and establishing consulting services and treatment for children suffering from chronic diseases at Moscow children's hospitals and medical centers.

Russian Care has been working with the children for more than two years. As of August 10, 1995 we have examined and treated more than 2,500 children, with 279 of these diagnosed as chronically ill and hospitalized in Moscow. The parents of these children, many assigned to remote areas without adequate medical facilities, cannot afford the proper treatment for their children. Working closely with several Moscow-based hospitals, we arrange medical trips to the bases for initial diagnosis and transport children to Moscow, when necessary.

The Foundation has developed excellent working relationships with the following hospitals: the Russian Children's Hospital, the Institute of Cardiac Diseases A.N.Bakulev, the Institute of Pediatrics of the Russian Medical Academy, the Federal Scientific Center of Rehabilitation of Children with birth defects of motor functions, the Republican Center for Rehabilitation of Children "Gorki Leninsky" of the Ministry of Public Health, among others.

Russian Care also offers families in need clothing, medicine, and food received as donations from private sources, NGO's and PVO's from the US and Europe.

Recently Russian Care has broadened its actions to include support for orphanages, children of civilian dislocated, refugee and single-parent families, providing them with clothing, medical supplies, furnishings, etc. Due to the catastrophic consequences of current economic changes, armed interregional conflicts namely in Chechnya, the number of children of the above mentioned categories is constantly growing. Thus, Russian Care strives to provide assistance to children of all social groups who are victims, regardless of reason, during these uncertain transitional times.

To conduct its activities, the Foundation counts on support of individual, governmental institutions, and private organizations. It gratefully accepts donations and welcomes inquiries about membership. For further information, please, contact:

Mr. Andrei Stepanov
Managing Director
Vozdvijenka 9, Moscow 121019, Russia
telfax: (095) 290-07-03
tel: (095) 290-07-61
E-mail: Counterpart @ glas.aps.org.
Board of Trustees
ROSSISKAYA ZABOTA
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KOZLOVSKAYA Nadezhda Egorovna, Vice-President of Moscow Government Committee for Social Questions of Dismissed and Disabled Military Servicemen

Members of the Board of Trustees:

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DURNOV Lev Abramovitch, Director of Pediatric Oncology Institute, Moscow.

JUKOV Aleksei Dmitrievitch, Director of the Russian Commission for UNESCO.

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KARPIN Leonid Ephimovitch, Head of the Consulting Polyclinic of the Republican Children’s Clinic Hospital.

LYPSKY Igor Adamovitch, Professor at the Russian Military Academy.

OKUTIN Vladimir Mikhailovitch, Director of Children’s Health Recovery Center “Gorky Leninskiye”.

POLEZHAII Inna Ionovna, Senior Officer at Moscow Military District responsible for Social Problems of Military Families.

STEPANOV Andrei Vadimovitch, Director of Rossiskaya Zabota (Russian Care).
Pilot Project Evaluation Questionnaire
Confidential Pilot Project Evaluation

Site: ☐ Zarya ☐ Kaliningrad ☐ Yekaterinburg ☐ Murmansk

<table>
<thead>
<tr>
<th>Company Name:</th>
<th></th>
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<tbody>
<tr>
<td>Project Manager:</td>
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<tr>
<td>Address:</td>
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<tr>
<td>Phone:</td>
<td></td>
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<tr>
<td>Fax:</td>
<td></td>
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<td>Board of Directors: (attach a list if applicable)</td>
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<td>Value of Current Inventory:</td>
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<td>Value of Direct Contributions:</td>
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</table>
Pilot Project Evaluation

The Business • Product/Sales/Competition

1. What types of products or services do you provide your clients?

2. How much do you produce per day, per month?

3. Have any changes been made in the product to improve its marketability? If so, please explain:

Did it increase sales?: ○ yes ○ no

4. How much do you sell per day, per month?

5. Are sales increasing? ○ yes ○ no
   By how much per day _________    Per month _________

6. If sales are increasing, are they increasing because:
   ○ the product is winning over the competition
   ○ the size of the market is expanding
   ○ other __________________________

7. If sales are not increasing, are they not increasing because:
   ○ the market for the product is saturated
   ○ there is no way to transport the product to new markets
   ○ another manufacturer is producing a better product
   ○ prices are too high
   ○ other __________________________

8. Where is your product or service sold? (Include number of distributors and locations)
9. Who are your main competitors? What products & services do they offer customers and how do they differ from the products & services you offer?

10. Are prices competitive with the competition?  ○ yes  ○ no

11. Who are your clients? (Individuals, companies, cooperatives, government...)
   ○ men
   ○ women
   ○ young people
   ○ children
   ○ high income
   ○ middle income
   ○ low income
   ○ poor
   ○ very poor
   ○ local community
   ○ same town/other communities
   ○ nationwide
   ○ export/international
   ○ all over region

12. Are you reaching new types of customers as your business expands?  ○ yes  ○ no
Which customers would you like to reach?

13. Do you have a business plan and/or marketing plan? (If so, please include)
   Business Plan  ○ yes  ○ no
   Marketing Plan  ○ yes  ○ no

14. Do you advertise? Where? (Radio, TV, community meetings, other businesses, posters, newspapers, etc...)
Management and Organization

1. Do you have a Board of Directors? What is its role?

2. Do you have an organization chart?  O yes  O no (If yes, please attach)

3. Number of Employees: __________

4. Provide a brief description for each position and the number of employees per position: (I.e...2 Secretaries: performs administrative duties, 1 Accountant: manages finances, etc.)

5. What type of benefits are offered to employees?

7. What training do you provide your employees?

8. What kind of training would you like to provide in the future? (technical, computer, management, sales, etc...
Business Environment
How important are each of the following issues for your business at the present time? (CHECK ONE RESPONSE FOR EACH ISSUE)

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<tr>
<th>Not at all Important(1)</th>
<th>Not very Important(2)</th>
<th>Somewhat Important(3)</th>
<th>Very Important(4)</th>
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<td>☐</td>
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<tr>
<td>b. Finding and keeping quality employees</td>
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<td>☐</td>
<td>☐</td>
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<td>d. Access to technology</td>
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<td>e. Labor costs</td>
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<td>f. Maintaining business profitability</td>
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<td>g. Managing cash flow and bill payment</td>
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<td>k. Lack of stability of banking system</td>
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<td>n. High taxes</td>
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<td>o. Foreign competition</td>
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Finances and Financial Management
Please share with your recent experiences with obtaining financing and resources for your business...

1. Do you currently have any form of bank credit, such as a loan or line of credit?
   ○ yes    ○ no

2. From which of the following financial institution(s) have you obtained capital for your business in the past year? (CHECK AS MANY AS APPLY)
   ○ Bank (1) Bank Name & Amount __________________________________________
   ○ Credit union (2) Name & Amount _________________________________________
   ○ Local business centers (3) Name & Amount ________________________________
   ○ State or military programs (4) Name & Amount _____________________________
   ○ Grants from other foreign foundations (5) Name & Amount __________________
   ○ Other (6) Name & Amount ______________________________________________
   ○ None (7) _____________________________________________________________

3. Do you receive any in-kind contributions or donations? (Please list donor and contribution)

4. Do you have a fundraising plan? (Please attach) Which donors do you target?
5. Who manages the finances? (Name and Position)

6. What financial records do you keep?

7. Do you offer your customers a line of credit? ○ yes ○ no
   If yes, what are the terms given to customers: _____ days after delivery of goods.

8. Do your suppliers allow you to offer a line of credit? ○ yes ○ no
   Who are your main suppliers? (Name, location, material or service provided)
   If you are able to use a credit line, what are the terms you receive from each supplier: ___ days after delivery?

---

**Expansion and Growth**

1. Do you have plans to increase your production in the near future? ○ yes ○ no
   If so, when? By how much?

2. How will you increase your production?

3. Will your staff need additional training to reach the new production goals? ○ yes ○ no
   If so, what types of training will be needed?

4. Will you need additional personnel? ○ yes ○ no
   If so, how many and for which positions?
5. Will you need additional space or facilities? ☐ yes ☐ no
   If so, what type of size space will be needed and what will it be used for?

6. Will you need additional equipment? ☐ yes ☐ no
   If so, what kind and quantity?(please list)

**Attachments**
If applicable, please attach a copy of the following:

- Business Plan
- Board of Directors List
- Organization Chart
- Marketing Plan
- Fundraising Plan
- Job Descriptions
- Sample Advertisements

**Equipment**

- List equipment purchased under this grant (include serial numbers)
- List additional equipment used in production (Ie... Sewing machines, ovens, ...)
- List additional administrative equipment (Fax, computer, calculators, cash register...)
- List of equipment needed
Kaliningrad Bakery Equipment
Комплект оборудования пекарни
Класса "мини" высокопроизводительная
(1400-1600 КГ/СМ)
Предназначена для производства подового (формового) хлеба и хлебобулочных изделий из пшеницы и солодовой муки.

Технические характеристики:
Производительность, кг/ч
(батон "Подмосковный" 0,4 кг) - 1300-1500
Мощность машины, кВт - 140 - 150
Затраты технического помещения, кв.м. - 75
Количество обслуживающего персонала - 3 человека

Комплектность:
1. Мукопросевитель ЧММ-200-220мм, П.И. шт. - 1
2. Вейс-пресс машин, мм - 1
3. Бутылочная промышленная производство - 1
4. Печь котл. марки чечевица, марки ЧММ шт. - 1
5. Печь производства марки чечевица шт. - 1
6. Прессователь марки ЧММ шт. - 1
7. Прессователь марки ЧММ шт. - 1
8. Система производства хлеба - 1
9. Упаковочная машина марки ЧММ шт. - 1
10. Упаковочная машина марки ЧММ шт. - 1

Дополнительные сведения:
Срок окупаемости (с Москвы) - 2,5 месяца
Срок капиталовложений в постройку - не менее 11 м

BEST AVAILABLE COPY
CHAP Distributions through Russian Care
CHAP DISTRIBUTIONS THROUGH RUSSIAN CARE
from September 1994 through March 1996

September 1994: 4 truckloads, $576,000 worth of medical supplies, distributed through Russian Care to:
- Republican Children's Hospital in Moscow

October 1994: 9 truckloads of hospital furniture and bedding valued at $261,000 were distributed through Russian Care to two hospitals in Moscow:
- Rehabilitation Center for Children #2
- Gorky-Leninskiy Hospital

February 1995: 14 truckloads, $1,149,804 worth of medical supplies, furniture and clothing were distributed through Russian Care to the following organizations in and around Moscow:
- Fund for Assistance to Refugees, “Peresvet”
- Children’s Hospital No. 9
- Clinical Hospital No. 20
- Association for Assistance to Families of Disabled Children
- Special School Internate No. 17
- Institute for Basic Life Principles
- Fund for Assistance to Refugees, “Isida”
- Fund for Assistance to Refugees, “Cootechestveniki”
- Association for Persons with Hemophilia
- International Women’s Center - “Women’s Future”
- Children’s Sanatorium No. 28
- Republican Children’s Hospital
- Republican Science/Practical Center for Medical/Social Rehabilitation

March 1995: 8 truckloads were sent to Yekaterinburg for distribution by Russian Care. $347,009 worth of clothing, bedding, sleeping bags and medical consumables were distributed to:
- Psychological-Nervous System Disorders
- Children’s Hospital No. 25
- Ural Center of Servicemen, “Savoy”
- Institute for the Protection of Mothers and Children
- Social Protection of Citizens

June 1995: 6 truckloads were distributed to organizations in Nizhny Novgorod - the shipment included $203,930 worth of appliances (ovens, refrigerators, washers, dryers) and medical consumables:
- City Hospital “Pyatnizkogo”
- Children’s Hospital No. 1
- Institute on Basic Life Principles
- 12 Steps Center
- Children’s Sanatorium “Roika”
- Public Health Department
- Labor Rehabilitation Center
- Social Support Fund
- City Hospital No. 39

March 1996: 10 truckloads of excess bolt cloth valued at $2,436,593 have been shipped and will be distributed to:
- Zarya Sewing Center
CHAP Memorandum of Agreement

Rossiskaya Zabota and Zarya Sewing Center – February 1996
COUNTERPART HUMANITARIAN ASSISTANCE PROGRAM

EXCESS PROPERTY

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement outlines the duties, responsibilities, and areas of agreement among the signatories for donations of U.S. Department of Defense excess property for humanitarian purposes. The signatories understand that the excess property has been in storage for an extended period of time and is accepted in an “as is” condition.

1. INTRODUCTION: It is agreed by and between COUNTERPART Foundation, Inc. (herein referred to as COUNTERPART) of 910 17th Street, N.W., Suite 328, Washington, D.C. 20006, USA, and Russian Care (herein referred to as NGO), that COUNTERPART will provide Humanitarian Assistance in the form of excess bolt cloth to be used for income generating activities by: Zarya Sewing Center [herein referred to as RECIPIENT] to generate funding to maintain the Social Support Center in Zarya and to support Russian Care’s humanitarian activities.

2. SOURCE AND SHIPMENT OF SUPPLIES: The cloth is to be delivered by COUNTERPART to a secure, dry and clean warehouse to be designated by the NGO, and approved by COUNTERPART. The NGO will do everything possible to assist in the customs clearance process.

3. RECEIPT, HANDLING AND SECURITY OF SUPPLIES: The NGO will coordinate arrival of the cargo with the shipper upon its entrance in the destination country. Counterpart will provide the NGO with the necessary contact information and customs documents. The RECIPIENT is responsible for off loading cargo from trucks, providing labor, and arranging safe and secure storage. All arrangements made by the NGO and RECIPIENT are subject to approval of COUNTERPART.

4. DELIVERY AND DISTRIBUTION OF SUPPLIES: The NGO agrees to distribute the excess property to the RECIPIENT in accordance with the following guidelines:

a) The NGO will develop a distribution plan, approved by COUNTERPART, prior to the delivery of the property.

b) The NGO will notify and COUNTERPART will agree in advance of the distribution dates and locations.

c) Unless otherwise agreed to by COUNTERPART, said distribution will occur immediately after all vehicles involved in the transport of items from Europe have been unloaded and their contents inventoried.

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d) No unloading or distribution of materials will take place without the presence and supervision of a COUNTERPART Representative.

e) The selection and quantities of the items produced from the cloth to be distributed to children’s hospitals will be determined by NGO in consultation with COUNTERPART.

5. **TRANSPORTATION OF SUPPLIES TO RECIPIENTS:** Vehicles and arrangements for transportation of the cloth will be the responsibility of the RECIPIENT, subject to the approval and/or supervision by COUNTERPART. Ensuring that items are protected in secure, clean, properly covered vehicles is the responsibility of the RECIPIENT with guidance from COUNTERPART.

6. **RECORDS & IDENTIFICATION:** Using data supplied by NGO, COUNTERPART shall compile detailed records on all deliveries and distributions, including but not limited to the following: complete and accurate inventory forms, distribution forms and memoranda of agreement for each delivery.

7. **RESALE AND USE OF EXCESS PROPERTY:** It is agreed that items generated from the bolt cloth may be resold with the stipulation that 50% of the proceeds (after material, equipment, labor and overhead costs) will go to the RECIPIENT and to help maintain a Social Support Center in Zarya, 25% direct financial contribution to the NGO in support of the NGOs activities, and the final 25% will be used to produce blankets for distribution by the NGO to children’s hospitals. Proceeds from the sale of products made from the donated cloth are intended solely to support services and programs for needy individuals, children, infants and invalids, and for the institutional development of organizations conducting humanitarian work.

8. **DISCLAIMER OF WARRANTIES, LIABILITY, TAXES, AND FEES:** It is specifically understood and agreed by the NGO and the RECIPIENT that:

   a) COUNTERPART does not act as a seller for purposes of product liability law nor for any other purpose.

   b) The items donated hereunder and their transport and distribution will not be subject to any taxes, tolls, or fees.

   c) The items delivered hereunder are accepted "as is" and without any warranties being made on the part of COUNTERPART. COUNTERPART makes neither any express nor any implied warranette of fitness for a particular purpose and disclaims any such warranties.

   d) The NGO and RECIPIENT agree to indemnify, defend and hold COUNTERPART, its employees and agents harmless from any claims, liability, loss, damage, or injury of any kind, including but not limited to: attorney's fees and costs of litigation.

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directly or indirectly resulting from or associated with the supplies, equipment, and/or items supplied by COUNTERPART. COUNTERPART will not have any duty to defend the NGO or RECIPIENT in any litigation resulting from the use of the supplies, equipment and/or items supplied by COUNTERPART. In no event shall COUNTERPART be liable to the undersigned for loss of profits, indirect, special, consequential, or other similar damages arising out of the use of supplies, equipment, and/or items supplied by COUNTERPART.

e) That this indemnity obligation by the NGO shall be without regard to any negligent act or omission by COUNTERPART, its employees or agents.

9. ACCEPTANCE OF CONDITION OF MATERIALS: The signatories recognize that they will accept the items in the condition they are delivered. All excess property must be properly maintained.

10. FOLLOW-UP SPOT CHECKING AND REPORTING REQUIREMENTS: To assure COUNTERPART's compliance with U.S. Government law, designated representatives will periodically spot check (see attached form) said property distributed to the RECIPIENT and the NGO in order to monitor end use. The NGO and RECIPIENT must also submit written quarterly reports describing the use of said property. The NGO and RECIPIENT must submit such reports to COUNTERPART for one (1) year after receipt of excess equipment and supplies.

11. CHOICE OF LAW: Any legal conflicts between the parties of this agreement will be adjudicated pursuant to United States and District of Columbia law. Should either party be required to bring legal action to enforce the terms of this agreement, the prevailing party shall be entitled to an award of its costs and reasonable attorney's fees.

12. BREACH OF AGREEMENT: Breach of this Agreement will require the return of all excess property items previously delivered hereunder.

February 28, 1996
I have read and understood the above document.

Signed, sealed and executed (with copies in English and in the official language used by the implementing partner) this 12 day of March, 1996.

RUSSIAN CARE
Name of NGO

A. Stepanov
By: (print name)

Signature
Title

SEWING CENTER ZARYA
Name of RECIPIENT

L. Matveytchuk
By: (print name)

Signature
Title

COUNTERPART

Gregory Tsune
By: (print name)

Signature
Title
Photographs of Project Activities
Yekaterinburg Bakery – Preparation of Loaves for Baking

Nizhny Novgorod – Women’s Business Training