



2003 Annual Report

EURASIA FOUNDATION



Partners for change

THE EURASIA FOUNDATION

We believe that societies function best when citizens take responsibility for their own civic and economic futures. The Eurasia Foundation's programs promote the skills and vision necessary to bring the greatest social and economic benefits to individuals and their societies. Ultimately, we strive to promote democratic institutions and private enterprise in the 12 countries in which we work.



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Letter from THE CHAIR AND THE PRESIDENT

Economic and political trends across the Eurasia region are moving in the direction of greater political and economic consolidation and control. The efforts in the other direction by the Eurasia Foundation (EF) and our grantees might seem to some to be negligible by comparison. But in many parts of Eurasia, the past 10 years have unleashed a new force in society: citizens seeking a voice in the determination of their own fate. This report tells the story of many of them. Their future will influence to a significant degree the path that the new states of Eurasia ultimately take.



In many ways, 2003 was a pivotal year. In all, EF invested nearly \$29 million to assist organizations striving to better their societies in the 12 countries where we work. In one area, cross-border grant making, our experience in bringing together grantees spanning the South Caucasus led us to launch similar efforts in the Ferghana Valley of Central Asia and to develop a new initiative across the Russia-Kazakhstan border. Using the experience gained from these programs, our offices in Russia, Tajikistan and Azerbaijan are looking toward the potential for cross-border projects with neighbors in Poland, China, Mongolia, Afghanistan and Turkey. Our goal is to establish or re-establish the human and economic ties that will improve the lives of people throughout the region.

EF is reaching not just farther, but also deeper. In 2003, we awarded 11 grants to help build the institutional development of organizations that are ready to mature into self-sustaining entities. Our goal is to build transparent, sustainable organizations that are able to support civil society—ultimately without outside funding.

We adopt this approach not only toward our grantees, but also toward our own operations. The most dramatic development for EF in 2003 was the agreement we forged with the Madariaga European Foundation in Brussels and the Dynasty Foundation in Moscow to create a new foundation in Russia—the New Eurasia Foundation—to support civil society. Financial support for this initiative from the U.S. government was critical to its success. The effort represents the first American-European-Russian partnership of its kind. We hope it will serve as a model for others as Western donors approach the end of the first phase of their engagement with the new countries of the region and consider a transition strategy.

In the transformation under way, we will be building on the nearly \$252 million invested by our donors and partners that has made possible more than 7,000 grants in 12 countries in addition to projects supporting economics education, independent media and small business. These programs have helped us identify new leaders throughout Eurasia—leaders who are pioneers in their societies, pressing for change in the form of private enterprise development, public administration reform and stronger civil society organizations.

Sarah C. Carey, *Chair*

Charles William Maynes, *President*

Testimonial

"Russia's future greatness lies in its achieving stable democratic institutions. Political, economic and intellectual freedom form the gateway to prosperity, strength and social development in the 21st century." — *Colin Powell, U.S. Secretary of State*

Moscow, Russia, January 26, 2004



OVERVIEW



Three-part harmony
Genadi Ratushenko, Tajikistan

Operating in 12 countries of the former Soviet Union, the Eurasia Foundation (EF) promotes economic development and civil society through grants and technical assistance to grass-roots organizations working to reform public policy and administration, develop private enterprise and build more open societies.

Fifteen EF offices in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Ukraine and Uzbekistan manage EF’s grant-making and technical assistance efforts. Additions to the EF network in 2003 include an expanded office in Dushanbe, Tajikistan, and a new representative office in Osh, Kyrgyz Republic, to manage programs in the Ferghana Valley. Coordination of projects in Turkmenistan has been consolidated into the Uzbekistan office. Ninety-three percent of the staff of EF field offices are local citizens, bringing sophisticated knowledge of local

conditions to the pursuit of the larger EF mission. Local nationals now head the majority of EF offices. EF staff in Washington, D.C. provide overall guidance, coordination and training for this transnational network of institutions. Managing EF as a public-private partnership is a board of trustees of private citizens. Receiving its core support from the U.S. Agency for International Development, EF in recent years has raised a growing share of its funding from foreign governments, private foundations, corporations and individuals.

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Testimonials

“The Eurasia Foundation’s projects and initiatives warm hearts not only in Eurasia but in Western Europe as well.”

— *Javier Solana, President, Madariaga European Foundation*
European Union High Representative for the Common Foreign and Security Policy

“I value how the Eurasia Foundation and now the New Eurasia Foundation assist Russia in becoming a more modern, more politically open, more economically and scientifically advanced and more prosperous democratic state, one poised to become a full partner with other advanced states in the West.”

— *Dmitri Zimin, President, Dynasty Foundation*



Accessing Capital

For most social projects, people need money up front to accomplish long-term goals. The Eurasia Foundation (EF) has been assisting people in gaining access to capital and credit through alternatives to expensive commercial bank loans since 1996. In 2003 alone, EF awarded \$330,000 in grants to strengthen microcredit organizations through staff training programs and borrower education as well as through recoverable grants of loan capital.

Giving credit where credit is due

South Kazakhstan oblast is a fertile agricultural region where farming forms the crux of the economy, generating more than \$345 million in gross agricultural product. With 34,000 farms in this region of just over 45,000 square miles, improvements in crop production and animal husbandry are fundamental to the area's economic health. To assist farmers in South Kazakhstan, the Aid to Farmers and Entrepreneurs Fund (AFEF), with support from TACIS, International Charity Corps, Winrock and GTZ, offers microloans of \$500 to \$1,000. An EF grant of \$22,857 has enabled AFEF to expand its services by providing free consultations to farmers and entrepreneurs and conducting a series of three-day seminars in 10 regions of the oblast about the need for credit and how to apply for it. In total, through the EF grant nearly 750 people have attended seminars or received consultations. As a result of this effort, AFEF has identified 105 clients for microcredit loans.

Gazila Baizakova, head of a communal farm in Aksukent village, describes what the program has meant to her: "After the trainings, I received a loan for 150,000 tenge [approximately \$1,000]. With these funds I was able to buy 50 lambs that we sold in the fall," generating about \$2,000 in profit. "Thanks to AFEF our farm is developing," she continues, "and last year we created four new jobs. I hope to receive another loan to further develop our business."

In all, AFEF's training seminars and consultations have led to 111 new jobs in the oblast. Thirty farmers and private entrepreneurs have expressed a desire to continue working with the consultants on a paid contract basis.

«Raising their rate of return
Ruben Mangasaryan, Armenia

The price of a good education

Languages are a passion for Kristina Bayburdyan, and she wants to share that passion with others. With a degree in foreign languages and a teaching certificate, she is now pursuing a master's degree in teaching English. A student loan from the American University of Armenia (AUA) is helping her to achieve her dream.

In the United States, a year of graduate studies at a private institution costs about \$15,000, slightly less than one-half the average annual income of Americans. But at \$1,750, a year of study at AUA costs more than three times the Armenian average income. A prestigious school, AUA offers degrees in areas such as business administration, public health and law. Affiliated with the University of California, the school expects to be fully accredited in three years, at which time an AUA diploma will be accepted worldwide.

Recognizing the financial constraints of its students, AUA introduced the American University of Armenia Fund with EF's help. The fund, the first student loan program in Armenia, established a loan pool of \$100,000 through private and alumni contributions along with an EF grant. Loans of up to \$500 are based on need and merit. So far, 74 students have taken advantage of the loan program, 50 of whom received loans funded through the EF grant.

In addition to funding for the loan pool, EF's grant provided AUA with support for salaries and administrative expenses as the university establishes and strengthens the program.



Checking accounts | Sergey Polonin, Ukraine

Based on the successful implementation of the program at AUA, EF is looking to use it as a model for the establishment of similar loan programs at other institutions of higher education.

Conserving and growing

The United Nations Development Programme (UNDP) was looking for a partner to help establish a foundation to stimulate civil society and self-governance as part of its biodiversity conservation program on Kamchatka peninsula in the Russian Far East. EF proved an ideal partner. Contributing experience in small business development and microcredit programs, EF worked with UNDP to design and launch the Kamchatka Protected Areas Small and Medium Enterprise Support Fund. Focusing on multiple segments of society, the new foundation awards small grants for implementing short-term development projects to non-governmental organizations, educational and cultural establishments, private entrepreneurs, governmental

organizations and individuals. EF first conducted a needs assessment in Kamchatka's Bystrinsky region, which helped to define grant-making program priorities. EF then assisted the staff of the new foundation in developing grant procedures while providing training and guidance throughout the first grant competition issued by the foundation.

So far, the new foundation has assisted a woman opening the first barbershop in her town, another woman running a shoemaking and repair shop who will also train others in the trade, and a youth organization improving tourist services in a nature reserve, among others. "The Small and Medium Enterprise Support Fund means a great deal to the Kamchatka region," says UNDP Project Manager Yuri Karmadonov. "We hope that it will help to stimulate alternative means of livelihood for local residents which, in turn, would lessen the pressure on the environment of Kamchatka and build the basis for sustainable community development."

Microfinance

In the past six years, EF has funded 71 grants totaling nearly \$2.4 million to establish, sustain and promote microfinance institutions and practices.

TRAINED

Almost 10,000 loan officers and entrepreneurs

NEW JOBS

Nearly 3,000

NEW SMALL BUSINESSES

More than 700

INFORMATIONAL MATERIALS PRODUCED

More than 120 radio or other audio programs, 30 television and video programs, 4 Web sites and 1,075 print media products

ORGANIZATIONS BENEFITED

Over 4,800

FUNDING PARTNERS

Grantees themselves have contributed almost \$900,000 to the success of these projects, and other counterparts have contributed more than \$1.6 million.

From the Grass Roots Up

The Eurasia Foundation (EF) believes the way it can best contribute to the redevelopment of the former Soviet region is by tackling problems from the bottom up, providing assistance to grass-roots organizations working for change. With EF assistance, organizations of all kinds have developed local initiatives that have spread to national levels. As one example, researchers across the Eurasia region have been using EF grants to develop and disseminate policy analyses that are having an impact on national government decisions. In 2003, 39 EF grants totaling \$600,000 assisted public policy researchers.

Critical comparisons

"I hope that my research will help to find solutions to such problems as unemployment, poverty and poor living standards," says Azad Aliyev of his comparative study of socio-economic issues in former Soviet countries. Resources available at the Caucasus Research Resource Center in Baku are helping to facilitate his work.

In June 2003, the Caucasus Research Resource Centers in Yerevan, Baku and Tbilisi opened their doors, providing resources and training for researchers and practitioners to strengthen social science research and public policy analysis. A partnership between the Carnegie Corporation of New York, EF and local universities, the centers aim to strengthen domestic research, to develop more deliberate connections between researchers and policy implementers and to encourage interdisciplinary dialogue focused on key regional policy issues. In addition, a data-collecting initiative in all three

centers will provide the first reliable comparative data on household economic behavior and social attitudes across the South Caucasus. Researchers are conducting and analyzing surveys of 1,500 respondents in each capital city this year, and next year will expand the initiative beyond the capitals. Their goal is to create an Internet-accessible database of statistics available to researchers around the world.

Mr. Aliyev is taking advantage of the journal, book and online resources and the training seminars available at the Baku center to conduct his research. He plans ultimately to present his work for consideration by government officials. He also hopes that his research will provide useful analyses to his compatriots—and to professionals abroad—in examining some root causes of the social and economic challenges facing the South Caucasus today.

« Big ideas from small beginnings
Ruben Mangasaryan, Georgia

Money does grow on trees

Home to nearly a quarter of the world's current forested area, Russia has the potential to generate significant federal revenue through its timber industry. However, the current pricing structure, inherited from Soviet times, greatly undervalues forested land used for logging. In 2000, land use fees were less than \$1 per cubic meter in Russia, compared to \$15 in Estonia and \$25 in Finland. As a result, the government draws little revenue from Russia's forest resources, and forest management efforts are under-funded.

This situation may soon change, owing to the work of three researchers and the help of the Economics Education and Research Consortium (EERC), a project of EF that emerged as an independent institution in 2003. With a grant from EERC, the researchers set about showing how land use fees could be substantially increased while lowering other taxes so as not to create a financial burden on timber companies. They predicted that a new system could raise government revenues while also increasing employment and output. Their findings caught the interest of the Russian Ministry of Natural Resources.

With a follow-on grant from EERC, the authors of the study responded to a request from the Ministry to expand their work. Their findings led to an international policy seminar attended by representatives of the Russian ministries of natural resources and economic development, leaders of private Russian businesses and representatives of Finnish, Swedish, Canadian and Latvian companies and agencies involved in the timber industry.

A representative of the Ministry of Natural Resources proposed a new system of financial management based on the research findings that would replace payroll and other taxes with land use fees, resulting in increased state revenues, sustainable forest management and fees comparable to world levels. Inspired by the possibilities unearthed through this research project, other sectors of Russian industry can make use of similar economic studies as they prepare for membership in the World Trade Organization.

Thinking in context

Recognizing the potential for collaboration between think tanks and government authorities in policy planning, the O. Razumkov Center for Economic and Political Studies in Ukraine is working to convince government representatives and growing segments of the population that think tanks do yield practical results.

With an open-door grant of \$49,269 from EF, the Razumkov Center studied the practices of foreign think tanks and analyzed the role of think tanks in Ukraine. The center found on the one hand that the research capacity of Ukrainian think tanks is strong and that coordination between analytical organizations across the country is growing. On the other hand, the study showed that while some

interaction with government bodies occurs, much remains to be done to develop effective cooperation. From this study, the center published a special issue of its journal *National Security & Defence* dedicated exclusively to its findings and recommendations for partnership between state authorities and think tanks. The center then held a round-table discussion concerning the place of think tanks both internationally and within Ukraine that was attended by representatives from the presidential and parliamentary branches of the government, think tanks, donor organizations and the media.

Drawing on the findings of the Razumkov Center, EF is conducting an evaluation of its own to determine the best ways to provide assistance to Ukrainian think tanks, and plans to develop a far-reaching initiative in this area. An interim report has shown that both regional and national think tanks concentrate most of their attention on national issues and that assistance may best aim to help develop effective models to address issues of regional and local importance.



Clearing the path to progress | Ion Ciocanu, Moldova

Testimonial

"The Eurasia Foundation's impressive track record of gathering and bringing the best practices of international organizations to the Eurasia region assures us that we have chosen an excellent partner."

—Jan Kubis, Secretary General, Organization for Security and Co-operation in Europe

Government of the People

A municipal government—elected by and accountable to local citizens—is increasingly a part of the governing structure of post-Soviet countries. In Azerbaijan and Tajikistan, for instance, locally-elected municipal government was installed as recently as 2000. The Eurasia Foundation (EF) assists both public and non-governmental institutions as they work to ensure that this new structure is effective, promoting transparency, creating opportunities for municipal management and finance training and helping to build the relationship between elected representatives and their constituents. In 2003, EF awarded over 70 grants totaling more than \$2 million to strengthen these aspects of municipal government.

Building bridges

The village of Kamarli, Azerbaijan, is situated along a 4.5-mile (7 km) stretch of the Inja river. Until recently, Kamarli residents had to hike to the bridge at the south end of the village in order to reach jobs and schools on the opposite bank. The lack of a bridge on the north end posed an even greater burden because the village's only source of potable water is at its north end.

Now it is easier to get around Kamarli, due to the assistance of the Sigma Strategic Research Center for Development and International Collaboration, an EF grant recipient. Kamarli was one of five rural villages in Azerbaijan selected by Sigma for a pilot municipal capacity building project co-funded by EF and the World Bank. Sigma provided training, guidance and funding to the municipal and

community leaders in Kamarli as they carried out an infrastructure project: building a bridge on the north side of the village.

Because municipal government is a relatively new structure in Azerbaijan, most elected leaders lack skills in municipal management, finance and transparency. Furthermore, a legacy of general distrust of government inhibits relations between the municipality and its citizens. Through hands-on infrastructure microprojects, the EF-World Bank pilot project trained community and municipal leaders to address issues together. "This project showed us the power a community can wield when we work together to solve our problems," says Aladdin Mammedov, head of the Kamarli municipality.

« Making her own decisions

Simon Hillebeitel, Russia

Since completing the bridge, Kamarli has undertaken road and well construction projects and school repairs. EF, for its part, is using its experience with the pilot as it develops further models of municipal capacity building and plans a long-term training program engaging a cluster of municipalities.

Making elections a public affair

Among the countries of Eurasia, Georgia has taken the most dramatic steps toward greater political openness in the past year. The revelation of pervasive irregularities and violations in the November 2003 parliamentary elections led to a 'rose revolution' a few short weeks later, enabling a reformist president and parliament to come to power through subsequent elections.

An independent media was key to the events that unfolded. Radio and television stations broadcast live debates and talk shows, and newspapers published political news and informational inserts about the candidates. Jano Zhvania, regional director of the national independent television network Rustavi-2, says: "TV stations woke up the population and the end result was the situation in 2003. The local public started to feel a responsibility and involvement in these affairs." A partnership between EF, the Open Society – Georgia Foundation and the International Research and Exchanges Board supported print and broadcast media with grants for new equipment and training in the production of balanced and impartial coverage of political affairs.

Tvali Television in Sagarejo used a grant of \$17,792 in September 2003 to acquire comprehensive production training and to construct its first studio to broadcast live candidate debates and other programs.

Tvali's election coverage has had far-reaching results for the station itself—Tvali is now a member of the Rustavi-2 nationwide information exchange network for television stations.

The success of the media effort leading up to and during the November 2003 elections led EF to expand its assistance for coverage of the presidential and parliamentary elections of early 2004. In cooperation with the Swiss Agency for Development and Cooperation and the British Council, EF funded the development and dissemination of pre-election public service announcements and election-day exit polls.

Keeping local government local

"The greatest problem in Moldova is the lack of credible and systematic communication channels between the government and civil society," says Igor Munteanu, director of Viitorul Institute for Development and Social Initiatives in Moldova. "Our project's goal is to overcome those shortfalls and make sure that community opinions are heard by the government, president and parliament."



A strong and careful balance | Ruben Mangasaryan, Armenia

The mayors of many cities are concerned that national legislation will continue the current trend of pushing toward greater centralization of government leadership, and that such a move will in turn result in a lack of responsiveness to local requirements. Recognizing a need for the mayors to come together as a strong voice for local interests, Viitorul used an EF grant to facilitate interaction between various professional organizations of mayors to address issues and to learn how to advocate their interests with national leaders. Regional seminars led to the creation of six working groups that met with the Parliamentary Commission for Public Administration and the Ministry of Finance on issues including tax rates and the distribution of responsibilities between central and local public administrations.

In addition, Viitorul established a resource center that contains information on public administration in Moldova, including Council of Europe reports, monitoring reports by non-governmental organizations, regional studies and national legislation on public administration. The resource center is open to the public, and is mostly used by public officials, journalists and non-governmental organizations. More than 300 people have consulted the center since its opening in September 2003.

Testimonial

"The Eurasia Foundation builds bridges between Georgian, American and European civil society. Making ties between these international counterparts at the grass-roots level, Eurasia is aiding Georgia's development as an interactive democratic society."

— Mikheil Saakashvili, President of the Republic of Georgia

Management Matters

A good business idea will only bear fruit if it is supported by strong organizational and financial management, strategic planning and a skilled staff. Through both technical assistance and grants, the Eurasia Foundation (EF) assists entrepreneurs, organizational managers and government leaders to develop the skills and practices necessary for turning ideas into sustainable realities. One of the ways in which EF accomplishes this is through institutional development grants to organizations that have received project-related grants and are ready to mature into self-sustaining entities. In 2003, 11 such organizations received institutional development grants totaling more than \$750,000. Another focus area for EF is training professional project evaluators and educating governmental and non-governmental organizations about the important role evaluation can have in helping to determine the best practices and future direction of an organization.

Work and progress

Recognizing the importance of assessing current and past projects to gauge the impact of its work and to improve future endeavors, EF routinely evaluates its programs. In 2003, EF conducted 22 large-scale evaluations, of which three focused on EF-wide initiatives, nine assessed regional grant programs, three provided baseline information for new initiatives and seven analyzed organizations being considered for institutional development grants. In addition, numerous evaluations were conducted to measure the impact of individual grants.

Just as such feedback is critical to EF's own operations, evaluation is also important to local organizations and governments in improving their work. In 2003 EF awarded

four grants to build local evaluation capacity. In the Kyrgyz Republic, ASIMO, a local association of trainers, trained 16 evaluators who then received professional certification. As a result, a local company, the Bureau for Monitoring and Evaluation, was established with a cadre of evaluation professionals who, as part of the project, had evaluated a number of grants of EF and other donor organizations. Six local evaluators are now working in Bishkek and another in Talas, and four of these individuals are now members of the International Program Evaluation Network.

The EF Kazakhstan country office made a grant to the Siberian Center for Support of Civic Initiatives to evaluate a cluster of civic activism campaigns funded by EF.

« Taking stock and making plans Andreea Strauss, Russia

The center conducted the assessment in conjunction with four Kazakhstani evaluators and then prepared a report with recommendations on best practices and ways to increase the efficiency of citizen advocacy and social campaigns. The report included indicators that can now be used by both non-governmental organizations and donors to implement a comprehensive assessment of such campaigns across Kazakhstan.

In Russia, the Novosibirsk Mass Media Center received a grant to assist Siberian businesses in developing and improving social investment programs. The center's strategy includes a built-in evaluation component. Using criteria developed by the center, the impact of existing social investment programs is being evaluated. The results will not only help companies that are currently running programs, but will also inform businesses developing new programs.

And in Uzbekistan, a grant was made to the Center of Information and Social Marketing Research in Kokand to train and establish a network of 25 evaluators. As part of the training, the participants assessed 10 projects, including three EF grants. Since then, a team that participated in the training won a tender to conduct a formal evaluation of another EF grant.

EF is the leading donor organization in the region making grants to teach people to conduct and use evaluations. The overarching goal in this effort is to increase the management capacity of government agencies and non-governmental organizations by enabling them to use evaluation as a management tool. EF focuses not only on creating supply but also on developing a demand for evaluation through training in the use of assessment results for planning future endeavors.



Seeing the potential | Ion Ciocanu, Moldova

The business of education

A decade ago in northern Russia, the job market was wide open to university graduates with skills in industry and engineering. Five years ago, it was the legal profession that drew the most attention of students. Today, a master's degree in business administration is the thing to have. As needs have changed in the private sector, Jaroslav Mudryi Novgorod State University in Russia has had to learn to adjust its curriculum to best prepare its graduates for the world they are entering.

Over the past 10 years the role of universities in Russian society has been changing with an increasingly clear understanding of the practical connection between university training and job preparedness. With co-funding from the Open Society Institute, EF has launched a five-year education initiative to help universities as they strive to become more responsive to the labor market, the needs of government, the private sector and their local communities.

One aspect of the initiative focuses on developing the skills and knowledge of university managers to connect with other sectors of society. Innovative management training programs will be developed in three to five universities across Russia that will then serve as resource centers for other universities, offering certificate courses in university management. Currently, universities are being selected according to their existing structural readiness to implement the strategic management program. Looking forward, the selected universities will compile, analyze and document existing best practices in Russian university administration and adapt best practices in foreign universities for use in Russian institutions. This information will then be made available to university administrators across the country.

Evaluation

In the past three years, EF has funded 17 grants totaling more than \$500,000 to increase local capacity for evaluation by developing and disseminating evaluation methodology, training and networking evaluators, and conducting comprehensive evaluations.

TRAINED

More than 235 evaluators, over half of whom are women

INFORMATIONAL MATERIALS PRODUCED

5 Web sites and 6 print media products

FUNDING PARTNERS

Grantees and other counterparts have contributed over \$18,000 to these projects.

Vox Populi

Civil society is marked by the voice of the people. To be involved in civic affairs, citizens need to be informed, and in this respect independent media are critical. In 2003, the Eurasia Foundation (EF) awarded 64 grants totaling \$1.5 million to strengthen independent media. Another key to an informed and active citizenry is the availability of free and open public hearings that bring together individuals and their government leaders on important issues. EF funded public hearings with a total of \$365,000 in 16 grants in 2003.

Regional report

In the South Caucasus, a multi-lingual, multi-national interview takes place by means of a Web portal: the Foreign Minister of Armenia responds to questions posed by journalists in Tbilisi, Baku and Yerevan while a facilitator translates the questions and answers into Russian so all participants can understand. The interview is taking place over the Internet through the Caucasus Journalists Network.

The network—a cooperative project of the Committee for the Protection of Journalists in Azerbaijan; the Association of Investigative Journalists in Armenia; and the Caucasus Institute of Peace, Democracy and Development in Georgia—was launched in 2003 with help from EF's South Caucasus Cooperation Program (SCCP). SCCP awarded a total of \$97,944 in linkage grants to the partners for the development

of the Web portal that enables journalists across the South Caucasus to conduct interviews and participate in forums online, to contribute to a monthly analytical journal and to advertise their work to media outlets.

The Caucasus Journalists Network was created as a way to overcome the economic and political isolation between Armenia, Azerbaijan and Georgia. Online interviews facilitated by the partner organizations are now making it possible for journalists to get first-hand information from newsmakers across the region. "Our media hardly ever get information about neighboring countries from the source," says Laura Bagdasaryan, director of the Association of Investigative Journalists. "This is a first for us." So far the network has facilitated 23 interviews, and the partners hope to continue developing the service.

Getting in on the news

Colin Spurway, Uzbekistan

The Caucasus Journalists Network could have an impact on the quality of news reaching a greater international audience as well. With the growth of the network and increased visibility of local journalists, foreign media outlets could tap into the internal market, gaining access to more accurate regional news.

Spread the knowledge, share the wealth

In Kazakhstan, citizens rarely have access to information on how their government spends money. Only aggregate budget information is released on a routine basis, and only after decisions already have been made. When line-item information is released, it is often to serve the government's purposes.

To increase citizen involvement in the budget process, EF launched a budget transparency initiative in Kazakhstan. This initiative included a training seminar for local non-governmental organizations along with a competition to award six grants totaling \$55,000. This first phase was successful in demonstrating to the public the potential strength of their collective efforts.

One of the grant recipients, the Association of School Public Organizations, used a grant of \$11,998 to build on the success of an earlier project funded by EF that had provided management training to the staff of parent-teacher associations (PTAs) across Kazakhstan. With the new grant, the association organized public budget hearings on issues related to education funding. "Parents pay money, but no one asks their opinion; they have absolutely no say in the allocation of funds that go to schools," says Inna Kosova, the director of the Association of School Public Organizations.

"Now that PTAs have formed and built up authority and influence in certain cities and regions, they are a force to be reckoned with." Parliamentary, ministerial and municipal representatives have participated in hearings that have led to resolutions on such topics as the tax status of PTAs and the relationship between governing bodies and parents' organizations.

As an added result of the two grant projects, dozens of new PTAs have been created across Kazakhstan. For example, in Kostanai, a city in northern Kazakhstan where no PTA had previously existed, training events and public hearings led to the formation of 39 associations. Moreover, local authorities and civic leaders promised to found PTAs in all of the region's 43 public high schools.

Neighborhood news

In the Ferghana Valley, an area of key economic and political importance shared by Uzbekistan, the Kyrgyz Republic and Tajikistan, an initiative funded by EF and the British government is strengthening the long-term viability of independent media by supporting cross-border information sharing. Just as biased information can contribute to ethnic rivalries and border disputes, cross-border linkages among media sources can counteract these tensions by promoting more objective reporting and a freer exchange of ideas.

In 2003, EF brought together representatives of television and radio stations and newspapers. The partnerships and project proposals that emerged from this meeting formed the basis for three media linkage projects—totaling seven grants—now funded by the British government and EF.

Ikbol, a newspaper in Andijan, Uzbekistan, is participating in a linkage project with partner newspapers *Varorud* in Tajikistan and *Ferghana* in the Kyrgyz Republic. A daily paper printed almost entirely in Uzbek, *Ikbol* has a print run of 12,000 copies. The newspaper is publishing 22 inserts with articles contributed by its partners on such topics as energy and water usage, customs regulations and family issues. So far, articles on labor migration (the first of their kind) and on the activity of national cultural centers have provoked wide interest among readers.

Since the tragic bombings in Uzbekistan in January 2004, the publication of analytical materials in the Uzbek media has become more complicated. Still, while *Ikbol* is focusing its efforts on impartial factual reporting and *Varorud* and *Ferghana* on producing diagnostic articles, *Ikbol* editors say their partners have emboldened them to write more honestly and on broader topics.



Voices in accord | Vassily Djachkov, Russia

Budget Transparency

Since 2000, EF has awarded over \$575,000 in 27 grants to increase budget transparency by funding efforts to organize public hearings, train local government and non-governmental organization representatives on budget analysis and develop mechanisms of public control over budget processes.

TRAINED

More than 1,250 individuals

JOBS CREATED

More than 35

BENEFICIARIES

Over 70 organizations and 8,200 individuals

INFORMATIONAL MATERIALS PRODUCED

At least 22 Web sites or other Internet products, more than 220 individual articles, books and reports, more than 12 radio programs and over 16 television and video programs

FUNDING PARTNERS

Grant recipients and other counterparts have contributed more than \$100,000 to these projects.

Mitigating Conflict

As civil society and market economies develop in the countries of Eurasia, conflict over the form and direction of change is a natural consequence. The Eurasia Foundation (EF) funds a variety of projects that address at the grass-roots level areas of existing or potential conflict, including: poverty reduction through employment and access to credit; alternative dispute resolution programs; forums for airing grievances and methods for addressing them; and many other activities that bring together sectors of society between which conflict might otherwise escalate.

Creating a climate of trust

Tajikistan is the poorest of the former Soviet republics, with more than 80 percent of the population living in poverty. Unemployment is as high as 40 percent, and while less than 10 percent of the land is arable, two-thirds of the workforce is in agriculture. The social fabric of the population is further stressed by the ongoing return of thousands of refugees since the 1997 end to the civil war that consumed most of the last decade.

With support from EF and the Eurasian Cultural Fund, the Bay Area Council for Jewish Rescue and Renewal, based in San Francisco, assisted key government and community leaders in Tajikistan in fostering a climate of trust in their society. Working with delegates from all sectors of society, the Climate of Trust initiative seeks to build a foundation for mitigating hate-based violence through pro-tolerance training. Seminars held in Kazan, Russia, where the initiative was first developed; Dushanbe, Tajikistan; and San Francisco

and Washington, D.C., introduced the delegates to deliberate measures that can be taken to prevent interethnic and inter-religious tensions.

Fatima Kasumova, a colonel in the Tajik Interior Ministry, identified one of the obstacles to building a climate of trust in Tajikistan: “In a way, our ministry is isolated from the public. If we develop contact between non-governmental organizations and the government, an understanding between the public and the government might be possible.” Reflecting on her experience as a member of the delegation, Ms. Kasumova said, “It was very interesting to hear how law enforcement works together with non-governmental organizations” in other countries to promote tolerance. From this experience, she plans to work with other members of the delegation in establishing similar cross-sectoral coordination in Tajikistan.

« A tightly woven community

James Hill, Turkmenistan

Empowering consumers

Upon returning from a few weeks away from home, a resident of Orhei, Moldova, a city northeast of Chisinau, discovered that in his absence the power company had cut his electric lines. Knowing he was up to date on his utility payments, the resident contacted the Center for Consumer Rights Protection, a branch of the Association of Independent Professional Attorneys in Moldova.

Through an EF grant, the center provides free consultations and legal services to protect consumer rights. Citizens can contact the center through its Web site, via a telephone hotline or in person. So far more than 1,000 consumers have received information and legal support, often to negotiate problems with public utilities.

Upon researching the Orhei problem, the center discovered that rather than following protocol by submitting documentation of a problem with the resident's meter, a controller had simply cut the power lines. Lawyers from the center took the case to court, and the company was ordered to repair the lines and pay damages to the resident.

Beyond individual cases, the center takes seriously the need for better consumer rights legislation. An advisory committee of non-governmental organization representatives working in consumer rights protection has submitted to the Moldovan Parliament 14 proposed amendments to the existing consumer protection law. One of these would require utilities to sign contracts directly with consumers rather than operating through intermediaries. The proposal has been



Working for a shared reward | Colin Spurway, Uzbekistan

reviewed and approved by the Parliamentary Commission on Budget and Finance, and is currently being considered by the full Parliament.

Entrepreneurs taking root

Struggling farmers and refugees living in the Surkhandarya region of Uzbekistan may soon have access to the capital they need to improve their situations. With an EF grant, the local Business Women's Association is traveling around the region providing training opportunities for nearly 400 people—Afghan refugees and Uzbek farmers alike—explaining how credit unions work and how and why to apply for credit. As part of the seminars, the trainers are also identifying individuals who might take the lead in establishing credit unions.

Bordering Afghanistan, Tajikistan and Turkmenistan, Surkhandarya Oblast is one of the poorest regions of Uzbekistan, with an average annual income of \$207, less than half of the national average. Employment in the region is 95 percent agricultural, but farmers do not have sources of information on market demands or on ways to improve their crop yield, nor can they afford capital investments to keep up with the market. And while the Afghan refugees living here are a very small

group in proportion to the total population, they have the potential to become a lightning rod for ethnic strife in this impoverished region. The refugees have the ambition and skills to start businesses and become contributing members of society; however, they lack access to capital.

Currently there are no credit unions in the region. Through its efforts to educate both farmers and entrepreneurs and to establish credit unions, the Business Women's Association hopes to open up opportunities for developing entrepreneurial activity across the region and thus to increase employment and decrease the potential for ethnic tension. The local government recognizes the importance of the association's work, and is providing meeting space and helping to organize the seminars. So far, the association has reached 350 people with its seminars and anticipates establishing five new credit unions in the near future.

Testimonial

“The work of the Eurasia Foundation in Kazakhstan is an important component of our bilateral relations, and we expect our partnership to strengthen further in the future.”

—Kanat Saudabayev, Ambassador of Kazakhstan to the United States



Environment for Development

As societies in Eurasia pursue economic development, safeguarding the natural environment is a concern for most citizens, and is best addressed by cooperative efforts involving public, private and non-governmental organizations. In 2003, the Eurasia Foundation (EF) awarded nearly \$350,000 in grants and loans supporting nine projects focused on promoting economic development that preserves and protects natural settings.

Channeling power

Liparit Simonyan spent 25 years as an irrigation specialist overseeing projects to divert water from mountain streams to irrigate neighboring farms in his native Armenia. Now, as a result of two loans from the Izmirlian-Eurasia Foundation Small Business Loan Program (SBLP), he and four partners have put their knowledge of water systems to use in the establishment of a hydroelectric plant. Both power and water supplies have been a chronic problem in Armenia over the past decade. Power outages are a daily occurrence for some, and limited and polluted water supplies force many to use what gas and electricity they do have to boil drinking water.

Located in the mountains of northern Armenia, the Ler & Jur hydroelectric plant creates electricity without contaminating the water source. The plant obtains water flow to run through its turbine both from mountain runoff and by diverting water from the Pambak river, after which the water is piped back into the river. “In 2001, when considerable

preparation work had been done and we were going to launch the station, we needed funds to purchase the turbine and generator,” says Mr. Simonyan. With such a risky start-up business, it was difficult to find a lending organization with a reasonable interest rate. “SBLP was the only organization that found that the risk was justified.” A 30-month loan of \$43,000 at a 15 percent interest rate facilitated the installation of the machinery and the construction of a building to house it.

Ler & Jur used a second loan from SBLP of \$60,000 in 2003 to purchase and install three additional turbines and generators, pipes to draw and return the river water and electrical transformer equipment. From that first turbine and generator producing 500 kilowatts of energy, the plant has grown to supply a total output of 1.4 megawatts, enough to power 10,000 Armenian homes.

« Walking with a purpose
Umida Akhmedova, Uzbekistan

It’s not just academic

With its particular concentration of scientists in high-technology fields, Dubna is one of only three cities in Russia bearing the official status of “scientific town.” Home to the Joint Institute for Nuclear Research, Dubna is known for high-security research and development. This peculiar type of ‘one-company town,’ however, comes with its own challenges. The average salary for Russian scientists is less than \$2,000 a year, forcing many to emigrate to the West in search of better opportunities or to supplement their income by driving taxis or taking other menial jobs. Here in Dubna the major problems of Russia’s science and technology sector are especially acute: dependence on state financing, alienation from current economic and industry trends, a lack of mechanisms to stimulate innovation and the challenges of recruiting and retaining scientists.

To help Dubna address these issues, EF teamed up with the Dynasty Foundation of Russia to conduct a grants competition for innovative projects that would: support the local scientific community; increase effective use of the federal, regional and city funding available because of Dubna’s status as a “scientific town”; and attract young people to science. The competition winner, Dubna International University of Nature, Society and Man, is using its \$19,000 grant to compile into a single database information on regional ecological issues currently collected by multiple organizations across the country, to standardize collection techniques and to make the information accessible to three key audiences: ecological organizations and scientists across the country, local government and the general public.



A natural connection | Sergey Polonin, Ukraine

The goals of the database project are multifold. As the local administration plans its budget, a complete picture of urgent ecological issues is integral to determining necessary allocations. Furthermore, a composite database for information collection will lead to better coordination among ecological organizations on local, regional and national levels. And finally, high school and university students will be able to use the data to understand better the local ecological issues affecting them.

Calming the waters

“Water is a great source of instability worldwide, and ultimately a greater source of instability than ethnic or political issues,” says Samir Isayev, an environmental lawyer in Azerbaijan. Mr. Isayev is working with Fovgal, a nature protection society, on an EF-funded project to develop and promote recommendations on cross-border water resource management legislation in the South Caucasus.

Fovgal and two partner organizations in Armenia and Georgia received linked grants from EF’s South Caucasus Cooperation Program to study and disseminate information about Council of Europe standards for water use, management and preservation. Together the partners published a handbook on European Union directives regarding water quality, and each held national seminars on the topic attended by representatives of national and local government bodies, academies of sciences and non-governmental organizations. “The participation of government actors is essential to our project,” says Mr. Isayev. “Without them our project would be sitting on a shelf.”

As a result of the seminars and handbook, relevant legislation is currently being considered in all three countries. The project partners are developing a Web site to disseminate information on legislation and current water projects across the South Caucasus region.

Izmirlian-Eurasia Foundation Small Business Loan Program

SCOPE	TERMS	RESULTS	LOOKING AHEAD
Since 1995, over \$10.1 million in loans have been disbursed to 290 recipients in Armenia.	Annual percentage rate: 15%	Jobs created: 2,198	Currently SBLP disburses loans through local commercial banks. EF and the Izmirlian Foundation have embarked on a plan to transform the loan program into a locally registered and operated credit company that provides medium-term financing directly to small businesses in Armenia.
In 2003, \$1.9 million were disbursed in loans to 41 recipients.	Maximum loan amount: \$125,000	Past due rate: 0%	
	Average loan amount: \$35,500	Charge-off rate: 4.7% before the sale of collateral	
	Maximum loan period: 4 years		

Engaging Entrepreneurs

From business associations to professional unions, from career training to legislative lobbying, the Eurasia Foundation (EF) awards grants to organizations engaged in efforts to improve the climate for small business. Some projects introduce new entrepreneurial possibilities to communities facing pervasive unemployment. Others bring business owners together to learn new ways to strengthen their operations. In 2003, EF provided \$680,000 in funding to 28 business associations and professional unions.

Crafting job skills

"I've learned to do something that before I couldn't even think about," says Olga, a young stay-at-home mother of two. Along with 275 other women in the small city of Kostomuksha in a far corner of northwestern Russia, Olga has received job training at Yaroslavna career center. In April 2003, Yaroslavna, a women's support center, opened a career center to help women move out of the cycle of unemployment and poverty that pervades this region.

The new center was made possible with a grant of \$34,920 through the Northwest Russia Small Grants Initiative funded by a partnership of EF, the Barents Secretariat and the Norwegian Ministry of Foreign Affairs. Since 1999, this initiative has funded over 40 projects in northwestern Russia, assisting in such diverse fields as government transparency, microcredit lending and civic support centers like Yaroslavna. In 2003 alone, the initiative funded eight projects with nearly \$385,000 in grants.

Since Kostomuksha is located on the border of Finland, Yaroslavna has seized on the potential for tourism, researching and teaching women traditional crafts of the region. In an area where 30 percent of the people are unemployed, 70 percent of whom are women, the possibility for a cottage industry in handicrafts is highly appealing. So far, 92 women have enrolled in crafts courses.

Additionally, Yaroslavna provides training in computers, job searching and starting a business. Already over 20 women have opened businesses ranging from a hair salon to a newspaper company to a Finnish-Russian translation service. Irina Sergeiva, director of Yaroslavna, says, "The women who are participating in this project now look to the future—their future—with optimism."

« Patterns of exchange
James Hill, Tajikistan

Enterprising alliances

The Belarus Union of Entrepreneurs and Employers (BUEE) is helping entrepreneurs to turn their dreams into reality. By bringing together businesspeople and government representatives, the union is addressing the current legal atmosphere in Belarus that makes private sector development problematic, including a repressive tax system, complex administrative regulations, re-registration requirements and frequent inspections by numerous agencies.

With funding from an EF grant, BUEE has held 18 seminars across the country with nearly 600 entrepreneurs, local and national government representatives and national bank executives to discuss ways to improve entrepreneurs' access to state structures. The union also provides consultations and helps to resolve problems between businesses and government agencies at its national and regional offices, through a telephone hot line and via an Internet site.

In addition to seminars and consultations, BUEE is involved in drafting legislation to facilitate small business growth. Union members sit on ministry commissions and councils, and 13 legislative acts have been influenced by the union, including one proposed law on employers' unions that has been approved by the cabinet of ministers and submitted to the Parliament.

"Together, we knock on a closed door," says one seminar participant, "and I hope that at some point it will be open." Looking toward the coming year, the union plans to continue its current work, establish a credit union and develop a network of associations for specific types of businesses.



Exploring new possibilities | Andrea Harris, Azerbaijan

Building up business

Aisara Mambetova, a 38-year-old mother of four, is one of eight entrepreneurs starting their businesses in the new Sokuluk Business Incubator in Bishkek, Kyrgyz Republic. Unemployed for five years, she is now a hairdresser and employs two assistants. The business incubator provided Ms. Mambetova with the equipment she needed to start up her beauty salon. "I like my job very much," she says, "and I like the equipment I have now. In my free time, I am trying to master some computer skills."

EF has been funding business incubators in several countries since 1994. But in the Kyrgyz Republic, business incubators are a relatively new concept. In 2003, EF awarded grants to two organizations to develop incubators serving the Naryn and Chui oblasts. The Congress of Women of the Kyrgyz Republic established the Sokuluk Business Incubator, serving clients in Chui Oblast, in a restored hospital building that was donated by the regional administration. Additional contributions—from the Open Society Institute/Soros-

Kyrgyzstan, the Embassy of Germany and the United Nations Development Programme, as well as local individuals and businesses—have made this project a truly international endeavor.

So far, Sokuluk's eight businesses have created 77 new jobs. In addition to incubator space, the Congress of Women has used its EF grant to provide more than 600 people with training and consulting services on topics including business planning, accessing credit, marketing, accounting and management. The incubator has space for a total of 20 businesses, and the Congress of Women hopes that as a result of the trainings, promising entrepreneurs will soon fill the building.

Testimonial

"I trust that with our persistent effort and cooperation with the Eurasia Foundation and partners in local civil society, Russia's democratization is in from the cold and will only get warmer and warmer."

— Rune Rafaelsen, General Secretary, Barents Euro-Arctic Secretariat

« Faces old and new
Umida Akhmedova, Uzbekistan

WHERE ARE THEY NOW?

The Eurasia Foundation (EF) is proud to have among its past and present grant recipients and staff a number of leaders in the public, private and non-profit sectors across the Eurasia region:

Roza Jumaeva left government work in 1994 to found Kol-Kabysh, a non-governmental organization in the Kyrgyz Republic that promotes entrepreneurship and civil society in Naryn Oblast. With the help of EF grants, Kol-Kabysh has conducted seminars for entrepreneurship trainers, published a newsletter for women entrepreneurs, and created a series of analytical television programs focusing on a variety of civil society and small business issues. Because of her success with Kol-Kabysh, Ms. Jumaeva was recently tapped to be the Deputy Head of Administration of the Kochkor region of Naryn Oblast, where she continues to work in the interests of the local population.

Alexander (Kakha) Lomaia joined EF in 1995 as a public sector program officer and worked his way up to Country Director of EF's Georgia office. With this promotion, Mr. Lomaia became the first local national to serve as an EF country director. He left EF in 2002 to work within the Soros network and became the Executive Director of the Open Society – Georgia Foundation in 2003. Following the Rose Revolution, Mr. Lomaia was asked to serve in the new government as the Minister of Education and Science and is a prominent member of the Saakashvili administration.

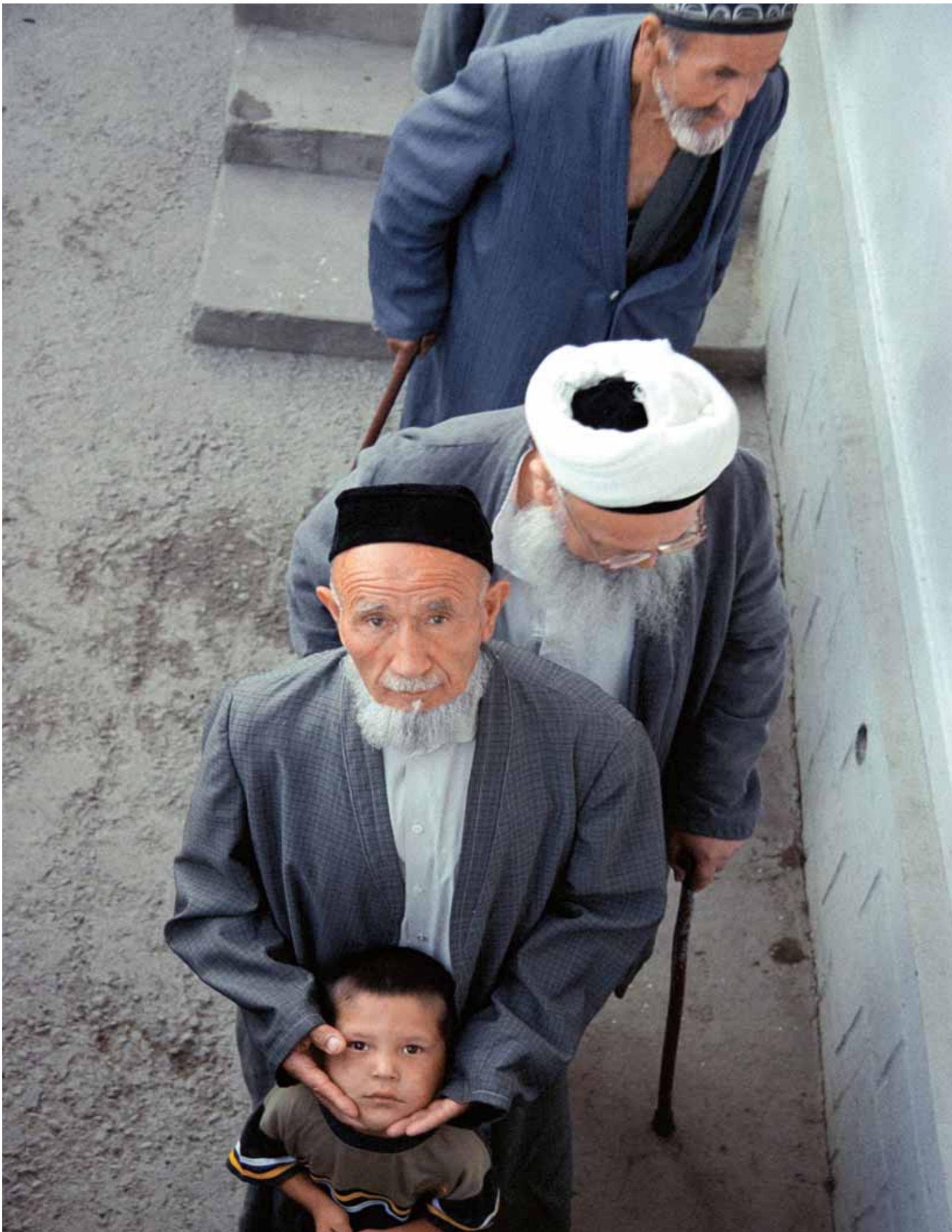
Larisa Alaverdyan was serving as director of the Violations Against the Law non-governmental organization in Armenia when it received a grant from EF in 1996. The organization provided legal defense for refugees and helped them obtain Armenian citizenship. Ms. Alaverdyan went on to serve as executive director of another EF grant recipient, the Foundation Against Legal Arbitrariness, working to promote increased cooperation among civic rights advocacy groups throughout the Caucasus. Ms. Alaverdyan was also a member of Armenia's Presidential Human Rights Commission, and in March 2004 took up her new post as the republic's Human Rights Ombudsman.

Georgy Badey moved in the opposite direction—leaving government leadership to join the Belarus Union of Entrepreneurs and Employers (BUEE), an EF grant recipient. During 25 years of government service, Mr. Badey held posts including Minister of Economy and Minister of State Property and Privatization, and participated in the development and implementation of the first experiments in the economic reform of Belarus. In 1996, he joined BUEE as a consultant and then as vice president. He was named president in 2001, leading the organization in promoting activities and legislation to improve the climate for business in Belarus.

Mikhail Matuma has become a recognized expert on microfinance. He began his career at the Investments Committee of the Voronezh Regional Administration in southern Russia. In 2000, he became general director of the Voronezh Regional Support Fund, where, with the help of an EF grant, he developed microfinance programs and built a regional microfinance network. Mr. Matuma's success at the fund propelled him to Moscow, where he has directed the Russian Microfinance Center since 2002, helping small businesses to access microfinance and working to create jobs and improve the standard of living for entrepreneurs.



Putting skills to work | Eurasia Foundation, Russia

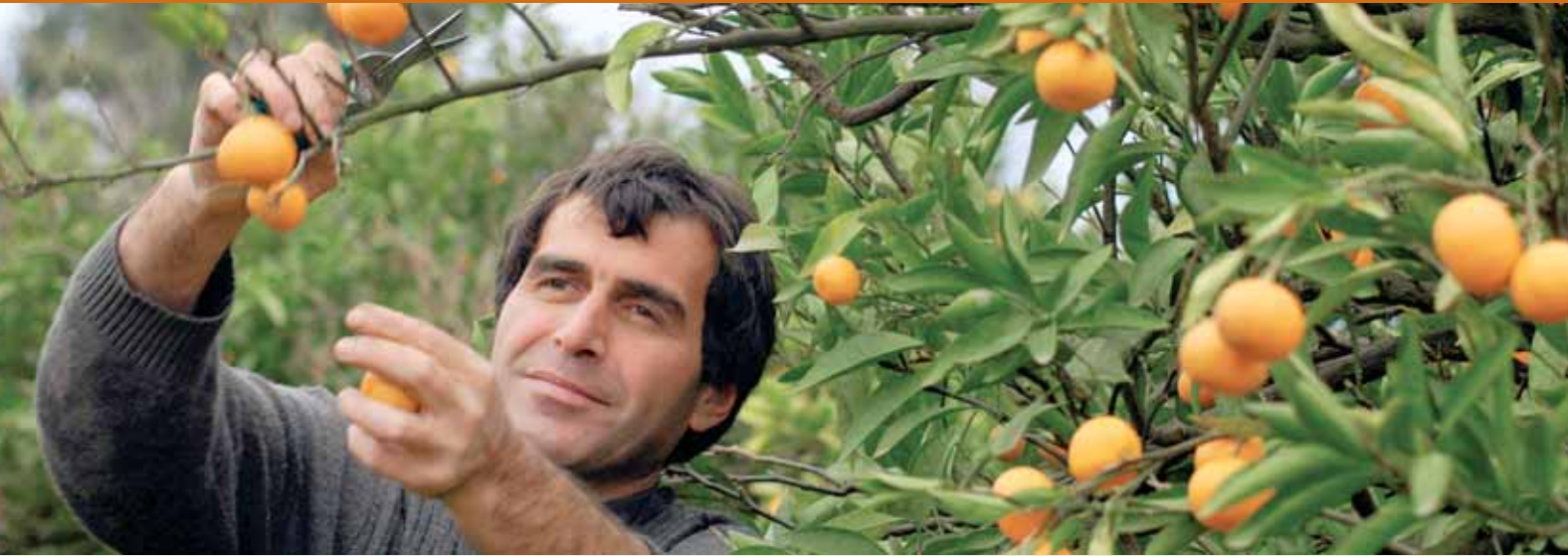


FINANCIAL REPORT

≡ Careful management bears fruit
Ruben Mangasaryan, Georgia

As of September 30, 2003 with summarized financial information for 2002

STATEMENT OF FINANCIAL POSITION



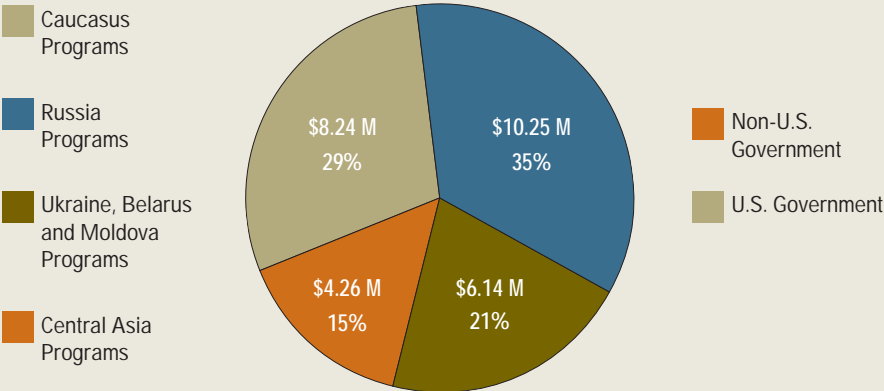
Fiscal year 2003 marked the tenth anniversary of the Eurasia Foundation (EF). During our first decade, EF received nearly \$252 million in support of our civil society, public administration and private enterprise development programs in 12 countries of the Eurasia region. The majority of this support has come from the U.S. government through multi-year core grants from the U.S. Agency for International Development. Increasingly, EF is able to leverage that funding to attract co-funding from other sources. In all, EF has successfully raised and leveraged nearly \$60 million from sources outside the U.S. government.

In fiscal year 2003, funding from sources other than the U.S. government represented 33 percent of our total expenditures, up from 24 percent in 2002. In addition, the number of grant awards made to EF by these donors increased 121 percent in 2003. In dollar amounts, funding support from these donors increased by 49 percent in 2002 and again by 85 percent in 2003.

As we continue to expand our circle of funding partners, we are also working to secure financial commitments to, and build infrastructural capacity for, our spin-off organizations. In 2003

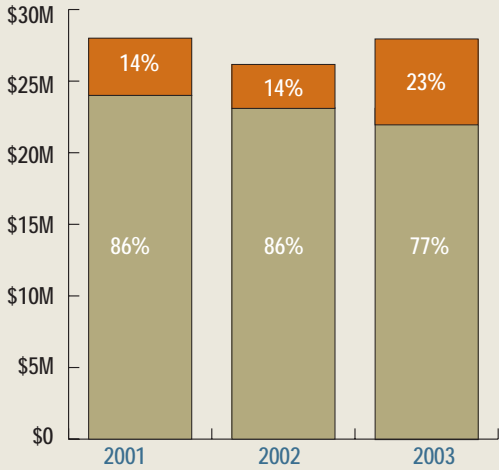
EF led an effort to spin off as an independent institution the Economics Education and Research Consortium (EERC), a project that supports the development of Western-level economics education and research in Russia and Ukraine. A consortium of international donors including several governments, foundations, the World Bank and the Global Development Network had funded this consortium since 1996 with EF as the incubator. Our goal overall is not only to use our funds prudently and constructively, but to leave structures behind that can benefit these societies over the long run.

Total Expenditures Fiscal Year 2003*



* Includes expenses of \$25,586,910 plus loans issued of \$3,312,888.

Activities by Funding Source*



	2003	2002
ASSETS		
Cash and cash equivalents	\$ 5,704,494	\$ 4,203,749
Investments	1,306,059	1,299,918
Grants, accounts and other receivables, net of allowance for doubtful accounts of \$35,319 and \$55,501 for 2003 and 2002, respectively	13,138,834	13,107,693
Prepaid expenses	32,508	73,300
Program related investments, net of allowance for possible losses of \$534,200 and \$419,622 for 2003 and 2002, respectively	3,513,148	2,907,767
Fixed assets, net of accumulated depreciation and amortization of \$2,014,668 and \$1,914,491 for 2003 and 2002, respectively	48,749	150,690
Advances and deposits	134,380	27,266
TOTAL ASSETS	\$ 23,878,172	\$ 21,770,383


LIABILITIES AND NET ASSETS		
	2003	2002
LIABILITIES		
Recoverable grant payable	\$ 1,008,572	\$ 718,572
Accounts payable and accrued expenses	607,659	684,750
Grants payable	9,319,198	10,048,247
Total liabilities	10,935,429	11,451,569
NET ASSETS		
Unrestricted	7,349,678	6,652,075
Temporarily restricted	5,587,265	3,660,939
Permanently restricted	5,800	5,800
Total net assets	12,942,743	10,318,814
TOTAL LIABILITIES AND NET ASSETS	\$ 23,878,172	\$ 21,770,383

COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

As of September 30, 2003 with summarized financial information for 2002

	2003				2002
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Contributions	\$ 41,149	\$ 27,707,631	\$ –	\$ 27,748,780	\$ 25,764,644
Investment income	261,608	–	–	261,608	243,157
Other income	200,452	–	–	200,452	74,911
Cancellation of donor awards	–	–	–	–	(56,895)
Net assets released from donor imposed restrictions	25,781,305	(25,781,305)	–	–	–
Total revenue	26,284,514	1,926,326	–	28,210,840	26,025,817

	2003				2002
EXPENSES					
Program services:					
Washington, DC Grant Program	1,224,022	–	–	1,224,022	3,084,286
South Caucasus	6,038,063	–	–	6,038,063	5,274,165
Central Asia	3,644,481	–	–	3,644,481	3,190,710
Ukraine, Belarus and Moldova	2,942,816	–	–	2,942,816	2,686,788
Russia	8,759,408	–	–	8,759,408	8,249,960
Total program services	22,608,790	–	–	22,608,790	22,485,909
Supporting services:					
Management and General	2,964,414	–	–	2,964,414	2,774,093
Fundraising	13,707	–	–	13,707	13,945
Total supporting services	2,978,121	–	–	2,978,121	2,788,038
Total expenses	25,586,911	–	–	25,586,911	25,273,947
Change in net assets	697,603	1,926,326	–	2,623,929	751,870
Net assets at beginning of year	6,652,075	3,660,939	5,800	10,318,814	9,566,944
NET ASSETS AT END OF YEAR	\$ 7,349,678	\$ 5,587,265	\$ 5,800	\$ 12,942,743	\$ 10,318,814



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Ukrainian State Tourism Administration
United States Agency for International Development
United States Embassy in Azerbaijan
Volga Administration, Russia

INTERNATIONAL DEVELOPMENT ORGANIZATIONS

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Global Development Network
Organization for Security and Co-operation in Europe
United Nations Development Programme
United Nations Food and Agriculture Organization
The World Bank

NON-GOVERNMENTAL ORGANIZATIONS

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Helvetas Swiss Association for International Cooperation
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International Alert
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