

Russia

The Development Challenge: Russia's progress in making the transition to a market-oriented democracy is a mixed picture. While the country has made impressive economic reform gains since the 1998 financial crisis, the economy is overly dependent on extractive industries, democratization trends have been stagnating at best, and key social indicators are troublesome.

Over the past five years, Russia's economy has been expanding by at least 4% annually. However, Gross Domestic Product (GDP) levels remain well below pre-transition levels, with current GDP in Russia representing roughly 65% of 1989 GDP. More significantly, the current growth rate of the economy may not be sustainable since it results in part from high oil prices and a decrease in competitiveness due to ruble appreciation following the late 1998 devaluation. In addition, administrative barriers and the lack of a fully functioning banking system continue to retard business growth and investment policies in general require significant improvement. Nevertheless, momentum continued for advancing the reforms needed for WTO accession, combating money laundering, and promoting small business development. Implementation and monitoring of these reforms at the national level and across Russia's 89 administrative regions remains a daunting task.

The slow pace of democratization is a major concern. Human rights abuses, particularly in Chechnya, religious intolerance toward non-Orthodox faiths, and efforts to clamp down on the independent media particularly following the hostage crisis in Moscow in October, are evidence of a continuing struggle between proponents of broad participation in Russian society and the government's pursuit of managed-democracy. Civil society in general remains weak even as some non-governmental organizations improve their capacity and opportunities for networking and participation in decision-making. Nevertheless, NGOs face government pressure, particularly ones that champion causes unpopular with Russian officials. In major advances, jury trials are being introduced nation-wide and, for the first time, the judiciary reported widely on ethical violations committed by judges and the disciplinary actions taken. Also encouraging is a presidential commission which is defining the division of responsibility and authority among federal, regional, and local governments. This work could have a far-reaching impact on the challenges of democratic governance in Russia by addressing structure and power relationships between different levels of government and a range of issues from intergovernmental finance to the delivery of communal services to mineral extraction.

On the socio-economic front, the drop in the poverty rate since 1998 suggests that some of the macroeconomic gains are filtering down to Russia's population, although income inequality remains very high and the deterioration of human capital is alarming. Life expectancy continues its decades-long decline, and child malnutrition rates are very high compared to those in Central and Eastern Europe. Secondary school enrollments have also declined since the start of the transition. Russian government adoption of international protocols for treating tuberculosis, including multi-drug-resistant strains, is a major step forward in combating that epidemic. However, with the fastest rate of increase in HIV infection in the world, the HIV/AIDS pandemic in Russia -is posing a serious threat to the country's future.

The United States has overriding interests in cooperating with Russia on critical national security issues, including the global war on terrorism, nonproliferation of weapons of mass destruction, and the future of NATO. As the dominant presence in Eurasia, it is within U.S. interests to see Russia complete a successful transition to market-based democracy. A prosperous Russia -- based on democratic principles and broad-based economic growth -- promotes regional stability, expands opportunities for U.S. trade and investment, and reinforces Russia's growing relationship to the Euro-Atlantic community. Developing and sustaining alliances with the people and institutions of Russia makes it easier to address cross-border threats, such as the spread of HIV/AIDS.

The USAID Program: USAID's assistance goal is to work in partnership with Russians to build a market-oriented and socially-responsible democracy through the adoption of democratic norms, free-market mechanisms, and modern approaches to public health and child welfare. The USAID program

emphasizes a Russian-led transition process ("Russianization") and U.S.-Russian partnerships at many levels. Anti-corruption, conflict prevention, gender, and youth are themes which cut across the portfolio.

Under the economic rubric, USAID's current program is supporting development and implementation of targeted market-oriented reforms, expanding the small and medium-size business sector as the future engine of growth in the Russian economy, and improving environmental resources management. In the democracy area, USAID activities focus on broadening participation of men and women in Russian society, improving legal systems and building confidence in the rule of law, and strengthening local governance to be more responsive and accountable. Under the health rubric, USAID is launching a new initiative, Healthy Russia 2020, which will serve as the cornerstone of the health program. Activities are aimed at adapting and using the best international practices in health care, infectious disease control, child welfare, and reproductive health. Under program support and special initiatives, USAID provides financial support for the U.S.-Russia Investment Fund, the Eurasia Foundation, partnership programs in the Volga Federal District and the Russian Far East, participant training, and program development and monitoring. Virtually all of USAID's assistance is managed by non-governmental and private sector organizations, and only a small portion directly benefits the Russian government.

Current budget projections for FY 2004 reflect a one-third cut in resources to USAID's Russia program. As a result, USAID is preparing a graduation strategy for its FREEDOM Support Act (FSA) assistance to Russia. Among other priorities, USAID's strategy will focus on how best to consolidate assistance gains and support the continuing evolution of Russia's transition, including the sustainability of key Russian partner institutions that will continue some of the work now supported by USAID.

The FY 2004 budget reductions will affect programs in both FY 2003 and FY 2004. Given progress in economic reforms, USAID funding for economic growth activities will likely be cut back. Assistance for democracy and governance will also decline. The democracy and health portfolios will probably be the most prominent in the final stages of the USAID program leading up to graduation. Clearly, however, a 30% cut in budget will require USAID to exit certain sectors and activities more rapidly than otherwise would have been the case. Final decisions on which sectors to exit from first will be made only after an interagency graduation strategy has been adopted.

Other Program Elements: Non-bilateral resources include U.S.-Russian health and environmental partnerships; donated medical equipment; regional programs to combat tuberculosis and HIV/AIDS and to promote international accounting standards; farmer-to-farmer advisors; and small business loan guarantees. USAID also coordinates closely with other USG agencies working in Russia, especially in supporting of Department of Energy programs in "nuclear cities" and in maximizing synergies with public affairs activities.

Other Donors: The United States is the largest bilateral donor to Russia. Other major donors include the European Union (legal, civil service, fiscal, banking, and social reform); Italy (agriculture, urban development, market economy); Germany (education, health, environment, and economic infrastructure); the United Kingdom (economic policy reform, participatory government, civil society, the rule of law, health, and enterprise development); Sweden (common security; integration in Europe; civil society, including legal system, independent mass media, and equality between the sexes; socially sustainable economic transition, including health and public administration; environment; trade and investment into the Baltic Sea Region); Norway (environment, including nuclear safety and energy issues; economic development); France (economic and social infrastructure); Finland (economic transition, environment, health, culture); and Canada (transition to a market-based economy, democratic development, environment, indigenous people, trade and investment links). Private foundations also play an important role in Russia, particularly in the areas of civil society and health.

Russia
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	3,543	0	0	0
FREEDOM Support Act	163,477	159,083	148,000	73,000
Total Program Funds	167,020	159,083	148,000	73,000

STRATEGIC OBJECTIVE SUMMARY

118-0130 Private Enterprise Growth and Development				
FSA	10,360	0	0	0
118-0131 Small Business Development				
FSA	0	11,497	10,165	6,200
118-0140 Market-Oriented Economic Infrastructure				
FSA	8,946	0	0	0
118-0141 Economic Policy Reform				
FSA	0	6,343	5,850	3,800
118-0160 Environmental Management Capacity				
FSA	6,960	0	0	0
118-0161 Environment				
FSA	0	6,800	6,400	1,590
118-0210 Citizens' Participation				
FSA	13,123	0	0	0
118-0211 More Open, Participatory Society				
FSA	0	12,749	13,792	11,090
118-0220 Rule of Law				
FSA	2,978	0	0	0
118-0221 Legal Systems Strengthened				
FSA	0	4,604	4,046	2,285
118-0231 Local Governance and Economic Development				
FSA	0	3,220	3,742	2,450
118-0320 Selected Social Benefits and Services				
CSH	3,543	0	0	0
FSA	14,879	0	0	0
118-0321 Health and Child Welfare				
FSA	0	13,615	15,250	14,500
118-0410 Special Initiatives				
FSA	25,000	20,000	20,000	10,000
118-0420 Cross-Cutting Programs				
FSA	14,176	14,572	14,325	8,885
TRANSFER				
FSA	67,055	65,683	54,430	12,200

Mission Director,
Carol Peasley

Data Sheet

USAID Mission:	Russia
Program Title:	Small Business Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0131
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,165,000 FSA
Prior Year Unobligated:	\$325,000 FSA
Proposed FY 2004 Obligation:	\$6,200,000 FSA
Year of Initial Obligation:	FY2000
Estimated Completion Date:	FY2005

Summary: USAID's business development and finance programs continue to provide technical assistance, training, and non-bank financing to promote economic growth for the transition to a free-market economy and to a more democratic society through the development of a middle class in Russia. Activities focus on individual entrepreneurs and small businesses, improving the policy environment, delivery of high quality business services, improved access to finance, and promoting economic education to Russian youth.

Inputs, Outputs, Activities:

FY 2003 Program:

Policy reform (\$1,168,000 FSA). USAID will work with eight business associations in the Russian Federation to advocate for reform in the processes that impede the growth of small and medium-sized enterprises (SMEs). This complements the work of the Eurasia Foundation in strengthening small business advocacy organizations. The lessons learned at the regional level will then be used to develop an agenda to assist the Russian Duma in reform at the federal level. In turn, the Russian Duma will be an active participant in the U.S. Congress-Russian Duma Task Force on SME issues, with one exchange visit planned this year. It is expected that about 20 Duma and Congress members will participate. In Tomsk Oblast, USAID funded a study to identify impediments to investment. The action plan developed from the study will be monitored to actively encourage investment in the region. USAID will work with two more regions to develop their investment action plans, complementing work by the World Bank in other regions. The key American partners are the Center for International Private Enterprise, the Foreign Investment Advisory Service, and FINCA International.

High-quality services (\$3,450,000 FSA). Russian business consultants will be paired with about 70 American business volunteers to learn how to work in the sectors showing the greatest potential for growth. In the Russian Far East (RFE), the current small business training activity through the American-Russian Centers will end, and a new activity is planned to meet the unique needs of SMEs in this area. The development of this activity will be based on a recent USAID-funded assessment of the SME sector in the RFE. USAID's key partners are the Citizens Democracy Corps, the Academy of Management and Market, and a partner to be determined for the new activity.

Access to finance (\$4,680,000 FSA). The non-bank model introduced by USAID to promote economic growth is reaching maturity. USAID will be converting the non-bank organizations into indigenous, sustainable Russian credit institutions. The Russian partners are assuming a leadership role in managing the organizations and the loan portfolios. The Russian Microfinance Center will issue its first grants to provide administrative and loan resources for Russian microfinance institutions. It is expected that four to six grants will be awarded. This will be the final year of funding for microcredit projects in Sakhalin and Samara as well as for the Mobilizing Agriculture Credit project. USAID is exploring a Global Development Alliance (GDA) partnership, which could begin this year, for microcredit in North Sakhalin. USAID's

implementing partners are ACDI/VOCA, FINCA International, Counterpart International and Development Alternatives International.

Education and training (\$300,000 FSA). USAID will continue to work with Junior Achievement of Russia (JAR) to promote economic education, ethics, and civic responsibility in schools. The JAR activity will be expanded to reach more students and incorporate civics and ethics training into the curriculum. USAID's implementing partner is Junior Achievement Russia.

Program support (\$567,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Policy reform (\$700,000 FSA). The policy advocacy activity would continue to develop agendas with Russian business associations at the regional and federal levels to change obstructive laws and decrease administrative barriers. Additional technical assistance and training for associations would be provided to ensure their sustainability after USAID programs end.

High-quality services (\$1,800,000 FSA). The Integrated Business Services activity will end this year, but USAID intends to work with partners to ensure that a Russian organization assumes management of any follow-on activities. The program to assist SMEs in the Russian Far East would be expanded.

Access to finance (\$2,990,000 FSA). USAID intends to convert the remaining microfinance activities into sustainable, indigenous Russian credit organizations. USAID plans to assist our Russian partners in determining the most advantageous legal form for sustainability. USAID would continue to support the Russian Microfinance Center to advocate for changes in laws to further the goals of Russian non-bank financial institutions, but this will be the final year of funding for the Center. This will also be the final year of funding for the Tomsk microcredit project. The GDA partnership of FY 2003 would continue.

Education and training (\$310,000 FSA). USAID would continue to expand the JAR activity to more schools and would further expand its core program along with civics and ethics training. In addition it would solicit support from Russian businesses, with the expectation that Russian businesses will eventually pay most of the program's costs.

Program support (\$400,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: With the help of USAID's advocacy activities, small business clients were exempted from paying the value-added tax on interest from microfinance loans. A USAID-funded study of investment barriers led Tomsk Oblast to adopt action and implementation plans to eliminate barriers and actively encourage investment. USAID's activities increased access to credit to over 6,500 small business owners through the microfinance activity; nearly 42,000 microfinance loans were made, totaling \$44.6 million, more than double the previous year's number. Of these, 68% went to women. Programs funded by USAID Washington provided 143 Farmer-to-Farmer volunteers, who helped participating farmers increase production and revenue by an average of 10%. The Rural Credit Cooperative Development Fund, a joint USAID-USDA activity, reported that 22% of its individual clients borrowed from \$5,000 to \$10,000, a doubling of the percentage over two years. Junior Achievement Russia developed 30,000 student guides and 1,000 teacher manuals for its civics program. Nearly 2.1 million students have participated in Junior Achievement Russia over the life of the program.

US Financing in Thousands of Dollars

Russia

118-0131 Small Business Development	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	11,172
Expenditures	1,599
Through September 30, 2002	
Obligations	11,172
Expenditures	1,599
Unliquidated	9,573
Prior Year Unobligated Funds	
Obligations	325
Planned Fiscal Year 2003 NOA	
Obligations	10,165
Total Planned Fiscal Year 2003	
Obligations	10,490
Proposed Fiscal Year 2004 NOA	
Obligations	6,200
Future Obligations	0
Est. Total Cost	27,862

Data Sheet

USAID Mission:	Russia
Program Title:	Economic Policy Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0141
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,850,000 FSA
Prior Year Unobligated:	\$650,000 FSA
Proposed FY 2004 Obligation:	\$3,800,000 FSA
Year of Initial Obligation:	FY2003
Estimated Completion Date:	FY2005

Summary: USAID's program to support Russian-led policy reform includes grants to Russian think tanks for institutional strengthening and policy analyses on select economic reform topics; technical assistance to improve intergovernmental fiscal relations at all levels of government; small grants to further Russian initiatives to improve corporate governance; targeted technical assistance to strengthen the financial and banking systems; and loan guarantees to stimulate Russian commercial bank lending to small and medium sized enterprises (SMEs).

Inputs, Outputs, Activities:

FY 2003 Program:

Economic institutions (\$2,789,000 FSA). USAID will provide small grants to about 20 Russian think tanks to strengthen their institutional capacity and to develop policy recommendations on selected economic reform topics. The program will train think tanks in policy advocacy to increase support among the general public, business community, and government for free-market reforms. USAID will fund a follow-on program with the Institute for Economy in Transition (IET) to continue work on tax reform, World Trade Organization (WTO) accession, customs reform, budget reform, and civil service reform. USAID will fund at least 10 visits of international economic experts for consultations with Russian think tanks and policy-makers in the final year of funding. Funding to the Center for Economic and Financial Research (CEFIR) will allow it to monitor implementation of laws to reduce administrative barriers for small business in 20 regions. USAID's key partners are IET, Louis Berger Group, the Moscow Public Science Foundation, and CEFIR.

Fiscal reform (\$900,000 FSA). USAID will fund a Russian think tank to implement the recommendation of the Presidential Commission appointed to improve intergovernmental fiscal relations by reducing unfunded mandates and clarifying revenue and expenditure assignments between federal, regional, and local levels of government. Additionally, technical assistance to six pilot regions, and short-term assistance to an additional 30 regions, will be provided to rationalize revenue transfers between regional and municipal governments. USAID's key partners are: Deloitte Touche Tohmatsu (prime) and the Center for Fiscal Policy (sub).

Financial reform (\$1,475,000 FSA). USAID will fund targeted technical assistance and training to promote banking reform at the Central Bank and commercial bank levels in the final year of funding. USAID will fund at least two new guarantee agreements with Russian commercial banks to promote SME lending. This guarantee program complements USAID's efforts under the business development objective (118-0131) to increase financing for SMEs through non-bank financial institutions. USAID will provide grants to Russian NGOs to monitor implementation of Russia's new Corporate Governance Code and to conduct public awareness and advocacy campaigns on corporate governance reform. The program will train boards of directors of Russian companies and will work with Russian NGOs to develop certification procedures and professional standards. USAID's key partners are the Financial Services Volunteer Corps and others to be determined.

Regional economic development (\$300,000 FSA). USAID will fund activities under the Alaska-Sakhalin Working Group to strengthen ties between the Russian Far East (RFE) and the State of Alaska and to promote U.S. investment in the RFE. A training and technical college will be established on Sakhalin Island to train local Russians seeking work in the oil and gas sector. Such training will enable western oil and gas companies to meet Russian content requirements under production-sharing agreements. Officials and NGO representatives on Sakhalin Island will also be trained to better manage the environmental risks of oil and gas exploitation. This will be the final year of funding for this program, due to budget constraints. USAID's key partner is State of Alaska Department of Community and Economic Development.

Program support (\$386,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Economic institutions (\$2,251,000 FSA). USAID plans to fund 15 new think tank grants and will continue the economic policy program with the Institute for Economy in Transition, but at a reduced level as it begins to phase out support for this think tank. Funding to CEFIR will continue at a slightly reduced level.

Fiscal reform (\$750,000 FSA). USAID funding for the Center for Fiscal Policy would be reduced as the Center increases its funding from other donors and works with regional and federal government beneficiaries on a cost-sharing basis.

Financial reform (\$529,000 FSA). USAID expects to enter into two more loan guarantee agreements with Russian commercial banks, U.S. companies, or other sources of private capital.

Program support (\$270,000 FSA). These funds would cover, evaluations, studies, and related program management costs.

Performance and Results: USAID-supported think tanks conducted 43 analyses that were incorporated into legislative and policy initiatives, including five laws to reduce administrative barriers for businesses. The USAID-funded Institute for Economy in Transition (IET) helped amend Russia's tax code to reduce the tax burden on small businesses; IET's amendments to the Customs Code brought Russia's customs system into compliance with WTO requirements. The USAID-funded Center for Fiscal Policy formulated a comprehensive strategy for intergovernmental fiscal reform under the auspices of the Kozak Commission. The number of Russian regions using the Center's formula for distributing budget increased from 14 to 25. The Financial Services Volunteer Corps (FSVC) helped the Central Bank develop and implement strict anti-money laundering regulations. As a result, Russia was removed from the Financial Action Task Force's watch list. FSVC also helped develop key banking reform legislation. Under USAID's Loan Portfolio Guarantee Program, three partner banks issued 200 SME loans totaling \$7.5 million, an increase of 170% over last year.

US Financing in Thousands of Dollars

Russia

118-0141 Economic Policy Reform	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	5,693
Expenditures	560
Through September 30, 2002	
Obligations	5,693
Expenditures	560
Unliquidated	5,133
Prior Year Unobligated Funds	
Obligations	650
Planned Fiscal Year 2003 NOA	
Obligations	5,850
Total Planned Fiscal Year 2003	
Obligations	6,500
Proposed Fiscal Year 2004 NOA	
Obligations	3,800
Future Obligations	0
Est. Total Cost	15,993

Data Sheet

USAID Mission:	Russia
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0161
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,400,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,590,000 FSA
Year of Initial Obligation:	FY2000
Estimated Completion Date:	FY2005

Summary: USAID's environment program provides technical assistance and training to increase environmental protection in Russia, while promoting economic growth. Activities focus on business development and entrepreneurship, and the need to meet environmental standards to compete in the global marketplace. In the forestry sector, the program addresses the larger issues of protecting and preserving Russia's valuable carbon sink, while creating new employment opportunities and promoting democratic reforms and community development. Activities also contribute to improved health for Russia's citizens, and address trans-boundary environmental issues such as the migration of pests and global climate change. All activities under this SO are being phased out at the end of FY 2004.

Inputs, Outputs, Activities:

FY 2003 Program:

This program is implemented through two projects: FOREST and Replication of Lessons Learned. These projects are complementary and comprise the components below. USAID partners are Winrock and the Institute for Sustainable Communities (ISC). Both partners manage parts of all these components, with the exception of local governance capacity, which is managed entirely by ISC.

Business development (\$1,806,000 FSA). USAID will continue to work with eight trade associations in the Russian Far East (RFE) and Siberia to increase their capacity to provide services such as strategic planning, market studies, information, and training to member companies. Support to the associations and direct support to businesses in this sector will continue to result in increased profitability, sustainability, and trade with other countries.

Technology and processes (\$1,445,000 FSA). Training provided to businesses and government on environmental management systems (EMS) and International Organization for Standardization (ISO) 14000 will prepare companies to implement EMS and government to design accreditation and certification systems. Additional feasibility studies and the identification of financing options will continue to increase the number of companies investing in biomass energy technologies. We currently have four facilities completed and are fast-tracking another six this year.

Local government capacity (\$607,500 FSA). Targeted municipalities in multiple regions will replicate energy efficiency projects and health risk assessments successfully introduced in pilot regions. This will result in improved health of citizens as data from assessments are used to prioritize decisions on investments in municipal services.

Forest resources (\$602,000 FSA). The new pest monitoring system introduced by USAID in 2001 will be rolled out in an additional region, and data already collected will be used to predict and prevent outbreaks.

Civil society advocacy (\$1,564,500 FSA). The forest fire prevention campaign developed in 2001 will be implemented in additional regions throughout the RFE and Siberia with the participation of citizen groups,

schools and local administrations. Environmental education and Internet linkages will continue to be promoted throughout Russia.

Program support (\$375,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

This program would continue under the two projects: FOREST (\$900,000) and Replication of Lessons Learned (\$500,000), but will end at the close of FY 2004.

Program Support (\$190,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: Russian businesses now have the capacity to implement environmental management systems that conform to the World Trade Organization's regulations. USAID contributed to the forestry sector's increased profitability and sustainability, and to increased trade with businesses in other countries, including the United States. Region 7, an association of non-timber forest product firms in the Russian Far East, has signed a three-year contract with a British company to deliver 300 metric tons of honey per year, beginning in 2003. The contract is valued at \$900,000. Four biomass energy facilities were installed in the Russian Far East and Siberia, bringing economic, social, and environmental benefits and contributing to the United States' commitment to address global climate change. When on line, these plants will generate up to five megawatts of energy. Pilot regions, using a new method to predict and control forest pest outbreaks, have reduced associated costs by 80%. This reduction helps protect forests in the United States by limiting the pests transported during trade transactions. More than 750 individuals and groups are participating in a fire prevention campaign launched this year, modeled on the "Smokey the Bear" campaign from the United States. Tens of thousands of citizens were informed about the need to prevent forest fires during the peak fire season, and surveys showed that up to 18% of the audience for these messages changed their behavior when using the forests. Municipalities are using environmental health risk assessments supported by USAID. These assessments quantifiably reduced lead levels in the blood of children and contributed to a 100% increase in the number of men in one Russian region who consulted doctors for treatment of sexual dysfunction caused by pollution. More than 20 new environmental education and public advocacy programs have been implemented, and an Internet network now links children in 140 cities, enabling them to share their environmental experiences. Thanks to USAID-supported energy efficiency programs, schoolchildren, hospital patients, and citizens using municipal facilities in the Volga Federal District are now warm and comfortable, and municipalities are saving money that can be used to address other social needs.

US Financing in Thousands of Dollars

Russia

118-0161 Environment	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	6,800
Expenditures	397
Through September 30, 2002	
Obligations	6,800
Expenditures	397
Unliquidated	6,403
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	6,400
Total Planned Fiscal Year 2003	
Obligations	6,400
Proposed Fiscal Year 2004 NOA	
Obligations	1,590
Future Obligations	0
Est. Total Cost	14,790

Data Sheet

USAID Mission:	Russia
Program Title:	More Open, Participatory Society
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0211
Status:	Continuing
Proposed FY 2003 Obligation:	\$13,792,000 FSA
Prior Year Unobligated:	\$300,000 FSA
Proposed FY 2004 Obligation:	\$11,090,000 FSA
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2005

Summary: USAID's program to foster a more open, participatory society includes: increasing sources of independent information that are accessible to the public; strengthening civil society and advocacy institutions, from community organizations to political parties and labor unions; and increasing citizen participation through formal citizen involvement in non-governmental organizations (NGOs) activities, and increased "ad hoc" citizen involvement in the community.

Inputs, Outputs, Activities:

FY 2003 Program:

Independent information (\$2,700,000 FSA). USAID's funds will expand the Internews network of regional TV news service subscribers, provide assistance to regional print media, foster connections between American and Russian media business owners and managers, and train journalists and media managers representing non-state media. USAID partners are Internews and the International Research and Exchanges Board (IREX) (prime), and Press Development Institute.

Civil society and advocacy institutions (\$6,958,000 FSA). USAID will continue to support Russian NGOs' professionalism, particularly in lobbying government policymakers. USAID will help NGOs address social problems in their communities, mobilize citizens, and develop local philanthropy as a funding base for NGOs. A follow-on program will be launched to consolidate several other programs at the national level to advocate for legislation promoting the development of civil society and strengthening outreach, particularly with the media. USAID will continue to combat trafficking across sectors, in the final year of funding. As Russia prepares for State Duma and presidential elections, USAID will provide technical assistance to increase political participation through voter education, election monitoring, and training for young political leaders. The Institute for Electoral Systems Development (IESD), in cooperation with the International Foundation for Electoral Systems, will develop the capacity of regional electoral commissions to conduct free and fair elections. In addition, USAID will promote citizen use of local government web sites, helping community groups and NGOs to take better advantage of this medium for communication and information. New human rights activities will become part of this SO and this component. USAID's key partners are IREX, the American Center for International Labor Solidarity, Winrock International, the Center for NGO Support, the National Democratic Institute, the International Republican Institute, and IESD.

Citizen participation (\$3,250,000 FSA). In the Russian Far East, USAID will continue to support a program to increase citizen participation and activism on local issues. Russia's leading studies center for young political leaders, the Moscow School of Political Studies (MSPS), will receive continued support for its seminar program and building a network with American donors and potential partner institutions. Finally, a new civic education program will expand school-based pilot programs and promote students' participatory activities in the communities. USAID's partners are MSPS, the Institute for Sustainable Communities, and a new partner to be determined.

Program support (\$884,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Independent information (\$2,500,000 FSA). USAID plans to work with Internews to support regional broadcasters, with added attention to radio broadcasters training and management needs. Support to independent print media would continue focusing on institutional development of the Press Development Institute. As follow-up to the 2002 Russian-American Media Entrepreneurship Dialogue, USAID would foster contacts between American and European media entrepreneurs.

Civil society and advocacy institutions (\$5,700,000 FSA). USAID's flagship program to develop the NGO sector at the national level would be in full operation in FY 2004, while funding would continue to regional NGO Resource Centers and their network to support community activism. With parliamentary and presidential elections scheduled for 2004, political party training work supported by NDI and IRI would focus on campaign and election monitoring training. We anticipate that IESD would concentrate on an initiative to monitor campaign expenditures by candidates, as well as training media in campaign coverage. Our FY 2003 initiative to promote the Internet as a medium for new sources of information and citizen participation would continue. Human Rights activities begun in FY 2003 would continue.

Citizen participation (\$2,050,000 FSA). In the Russian Far East, USAID plans to continue support for community initiatives and expand assistance to professional associations. MSPS would continue to strengthen leaders in the regions with more regional seminars and develop the MSPS alumni network. USAID's new civic education program would be fully operational.

Program support (\$840,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: More than 50% of the citizens in selected regions now have access to non-state and public affairs broadcasting. Six new Regional Media Training Centers were created, and the Internews regional news competition for local reporting grew large enough for a national philanthropist to invest in funding the competition. A high-profile USG initiative, the Russian-American Media Entrepreneurship Dialogue, helped organize Russian media to lobby for reform of press laws. Public interest law clinics provided 7,000 legal consultations, and represented workers in more than 2,000 court hearings. Local Civic Forums were held in four cities where USAID assisted NGOs. The USAID-supported Siberian Civic Initiatives Support Center launched 20 grant rounds using local government funds, with USAID funding administrative costs. Yukos Open Russia Foundation invested \$67,000 in the USAID-supported resource center in Samara and is about to invest in the Siberian Civic Initiatives Support Center. USAID's partner Women's Consortium advanced two amendments to the Labor Code protecting women's rights and was asked to join the new Presidential Human Rights Commission. The League of Women Voters has 20 partner organizations and has trained more than 1,000 election observers. The NDI-created domestic election observation coalition, VOICE, has expanded to 16 regions with more than 1,200 observers trained to monitor regional elections. The coalition observed six local elections this year and increased its capacity to monitor and highlight election abuses.

US Financing in Thousands of Dollars

Russia

118-0211 More Open, Participatory Society	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	12,449
Expenditures	2,684
Through September 30, 2002	
Obligations	12,449
Expenditures	2,684
Unliquidated	9,765
Prior Year Unobligated Funds	
Obligations	300
Planned Fiscal Year 2003 NOA	
Obligations	13,792
Total Planned Fiscal Year 2003	
Obligations	14,092
Proposed Fiscal Year 2004 NOA	
Obligations	11,090
Future Obligations	0
Est. Total Cost	37,631

Data Sheet

USAID Mission:	Russia
Program Title:	Legal Systems Strengthened
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0221
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,046,000 FSA
Prior Year Unobligated:	\$230,000 FSA
Proposed FY 2004 Obligation:	\$2,285,000 FSA
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2005

Summary: USAID's program to strengthen legal systems includes: increasing public awareness of legal rights by strengthening legal protection and enhancing public relations skills of human rights organizations; increasing lawyers' skills in representing clients through clinical legal education; enforcing women's rights (gender issues); making the judicial system more transparent, independent, and efficient, through exchanges between Russian and American judicial officials on judicial education, ethics, court administration, and the implementation of jury trials.

Inputs, Outputs, Activities:

FY 2003 Program:

Judicial and legal reform (\$2,916,000 FSA). Funding will continue a pilot court program to encourage innovative case management and court administration procedures for nationwide replication, along with distance learning programs being developed by the Academy of Justice. Assistance will continue on judicial administration, court management, and judicial ethics, including visits by a dozen U.S. advisors experienced in these areas, many with extensive experience with the Russian judicial system. About 150 key members of the Russian judiciary's qualifying collegia (including new non-judge members) will be trained to apply the norms of judicial ethics, and publications on these topics will be distributed. At least four more legal clinics will become training centers. A new component will focus on strengthening the advocacy skills of lawyers, increasingly important due to major new civil and criminal laws. Some technical assistance and training will support the Russian government's decision to implement jury trials nationwide in 2003. USAID's partners are Chemonics, the American Bar Association's Central and Eastern European Legal Initiative (ABA/CEELI) (prime), and the Russian-American Rule of Law Consortium.

Legal awareness and advocacy (\$660,000 FSA). USAID launched a new human rights program in FY 2002 and awarded three grants to organizations to develop NGOs' advocacy skills, improve the image of human rights NGOs among the general public, and increase access to justice through human rights law clinics. Grantees will continue this work in 35 regions of Russia, and \$340,000 will be disbursed in new grants during FY 2003. Work already begun under one grant will continue with incremental funding. New work will be funded under SO 2.11 "A More Open, Participatory Society". USAID's key partners are the Moscow Helsinki Group, Memorial, a Russian NGO called Faith, Hope, and Love, and others to be determined.

Program management (\$470,000 FSA). These funds will cover program-related personnel, training, evaluations, studies, and related program management costs.

FY 2004 Program:

Judicial and legal reform (\$1,834,000 FSA). The judicial reform activity is ending this fiscal year, but USAID intends to follow on its successful work with the Russian judiciary. The precise nature of the assistance would be determined in close consultation with the Russian judiciary over the next year; it may

include support for reform in judicial review of administrative action. At least three sustainable structures for dealing with domestic violence would be created; eight legal clinics would function as training facilities for other clinics; and seven to nine sister bar partnerships would facilitate the publishing of court decisions in the partner regions. USAID would decide how to best support these objectives after this fiscal year. One option is to use some or all of this money to support legal education reform, especially because the Open Society Institute, a major donor in this area, is withdrawing from Russia.

Legal awareness and advocacy (\$231,000 FSA). USAID plans to continue funding one grant awarded to a Russian NGO in FY 2002. New grants will be funded under SO 2.11. The remainder may be used for new grants in the increasingly important area of religious and ethnic tolerance.

Program support (\$220,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: USAID's programs have helped to empower the judiciary to push for further judicial reform. The Russian Council of Judges became more effective in formulating the needs of the judiciary and lobbying for them. Judicial salaries have risen substantially and the government has adopted an ambitious plan for increased funding for the courts through 2006.

USAID's judicial reform contractor, the Russian-American Judicial Partnership, has been deeply involved in legal education and training. The Supreme Qualifying Collegium widely distributed and posted on the Internet a first-time publication reporting on ethical violations by judges and resulting disciplinary actions.

ABA/CEELI has made significant progress in enhancing lawyers' skills in representing clients. It helped legal educators strengthen legal clinics, affording representation to clients on subjects that included women's rights. Four legal clinics are now resource centers, and ABA/CEELI published a unique handbook detailing the work of more than 60 legal clinics in Russia. ABA/CEELI has trained women's rights activists and law enforcement officials; has trained 40 non-lawyer Social Advocates to help women in crisis navigate the Russian legal system; and has given assistance to local partners to advocate for changes to the criminal procedure, housing, and family codes. Pilot centers in three cities are testing grounds for an intensive, multidimensional gender program.

USAID sponsored a seminar on ethnic and religious tolerance in conjunction with well-known human rights activists as well as a study of tolerance in the Volga Federal District. The study recommended activities that complement USAID's work in human rights and hold promise for further involvement in this area.

US Financing in Thousands of Dollars

Russia

118-0221 Legal Systems Strengthened	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	4,374
Expenditures	39
Through September 30, 2002	
Obligations	4,374
Expenditures	39
Unliquidated	4,335
Prior Year Unobligated Funds	
Obligations	230
Planned Fiscal Year 2003 NOA	
Obligations	4,046
Total Planned Fiscal Year 2003	
Obligations	4,276
Proposed Fiscal Year 2004 NOA	
Obligations	2,285
Future Obligations	0
Est. Total Cost	10,935

Data Sheet

USAID Mission:	Russia
Program Title:	Local Governance and Economic Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0231
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,742,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,450,000 FSA
Year of Initial Obligation:	FY2001
Estimated Completion Date:	FY2005

Summary: USAID's local governance activities strengthen local self-governance and civil society by improving the decision-making skills of local governments; increasing their capacity to develop and manage financial, human, and physical resources; and increasing their awareness and willingness to operate transparently and in sustained partnership with their communities. Our program works in 34 cities in the Volga Federal District (VFD), the Russian Far East (RFE), and the Urals.

Inputs, Outputs, Activities:

FY 2003 Program:

Local governance (\$2,750,000 FSA). To develop models for resolving complex, multi-sectoral issues that affect local governments and communities, USAID will establish a Local Governance Reform Support Center in the VFD. It will also fund a series of pilot projects and replicate efficient models of social and economic development for four types of municipalities: a large urban center, a small city, a rural settlement, and a mono-industrial area. To counter a strong trend toward re-centralization, USAID's implementing partner is helping develop federal policies and laws that directly or indirectly strengthen institutions of local self-governance. Other activities increase the decision-making capacities of local governments in public finance through transparent and comprehensive public finance policies as well as effective budget planning tools. USAID's assistance will help make local budgets more transparent and less arbitrary through mechanisms to stimulate public participation, including open budget-planning hearings and other public forums on budgetary decisions. USAID will continue to train local government administrators and non-government community leaders in increasing the efficiency, equity, and effectiveness of public goods and services. This includes better targeting of resources to the neediest, introduction of more efficient administrative practices, simplification of procedures for beneficiaries of social programs, and increased partnership with NGOs through competitive procurement mechanisms to deliver social services. USAID will implement a long-term public policy training program for officials responsible for local governance and social reform policies. We expect to train 30 local and 15 federal officials. USAID's partner is the Institute of Urban Economics (IUE).

Anti-corruption (\$500,000 FSA). USAID will fund a follow-on activity to support public-private partnerships in Tomsk and Samara. USAID will fund two conferences for 70 participants each to discuss future anti-corruption steps, and six professional seminars for journalists, lobbyists and public activists. In addition, USAID will fund a small grant program to review 60 corruption-related citizen complaints per month. This will be the final year for this activity. The Institute for Urban Economics will take on more work designed to combat corruption under the local governance activity described above. USAID's key implementing partner is Management Systems International.

Program support (\$492,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Local governance (\$2,115,000 FSA). USAID would continue funding the Local Governance Reform Support Center in the VFD, aimed at its institutionalization as a self-sustaining regional think tank and a coordinating body for local governments, NGOs, donor organizations, and the business community after the end of the agreement. USAID intends to fund the dissemination of financial management techniques it has tested in previous years. USAID plans to assist an additional six municipalities in making fiscal policies more open, consistent, and predictable. USAID plans disseminate examples of best practices in social reforms to eight regions and municipalities in Volga Federal District and to other regions of Russia. USAID would continue to fund and refine the comprehensive public policy training program with the goal of achieving full “Russianization” and sustainability by the end of the agreement.

Program support (\$335,000 FSA). These funds would cover related program management costs.

Performance and Results: In a rapidly growing trend, six more cities instituted sustainable strategic planning for economic growth. This work, begun by IUE, is complemented by the Eurasia Foundation’s program, which works with 23 cities. In all, 79 cities are using strategic planning to guide their social and economic development. Seven cities and one large municipal association adopted more transparent local financial management practices. Six cities introduced quantitative analysis in budget decisions so that local governments clearly understand what resources they have and how they are used and can better communicate this to the population. Among these cities, two invited their communities, for the first time, to participate in budget decisions before budgets were finalized, rather than simply informing citizens after the fact. Nine local governments regularized their real estate markets to make them transparent and predictable to investors. Nine municipalities improved the delivery of social assistance through better means-testing, streamlining of administration, and introduction of competitive procurement in the delivery of social goods and services. Three regions implemented sustainable training courses in policy development skills for local government administrators, and a national-level course is ready for implementation. Results of demonstration projects in 22 municipalities informed policy dialogues and promoted laws supportive of improved local governance, service delivery, and economic growth.

IUE had a significant role in the Presidential Commission on Delineation of Authority among federal, sub-federal, and local governments. Using the direct results of USAID’s activities, IUE provided expertise to the Commission on what reforms are most needed at the local level and how they should be structured. More significantly, IUE initiated a national-level public dialogue about proposed political and fiscal reforms. During the course of this dialogue, many players with direct interests in the outcome of federal-level decisions, particularly local community leaders, mayors, and the media, actively participated in what had largely been a closed federal-level conversation. Their participation changed the nature and direction of the debate, and lower-level interests were considered more fully. This is a clear example of the growing strength of civil society in Russia and the growing role that think tanks are playing in its development.

Anti-corruption coalitions are working closely with the Governor’s office in Samara and the Mayor’s office in Tomsk. In Samara, the Coalition is helping to draft a Code of Ethics for government officials.

US Financing in Thousands of Dollars

Russia

118-0231 Local Governance and Economic Development	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	3,220
Expenditures	59
Through September 30, 2002	
Obligations	3,220
Expenditures	59
Unliquidated	3,161
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	3,742
Total Planned Fiscal Year 2003	
Obligations	3,742
Proposed Fiscal Year 2004 NOA	
Obligations	2,450
Future Obligations	0
Est. Total Cost	9,412

Data Sheet

USAID Mission:	Russia
Program Title:	Health and Child Welfare
Pillar:	Global Health
Strategic Objective:	118-0321
Status:	Continuing
Proposed FY 2003 Obligation:	\$15,250,000 FSA
Prior Year Unobligated:	\$200,000 FSA
Proposed FY 2004 Obligation:	\$14,500,000 FSA
Year of Initial Obligation:	FY2002
Estimated Completion Date:	FY2008

Summary: USAID's health and child welfare objective is aimed at increasing the use of the best international practices in health care and child welfare. The strategy is to adapt international guidelines, train practitioners in management and policy skills, and fund research to develop the interventions most appropriate for Russia. USAID seeks to institute grassroots changes, introducing modern systems of prevention and care, in its work on infectious diseases, primary health care, maternal and infant health, and child welfare. A newly launched initiative, Healthy Russia 2020, will serve as the cornerstone of the program, with the overarching goal of bringing Russian health indicators to West European levels by the year 2020. The new activity is also a mechanism to disseminate and replicate successful models. It is the first major activity in the region dedicated to health problems in industrialized countries.

Inputs, Outputs, Activities:

FY 2003 Program:

Primary health care (\$6,850,000 FSA). Healthy Russia 2020 will streamline the health portfolio. The U.S.-Russia health partnerships program will disseminate and replicate models developed over the past decade, but due to budget constraints this will be the final year for this program. USAID will provide targeted technical assistance to a federal program of improving service quality in 30 regions. Principal partners are Johns Hopkins University's Center for Communication Programs, the American International Health Alliance, and the University Research Corporation's Quality Assurance Project. Given the cross-cutting nature of Healthy Russia 2020, Johns Hopkins will play a role in most components of the health portfolio.

Infectious disease (\$4,292,000 FSA). The tuberculosis (TB) control program will expand to reach seven regions. The program will fund models using NGOs to better serve prisoners and those leaving prison; launch technical assistance to pilot treatment of multi-drug-resistant TB; fund research on reducing TB and HIV co-infection; refine and implement federal guidance on tuberculosis control; and improve national response to the epidemic. A U.S. Centers for Disease Control and Prevention (CDC) advisor based in Moscow will increase technical assistance. The HIV/AIDS program will promote healthy behavior among youth aged 15-25; conduct condom social marketing campaigns; and work with groups at high risk of infection. NGO partnerships will expand capacity beyond the three target regions. A pilot activity will improve HIV counseling and testing. Projects to improve services for groups at risk will build on CDC's research. Research will monitor and assess the epidemic, as required by USAID's Expanded Response to HIV/AIDS. If additional resources are available, we will expand the program to two more regions. The World Health Organization, CDC, the International Federation of Red Cross and Red Crescent societies, and Population Services International are USAID's key partners.

Child welfare. (\$2,000,000 FSA). USAID will promote child welfare reform by fostering local child welfare initiatives; by disseminating best practices in child welfare services; by promoting changes in public attitudes toward child abandonment; and by improving social policy to reverse the growing number of abandoned children. The program will foster partnerships between NGOs and the government. USAID's

partners are the International Research and Exchange Board and the National Society for Prevention of Cruelty to Children.

Reproductive health (\$1,150,000 FSA). Targeted activities complementing Healthy Russia 2020 will further improve reproductive health services. A new activity will build on the success of the Women's and Infants' Health Program. The impact of family planning programs of the mid-1990s may be assessed to gauge whether to fund new programs. Findings from research on post-abortion care will be disseminated to influence national policy. USAID will fund the national network of NGOs trained in advocacy for reproductive health, and five regional networks will be linked with Healthy Russia 2020. All contracts and grants will include clauses required by the Mexico City Policy. USAID's partner is The Futures Group Policy Project; the partner for the new activity is to be determined.

Program management (\$958,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Primary health care (\$7,000,000 FSA). Activities would continue under Healthy Russia 2020, which would increasingly address USAID priority areas as outlined below.

Infectious diseases (\$3,240,000 FSA). As part of an exit strategy, activities in the seven tuberculosis pilot regions would shift to implement the new federal guidelines. Technical assistance on HIV/TB co-infection and multi-drug-resistant TB would continue. Intensified efforts would increase the numbers of NGOs working on effective, targeted HIV/AIDS prevention, and expand the coverage of high-risk groups, complementing Healthy Russia 2020's more general advocacy and communication on HIV/AIDS.

Child welfare (\$2,000,000 FSA). USAID would continue to deliver grants to Russian NGOs, influence public opinion, and promote policy change.

Reproductive health (\$1,500,000 FSA). A women's health program would continue to provide targeted, cutting-edge research and service delivery modifications, particularly those linked to reducing abortions.

Program support (\$760,000 FSA). These funds would cover evaluations, studies, and related program management costs.

Performance and Results: The Ministry of Health joined with USAID to disseminate nationwide a cost-effective methodology to improve the quality of health care that had been tested in two pilot regions. As many as 30 regions will participate and will contribute significant financing. USAID was a moving force behind new federal guidelines on tuberculosis treatment and helped secure Ministry approval of a protocol for treatment of multi-drug-resistant tuberculosis, a breakthrough that paves the way for a pilot course of complex treatment. NGOs conducting outreach and education on high-risk behavior linked to HIV/AIDS began to see measurable changes (as a result of their efforts). Maternal and infant health service restructuring continued to improve delivery outcomes; cost savings from the changes give other regions more reason to adopt these approaches. In August, the Russian government approved a \$200 million, four-year program, "Children of Russia," the culmination of policy dialogue and investment by USAID and other international donors to overhaul child health care and welfare in Russia.

US Financing in Thousands of Dollars

Russia

118-0321 Health and Child Welfare	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	13,415
Expenditures	1,046
Through September 30, 2002	
Obligations	13,415
Expenditures	1,046
Unliquidated	12,369
Prior Year Unobligated Funds	
Obligations	200
Planned Fiscal Year 2003 NOA	
Obligations	15,250
Total Planned Fiscal Year 2003	
Obligations	15,450
Proposed Fiscal Year 2004 NOA	
Obligations	14,500
Future Obligations	0
Est. Total Cost	43,365

Data Sheet

USAID Mission:	Russia
Program Title:	Special Initiatives
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	118-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$20,000,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,000,000 FSA
Year of Initial Obligation:	FY1999
Estimated Completion Date:	2008

Summary: USAID provides financial support for the U.S.-Russia Investment Fund (TUSRIF).

Inputs, Outputs, Activities:

FY 2003 Program:

U.S.-Russia Investment Fund (\$20,000,000 FSA). USAID finances the U.S.-Russia Investment Fund, managed by Delta Capital, which is providing a variety of financial services for the Russian market. The Fund has financed an array of Delta-branded products and operating entities providing mortgage lending, leasing services, and equity financing. Delta Capital has shifted its efforts to support small and medium enterprises (SMEs) from the Bank Partner program to Delta Bank and Delta Leasing, which provide operating and equipment leases. Delta Capital's equity investments have been redirected towards consumer products and the telecommunications, media, and technology sectors because of these sectors' profitability and prospects for growth as the Russian economy grows. Delta Capital continues to actively manage its equity portfolio, and seeks to liquidate its investments as opportunities emerge to exit profitably. It continues to seek private investors to replace U.S. Government financing. USAID's partner is the U.S.-Russia Investment Fund (Fund), managed by Delta Capital.

FY 2004 Program:

U.S.-Russia Investment Fund (\$10,000,000 FSA). USAID plans to continue financial support for the Fund to pursue profitable investments and provide financial services that fill a need in the Russian market, while seeking to raise private capital.

Performance and Results: The Direct Investment program of the Fund has provided a total of \$237 million in capital to 37 companies, and there are 14 projects in the investment pipeline. During FY 2001 and FY 2002, the Fund liquidated six of its direct investments for \$43 million, yielding \$23 million in profits. The Fund's Bank Partner Program has disbursed a total of \$58 million in SME financing through 49 bank branch partners to benefit over 2,000 small businesses in Russia.

Since 1999 financial services have become a significant component of the Fund's investment strategy. Financial services are delivered through financial subsidiaries established under the Delta brand name: Delta Bank, Delta Credit Bank, Delta Leasing, Delta Leasing Far East, and Delta Auto Lease. TUSRIF has provided \$98 million in capital to the Delta financial group of companies, and has raised an additional \$65 million in third-party financing to expand these financial services.

US Financing in Thousands of Dollars

Russia

118-0410 Special Initiatives	DA	ESF	FSA
Through September 30, 2001			
Obligations	1,491	19,784	321,286
Expenditures	1,491	19,612	282,852
Unliquidated	0	172	38,434
Fiscal Year 2002			
Obligations	0	0	25,000
Expenditures	0	5	23,525
Through September 30, 2002			
Obligations	1,491	19,784	346,286
Expenditures	1,491	19,617	306,377
Unliquidated	0	167	39,909
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	0	20,000
Total Planned Fiscal Year 2003			
Obligations	0	0	20,000
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	10,000
Future Obligations	0	0	0
Est. Total Cost	1,491	19,784	376,286

Data Sheet

USAID Mission:	Russia
Program Title:	Cross-Cutting Programs
Pillar:	Global Development Alliance
Strategic Objective:	118-0420
Status:	Continuing
Proposed FY 2003 Obligation:	\$14,325,000 FSA
Prior Year Unobligated:	\$73,000 FSA
Proposed FY 2004 Obligation:	\$8,885,000 FSA
Year of Initial Obligation:	FY2001
Estimated Completion Date:	FY2005

Summary: USAID's cross-cutting programs include U.S.-Russian partnerships and training in support of all of USAID/Russia's programs; financial support for the Eurasia Foundation's projects in civil society, public administration and private sector development; and program monitoring, evaluations, and surveys.

Inputs, Outputs, Activities:

FY 2003 Program:

Cross-cutting programs (\$3,825,000 FSA). Two partnership programs, one in the Volga Federal District and the other in the Russian Far East, will award from 30 to 35 grants for partnerships between U.S. and Russian communities on issues addressed by USAID/Russia's strategic objectives. In its final year, the partnership program in the Volga Federal District will also provide sub grants for the replication and dissemination of lessons learned from ongoing partnerships. About 400 Russian professionals will complete 20 training courses in the United States, Russia, and other countries, in such subjects as citizen advocacy and public awareness campaigns, and on sector-specific topics financed under other objectives. More than 250 alumni of USG-sponsored programs will participate in regional management workshops. USAID will finance a conference on major economic, social, and health trends based on 10 years of the Russia Longitudinal Monitoring Survey (RLMS), the most consistent source of longitudinal data on Russia. USAID's support for the RLMS will end with funding for the eleventh round of the survey. USAID's partners are the University of North Carolina (prime), the Russian Institute of Sociology (sub), the Academy for Educational Development, the Foundation of Russian-American Economic Cooperation, and the International Research and Exchanges Board.

The Eurasia Foundation (\$9,500,000 FSA). To enhance the capacity of Russian communities to allocate municipal resources, the Eurasia Foundation will fund networking and training for municipalities in strategic planning and will develop municipal governments' and citizen groups' capacity to monitor and evaluate municipal programs. The Foundation will enhance the small business sector's ability to develop and advocate for policy proposals; strengthen rural credit cooperatives; stimulate Internet use by small businesses; and strengthen the capacity of the Foundation for International Accounting in Russia. The Foundation will help increase charitable activity by fostering the growth of corporate philanthropy. To strengthen independent regional mass media, the Foundation will promote sustainable business practices and technologies so that outlets can distance themselves from government or oligarchic support. USAID's partner is the Eurasia Foundation.

Program development and support (\$600,000 FSA). Evaluations, assessments, and studies will assess and document program impact, identify implementation issues, make recommendations for their resolution, and improve understanding of Russia's development challenges.

Program management (\$400,000 FSA). These funds will cover program management costs.

FY 2004 Program:

Cross-cutting programs (\$685,000 FSA). In FY 2004, final funding would complete sub grants under the Russia Far East Partnerships program.

The Eurasia Foundation (\$7,500,000 FSA). The Eurasia Foundation expects that FY 2003 will be the final year for funding community strategic planning activities and expects that other donors will step in to continue this work. Depending on the success of pilot efforts, in FY 2004 the foundation may expand assistance to small and medium enterprises to adopt e-business practices.

Program development and support (\$400,000 FSA). USAID plans to conduct studies, assessment and related activities for program design and evaluation.

Program management (\$300,000 FSA). These funds will cover program management costs.

Performance and Results: In 2002, nearly 40 U.S.-Russian partnerships exposed Russians to new approaches to problem solving, to building citizen-to-citizen ties, and to disseminating successful approaches to other communities. With USAID's funding, the Eurasia Foundation expanded the use of strategic planning and evaluation by municipal governments and citizen groups; made grants to Russian business associations to develop capacity to advocate for reform; and expanded its support for independent media as viable business enterprises. The Eurasia Foundation continues to play an important role in developing Russia's private foundation sector through its grant programs, by working with other organizations to address constraints to foundations and by diversifying its own source of funds. In a groundbreaking agreement, the Eurasia Foundation received a grant from a Russian foundation and was asked by the president's representative in the Volga Federal District to manage a small grants program.

US Financing in Thousands of Dollars

Russia

	ESF	FSA
118-0420 Cross-Cutting Programs		
Through September 30, 2001		
Obligations	2,992	128,280
Expenditures	2,449	112,186
Unliquidated	543	16,094
Fiscal Year 2002		
Obligations	0	14,649
Expenditures	543	12,103
Through September 30, 2002		
Obligations	2,992	142,929
Expenditures	2,992	124,289
Unliquidated	0	18,640
Prior Year Unobligated Funds		
Obligations	0	73
Planned Fiscal Year 2003 NOA		
Obligations	0	14,325
Total Planned Fiscal Year 2003		
Obligations	0	14,398
Proposed Fiscal Year 2004 NOA		
Obligations	0	8,885
Future Obligations	0	0
Est. Total Cost	2,992	166,212