



THE EURASIA FOUNDATION

# FRAMING THE FUTURE

2004 ANNUAL REPORT





We believe that societies function best when citizens take responsibility for their own civic and economic future. 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 civil society and private enterprise in the countries in which we work.

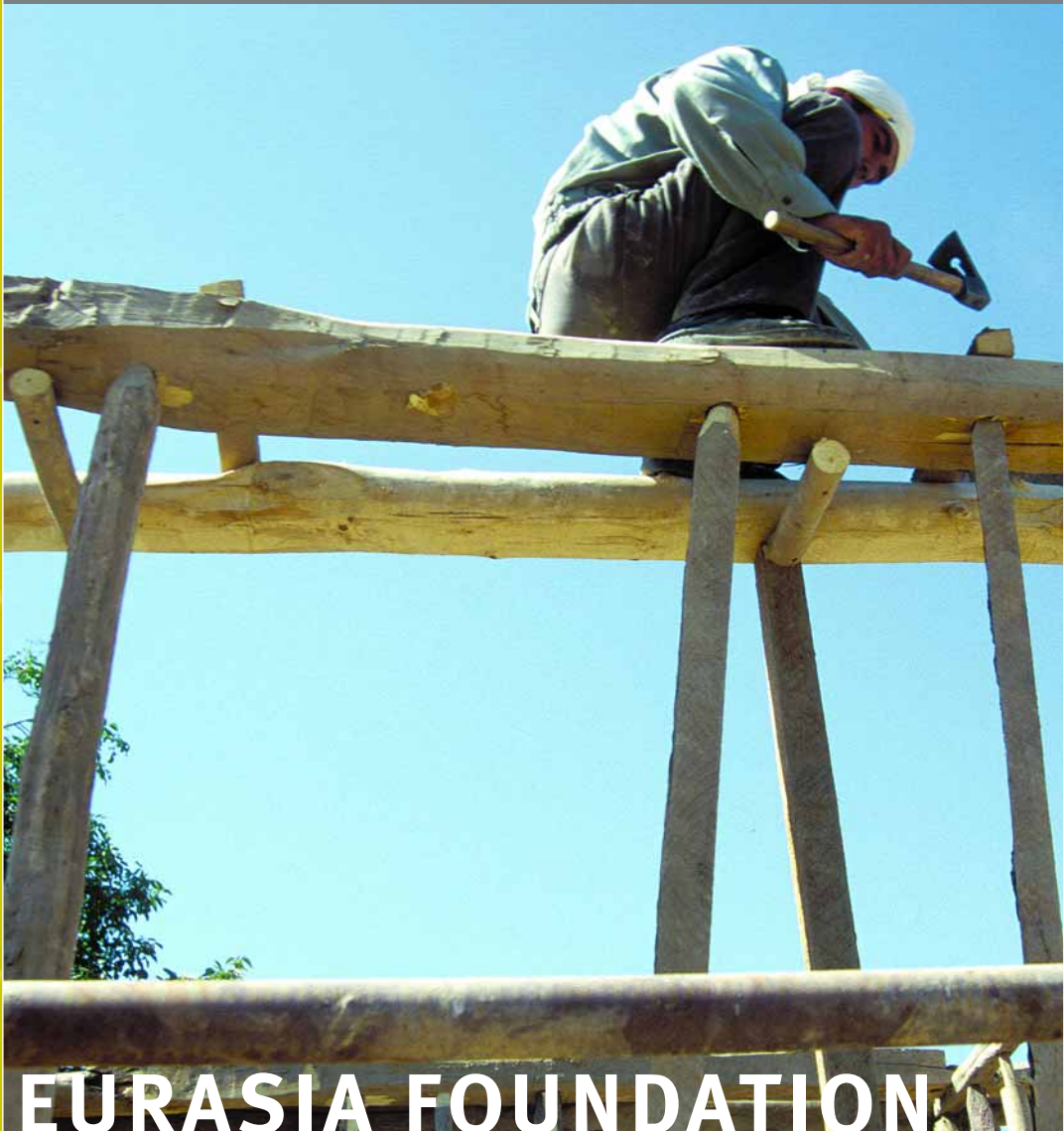


Photo: Anvar Ilyasov/World Bank, Uzbekistan.

# THE EURASIA FOUNDATION




**USAID**  
FROM THE AMERICAN PEOPLE

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## LETTER FROM

# THE CHAIR AND THE PRESIDENT



The past year was witness to some fundamental changes in the Eurasia region: the Rose Revolution in Georgia and the Orange Revolution in Ukraine, followed more recently by the Tulip Revolution in Kyrgyzstan.

But there were other developments often overlooked: the continuing high rate of growth almost everywhere, the improving standard of living for growing numbers, the continuing poverty for far too many, the centrality of the corruption issue in political change, and the mounting evidence of donor fatigue.

After a 10-year transition period, in other words, the territory of Eurasia has dramatically changed. The region is no longer a blank slate on which earnest reformers, whether locally grown or internationally recruited, can draw at ease. The emerging reality is a new status quo that, because of the level of development of the area, both politically and economically, is inherently still dynamic and therefore likely to experience continuing change. The question is how such change will take place.

The Eurasia Foundation believes this change should take place through evolution, not revolution. It frames the future and its programs with that fundamental difference in mind.

It therefore seeks to work with individuals and institutions that have the skills and vision necessary to bring the greatest social and economic benefits to their societies. We seek a future where citizens understand their governments because of increased transparency and support their governments' decisions because they see evidence of more efficient programs promoting the general welfare.

From this perspective, the growth of more active civil society at the grass roots poses no danger to any government working for the general welfare of the public and determined to enter the competitive global economy. Indeed, a more active civil society

will only strengthen governments in making their way in this new world.

Today, states must be strong at the bottom as well as at the top. If a state is to compete, it must harness all of the talents of its people because if it does not, its competitors will.

The Eurasia Foundation has worked in the Eurasia region now for over a decade. Its mission initially was to help ordinary citizens to understand that they personally were required and able to take charge of their own destiny in the new world that was unfolding. Now some 7,500 grants later, we frame our task somewhat differently.

We seek to complete our original mission by establishing foundations in four regions—Russia, Central Asia, the South Caucasus, and Ukraine, Belarus and Moldova. In October 2004, we partnered with the Dynasty Foundation in Moscow and the Madariaga European Foundation in Brussels to launch the New Eurasia Foundation in Russia, whose goal is to provide funding from Russian and outside sources to strengthen civil society in that country. We are completing the preliminary work to launch a similar foundation in Central Asia.

These foundations will be the first of their kind in most countries and will require active nurturing in their formative years, but our hope is that they can help root the culture of support for civil society in the critical countries of the Eurasia region and make both that region and its neighbors a more prosperous and peaceful area.

*Sarah C Carey*

— Sarah C. Carey  
Chair

*Charles W Maynes*

— Charles William Maynes  
President



## TESTIMONIAL

“I’ve said before that democracy requires faith, commitment and patience. I believe the Eurasia Foundation’s support of local citizen initiatives in the Eurasia region is helping to raise up a new generation with these very qualities.”

— Madeleine Albright, The Albright Group; Former United States Secretary of State





Operating in Afghanistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan, the Eurasia Foundation assists grass-roots organizations working to improve public policy and administration, to develop private enterprise and to further the goals of civil society.

Regional and local Eurasia Foundation offices manage a broad portfolio of grants and technical assistance projects. The headquarters staff in Washington, D.C., provides overall coordination and management for this transnational network of professional grant makers, project facilitators and evaluators.

The Eurasia Foundation represents a unique public-private partnership managed by a board of trustees, all of whose members are private citizens. The U.S. government launched this institution in 1992 with a major grant. In recent years, joining the U.S. government in providing support have been the governments of Finland, Norway, Sweden, Switzerland, the Netherlands and the United Kingdom. International organizations like the Organization for Security and Cooperation in Europe, as well as a number of private foundations, corporations and individuals, are also important donors.

In 2004, with the launch of the New Eurasia Foundation in Moscow, the Eurasia Foundation accomplished a major step toward its goal of developing a network of independent local foundations. The product of a trilateral partnership between the Eurasia Foundation, the Madariaga European Foundation and the Russian Dynasty Foundation, this new foundation continues the Eurasia Foundation's legacy of support to communities from Kaliningrad to Sakhalin.

# THE EURASIA FOUNDATION



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Photo: Sergei Vaganov/UNIAN, Ukraine.

The Eurasia Foundation has launched three new organizations: the New Eurasia Foundation in Russia, the Izmirlian-Eurasia Universal Credit Company in Armenia and the Economics Education and Research Consortium in Russia and Ukraine. It is currently laying the groundwork for an independent foundation in Central Asia.



For several years, the Eurasia Foundation's goal has been to build the capacity of its local offices to the point that they might operate independently as local organizations.

The year 2004 has brought the Eurasia Foundation (EF) further along this path. In addition to the creation of the New Eurasia Foundation in Russia, EF has explored the creation of a new foundation in Central Asia. In Armenia, it transformed its small business loan program, through a partnership with the Izmirlian Foundation, into a locally-registered credit company. Finally, in Russia and Ukraine, EF joined with other donors to transform another program, the Economics Education and Research Consortium, into an independent organization promoting high-level economics training in Ukraine and policy-related research in Russia, Ukraine and other states of the region.

Particularly noteworthy in these ventures have been new partnerships with local donors in Kazakhstan, Russia and Ukraine. EF aims to increase the number of such partnerships.

## NEW BEGINNINGS



## New Eurasia Foundation

The New Eurasia Foundation was registered in Moscow in June 2004 and began operations in October. The institution is the culmination of two years of work and collaboration by three founders: the Madariaga European Foundation in Belgium, the Dynasty Foundation in Russia, and the Eurasia Foundation in Washington, D.C. Instrumental to the success of this effort was the decision of the U.S. government to commit \$25 million over three years to launch this initiative. Javier Solana, president of the Madariaga European Foundation and European Union High Representative for the Common Foreign and Security Policy, agreed to attempt to raise \$10 million from European sources, and Dmitry Zimin, the chairman of the Dynasty Foundation in Russia, pledged an initial \$750,000.

As a private, non-commercial Russian organization, the new foundation seeks to promote civil society, private enterprise development, public administration and policy reform, effective education systems and viable independent media. "My hope," says Dr. Solana, "is that the work of the foundation can further help the Russian people and their governments to become full partners with Europe and America in the promotion of an international order based on the defense of the fundamental freedoms and protections that define democratic societies."

## Izmirlian – Eurasia Universal Credit Company

In July 2004, the Izmirlian–Eurasia Small Business Loan Program (SBLP) in Armenia took the final step toward independence by becoming the Izmirlian–Eurasia Universal Credit Company LLC, a permanent, locally-registered and -operated credit company that will provide medium-term financing directly to small businesses. Since 1995, SBLP has worked to provide loan capital and training to Armenian banks to improve their capacity to serve the small- and medium-sized business community in Armenia.

The program has provided loans for periods up to 48 months to businesses across a wide range of sectors and in all regions of Armenia. Over time, SBLP has become recognized as the premier lending program in Armenia for small- and medium-sized businesses and as such has significantly contributed to the development of the local economy. From December 1995 through December 2004, SBLP disbursed \$10.5 million to 296 businesses. Based on this success, SBLP attracted significant additional funding from the Lincy Foundation over several years. In 1999, the Izmirlian Foundation became a full partner in the program and provided a sizeable grant that increased the loan pool to \$3.5 million.

## Economics Education and Research Consortium: A Continuing Legacy

Good governance relies on sound policy. Nowhere is that more true than in the field of economics. The Economics Education and Research Consortium (EERC), with centers in Kyiv and Moscow, is strengthening economics education and research across Eurasia. Started as a project of EF in 1995, EERC completed its first year of independent operations in September 2004. Funded by a consortium of European, American, Russian and Ukrainian donors, EERC offers a master of arts degree (MA) in economics in partnership with Kyiv-Mohyla Academy in Kyiv, and operates a research and training center for economists in Moscow.

In the past year, EERC has expanded both its programming and its geographic reach. To date, the MA program in Kyiv has graduated 262 students from Ukraine, Belarus and Moldova. With scholarship funding from the Norwegian Royal Ministry of Foreign Affairs, the first students from the South Caucasus were admitted to the program for the 2004-2005 school year.

The degree program will soon become part of the university curriculum as the Kyiv School of Economics at Kyiv-Mohyla Academy. In an effort to assist others parts of Ukraine, the program will house a new Economics Research and Outreach Center, funded by the World Bank, which will assist in the development of modern economics curricula in other Ukrainian universities.

The EERC Research Network, based in Moscow, offers services for institutions in the region seeking to establish similar networks in other countries. A Web site ([www.eerc.ru](http://www.eerc.ru)) offers access to an electronic archive of scholarly materials. In Central Asia, EERC has partnered with EF, the Organization for Security and Cooperation in Europe, the Global Development Network and several private sector donors to create an Applied Research Network, bringing together academic and policy institutions across Central Asia. In the South Caucasus, EERC is working with EF's Caucasus Research Resource Centers to share best practices in the field of economics. In addition, EERC has led workshops in New Delhi, India, and Dakar, Senegal, on the relationship of research to policy development.

## TESTIMONIAL

"The Eurasia Foundation is sowing the seeds for continued economic and societal change in the Eurasia region, spinning off programs and initiatives as indigenous organizations in their own right."

— Urban Ahlin, Committee on Foreign Affairs, Parliament of Sweden

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Photo: Andrei Gorb/UNIAN, Ukraine.

As companies strive to be competitive in the global market, business schools are preparing students to be future corporate leaders. The Eurasia Foundation assists numerous schools to provide high-quality educational opportunities that meet international standards.



In the transition economies of the Eurasia region, people want good jobs but need new skills. Both local and foreign companies value employees who have training and experience in international business. Foreign companies want to hire local managers because of the tremendous cost and failure rate of expatriate staff. Local companies want to hire managers with modern skills so that they can compete with foreign businesses.

Accordingly, the Eurasia Foundation (EF) has supported business education for the past 11 years and continues to work with local schools to improve the quality of business leaders, business education and education standards throughout the region. These programs graduate business-people with strong analytic, quantitative and foreign language skills who can apply what they have learned to solving real-life business problems.

## LEARNING THE BUSINESS





Students in the executive MBA program at the Institute for Privatization and Management work together in hands-on consulting projects.

Institute for Privatization and Management, Belarus.

## Expanding Capital

Kelajak Ilmi International Business School in Tashkent is the only private business school in Uzbekistan. The school opened its doors in 1991 and launched a bachelor's degree program in business administration in 1997. To date, 48 students have graduated and now have careers in accounting, finance and marketing. Since 2001, EF has funded a partnership between Kelajak Ilmi and the William Davidson Institute at the University of Michigan to build up the former's academic and administrative practices.

Coursework at Kelajak Ilmi is conducted entirely in English. Students engage in hands-on experiences including internships. Rustam Davletkhanov, an alumnus, says of his experience, "The students weren't afraid to challenge professors and to engage in dialogue. It was the sort of environment that would really push the boundaries of my knowledge."

Inability to pay tuition is one of the primary factors in student attrition for this school and others. For that reason, Kelajak Ilmi started a scholarship program in 2004. With a \$35,000 grant from EF and additional funding from other sources including Newmont Zarafshan, the school was able to provide scholarships to over three-quarters of its students in the fall of 2004. "The Eurasia Foundation grant is like a gulp of air for the students who wish to get high-quality Western-type business education in Uzbekistan," says Mila Eshonova, executive director of Kelajak Ilmi. EF is committed to supporting the scholarship program for another three years.

In addition, EF is working with Kelajak Ilmi to purchase a building that will allow the school to expand, adding a computer center, upgrading its library and potentially adding dormitory accommodations. The Central Asian – American Enterprise Fund has provided a substantial portion of the funding needed to accomplish this goal. With guidance in management, curriculum design and faculty training

provided by the William Davidson Institute, Kelajak Ilmi hopes to become the first accredited private higher education institution in the history of Uzbekistan.

## Increasing Returns

Over the past 10 years, EF has supported the development of three business schools in Belarus. Among them is the Institute for Privatization and Management in Minsk, which offers the country's first executive master's degree in business administration (EMBA). The program was developed in partnership with Central Connecticut State University (CCSU) and the Warsaw-based Leon Kozminski Academy of Entrepreneurship and Management.

The part-time EMBA program is designed for students who are already business leaders. The program helps to assure that a cadre of capable leaders will be able to assist Belarusians to participate more fully in economic and civic affairs.

The program's coursework takes a systems approach, looking at business management as a whole rather than treating marketing, finance and other aspects in isolation. With CCSU assistance, the institute is training its faculty, developing region-specific case studies, opening a computer lab and initiating a capstone project requirement for its students, the latter involving an opportunity for students to apply their learning by working directly with a company. Upon completion, students travel to Poland to present and defend their projects at the Leon Kozminski Academy, the top-ranked business education program in Poland. Graduates receive an MBA diploma from the academy and certificates of completion from CCSU and the Institute for Privatization and Management.

## BUSINESS EDUCATION

In the past six years, EF has awarded 97 grants totaling nearly \$3.2 million to support business education programs through teacher training, course development and institutional development.

### TRAINED

More than 6,000 students, professors and other education professionals

### COURSES

More than 60 new courses developed

### PUBLICATIONS

Nearly 200 publications produced

### ORGANIZATIONS BENEFITED

Over 1,600



Photo: Peter Langer/Associated Media Group, Russia.

Eurasia Foundation grants and operating programs are helping government authorities to build connections with local citizens.



The collapse of communism radically changed the functions for which governments in the Newly Independent States are responsible. On the one hand, government agencies now perform functions that did not exist during Soviet times, such as regulating markets, attempting to build an effective court system and establishing a rule of law. On the other hand, central governments have transferred responsibility for many of the functions they formerly carried out to lower levels of government or to the private sector and civil society.

The Eurasia Foundation (EF) supports a broad array of projects aimed at increasing the effectiveness, responsiveness, and accountability of governmental bodies, particularly at the local level. It aims to assist them in the evolution toward greater pluralism and more service-oriented, public-benefit governance.

## AT YOUR SERVICE



## Public Access

A number of municipalities in Armenia are using computer technology as they strive to become more service-oriented. With a \$34,000 grant from EF, the Information Systems Development and Training Center helped 10 municipalities to install and use a comprehensive information management system that tracks everything from budget expenditures to statistical information about their cities. The online system has been particularly successful in Charentsavan, a city of 23,000 inhabitants north of Yerevan, where citizens can even access records of discussions and papers prepared by the mayor's office. And when they have questions, citizens here can now go online to communicate directly with government staff.

While preparing the 2005 budget for Charentsavan, the municipality posted a draft budget and background documents on a site accessible to city council members. "The members of the city council and participating citizens came to a meeting with ready comments and suggestions," says Mayor Rudolf Mnatsakanyan. "As a result, after discussions and further development, the final budget and strategy for 2005 are considered to be far more accurate and realistic than in previous years."

This project is part of a larger EF initiative in Armenia that aims to establish a countrywide network of municipal information-analytical centers. The program has so far provided restructuring support and training to 19 of Armenia's 57 municipalities. It has had a profound impact, improving both the breadth and the quality of local government services and bolstering the public's trust in governmental institutions. EF has invested over \$450,000 in this initiative so far, and plans to expand the program following a comprehensive evaluation in 2005.

## Creating Community

The United Nations Development Programme, in its 2004 Common Country Assessment of Ukraine, stated that "a recurring issue in the area of governance is the inadequate quality of state policies and the lack of interaction between state institutions and civil society organizations, as well as directly with citizens."

The Bukovinskoe Partnership Agency, in the Chernivtsi region of western Ukraine, is working to close this gap by involving citizens in community development projects. With a \$33,000 grant from EF, the agency put together a training course for local councils that addresses practical steps in research, design and implementation of community development projects. Eight university professors, lecturers and representatives of local non-governmental organizations were trained to conduct the

course, and 50 government leaders in the region have participated in the classes.

Vasyl Gidora, head of the Kamianka rural council in the Chernivtsi region, commented on the training: "I have been head of the rural council for 13 years, but in this course I learned many new things. We have now developed a new proposal for local community development to install central gas in each household.... We consider this course very important and useful for future cooperation with my colleagues from different rural councils and government officials at district and regional levels."

In light of the positive impact of this project and of the success of a similar project in the Cherkasy region, EF is implementing a new program aimed at strengthening village and district level rural councils by increasing their effectiveness in acting in the interests of their constituents. EF is currently funding eight such projects in Ukraine.

## Joining Forces

Bordering Afghanistan, the world's leading producer of heroin and other opiates, Uzbekistan and Tajikistan face an ever-increasing problem of drug trafficking and addiction. The number of registered drug users in Uzbekistan has nearly doubled since 2001, and according to official statistics, the number of new HIV/AIDS cases is doubling every year, primarily resulting from injected drug use.

Until lately, Uzbek authorities and non-governmental organizations have worked independently of each other to address the problems of drug dependency. But a recent training seminar provided by EF has helped police authorities and private organizations to discover common ground in fighting drug abuse. EF is running the Uzbekistan country office of the U.S. Agency for International Development's Drug Demand Reduction Program in Central Asia, which seeks to engage multiple levels of society in reducing the demand for illicit drugs in Uzbekistan.

Senior Lieutenant Shahruh Gafurov, who works in vice crime prevention in Tashkent, participated in a three-day training seminar along with 20 other police officers and representatives of several non-governmental organizations. The seminar focused on the issues surrounding drug dependency and on how various sectors of society could work together to address these problems. Lt. Gafurov noted: "A call to join efforts in drug demand reduction was sounded in this training." A second seminar will aim to formalize methods for coordinated work. Meanwhile, Lt. Gafurov tries to keep in constant contact with organizations involved in the issue, and he has passed on what he learned at the seminar to colleagues who work directly with drug addicts on a daily basis.

## TESTIMONIAL

"As Kazakhstan enters a new stage of economic and political reforms and continues to nurture democratic institutions, we regard the Eurasia Foundation as a valuable partner. The Foundation's programs are helping us achieve our goals."

— Kanat Saudabayev, Ambassador of Kazakhstan to the United States



Photo: Konstantin Yudin/Parker Photo, Kazakhstan.

Corporations are increasingly reaching out to communities, helping to frame a future of economic and social opportunity. The Eurasia Foundation manages a number of programs in partnership with corporate investors and is helping companies to develop a strategic framework for social investment.



In several countries of Eurasia, there are small but positive signs that local businesses are starting to recognize the value of involvement with their communities. The Eurasia Foundation (EF) seeks to strengthen this trend. Over the last year, a significant number of domestic businesses have expressed their willingness to contribute to projects benefiting the community. Often, however, they still lack a clear understanding of the importance and potential of social investment. Starting in Russia, EF is helping to build the skills of business leaders in developing and managing corporate social investment programs.

## INVESTING IN SOCIETY



## Strategic Giving

In July 2004, a group of 19 managers of corporate social programs at leading Russian companies and private foundations met in Moscow for a hands-on training workshop in corporate social investment. The participants represented Gazprom, Severstal, Yukos, Sual Holding, Norilsk Nickel, TNK-BP, Rosbank, Rusal, Dynasty Foundation and others. This was the first of a series of one- and two-day training workshops that guide participants through the issues involved in developing a social investment portfolio.

The workshops are part of a Strategic Investment Initiative run by the Moscow-based New Eurasia Foundation and funded by EF and the William and Flora Hewlett Foundation. The project is designed to help Russian donors define their charitable goals, build accountable and transparent mechanisms of charitable giving, and develop philanthropic missions and strategies.

Topics covered in the three workshops thus far include the development of missions and strategies, program management, monitoring and evaluation of programs, and a comparative look at U.S., European and Russian corporate philanthropy. In addition to these seminars, EF is organizing a study tour in 2005 for up to 10 Russian managers to travel to New York and San Francisco to meet with companies that have active social investment programs. Through the visit, participants will gain exposure to the scope and variety of corporate philanthropy programs administered by leading U.S. companies.

Veronika Kabalina of Norilsk Nickel comments, "The overall structure of the trainings and the themes have been selected very wisely. It was helpful to learn first about the U.S. model of corporate philanthropy, then the European model, and finally about the Russian experience of corporate philanthropy and corporate social responsibility." As chief of social programs at Norilsk Nickel, Ms. Kabalina applied her training when presenting her department's annual operating plan to the company's senior management. As a result of the workshops, she was able to state her program's priorities clearly and succinctly. She also reports that the training has helped her to facilitate better communication among the various departments at Norilsk Nickel and has provided valuable opportunities for interaction with other companies endeavoring to establish strategic social investment portfolios.

## Big Business is Small Business

The beautiful, rugged Ural mountains of Russia's Sverdlovsk region hold immeasurable riches of iron ore, bauxite and other minerals. These natural resources have made Sverdlovsk one of the top industrial regions of the country. But in the new market conditions, the vast industrial opportunities here paradoxically contribute to growing unemployment. As major industrial plants modernize their processes, they produce more materials with fewer employees.

SUAL, Russia's number two aluminum producer, has taken a keen interest in the welfare of the region's population. The company came to EF for assistance in developing a strategy to help stimulate small business growth in Mikhailovsk, a one-company town in southern Sverdlovsk dominated by the Mikhailovsk Foil Factory, a SUAL subsidiary.

The company funded an initiative aimed at identifying and addressing the opportunities and obstacles for establishing small businesses in Mikhailovsk and in the Nizhny Sergy district surrounding the town. A baseline study showed that less than 10 percent of the area's business potential is being realized. Problems include complicated registration procedures, a lack of access to financial resources and a poor infrastructure for supporting business. Would-be entrepreneurs find the barriers almost impossible to surmount.

As a first step in addressing these problems, EF hosted training sessions for 28 federal and municipal civil servants in the region to introduce more efficient regulatory mechanisms that will support small business. In addition, through its partnership with EF, SUAL is supporting efforts to establish a municipal fund to provide start-up capital for small businesses. Together with the leading Sverdlovsk regional fund, EF organized the municipal fund and will train its staff and provide loan capital for this new microcredit initiative.

## TESTIMONIAL

"The Eurasia Foundation—and the New Eurasia Foundation—are helping businesses to identify and articulate their strategies for responsible social investment in Russia. The synergies between the business and social sectors that will result from this will undoubtedly lead to positive societal and economic change in the region."

— Peggy Dulany, The Synergos Institute



Photo: Lisa Butenhoff, Georgia.

The Eurasia Foundation sponsors programs that build ties between policy researchers and implementers, such as this forum organized by the South Caucasus Cooperation Program and Caucasus Research Resource Centers in 2004. Here, representatives of public policy organizations from Armenia, Azerbaijan and Georgia examine ways for independent organizations to be involved in policy formation.



Public policy research forms the backbone of policy decisions in democratic societies. In transition societies, think tanks are underdeveloped and often unable to offer independent analysis to help government leaders make informed decisions. Their weakness denies the general public needed information about policy options and government performance. So a stress on developing such institutions has been a priority of the Eurasia Foundation (EF).

In 2004, EF commissioned an evaluation of its grants to public policy research organizations in the South Caucasus, Kazakhstan and Russia. The evaluators found that: “In all countries covered by this assessment, EF managed to significantly strengthen the indigenous capacity for public policy analysis and support streams of projects of high relevance for policy reform.... EF’s grant programs in the region have had a long-lasting impact on policies and professional capacity to conduct policy studies in NIS countries.”

## POLICY FOR PUBLIC GOOD



## Regional Analysis

In the capital cities of Armenia, Azerbaijan and Georgia, EF's Caucasus Research Resource Centers (CRRC) form a regional network for social science research and public policy analysis. Supported by a major grant from the Carnegie Corporation of New York, CRRC is strengthening research and analysis on policy issues in the region, developing more deliberate connections between research and policy, and encouraging interdisciplinary dialogue on key policy issues related to the South Caucasus. CRRC extends its services to a clientele of academics, practitioners and researchers, making available to qualified specialists a growing number of online data sources and journals.

To facilitate cross-comparison of regional social and economic dynamics, the three centers began in 2004 a coordinated effort to collect reliable, comparable data on household economic behavior and social attitudes across the South Caucasus. Researchers conducted extensive surveys among 1,500 randomly-selected households in each of the capital cities. By the end of the year, the results of this first-ever coordinated survey became available to the local research community.

In Yerevan, Armenia, researcher Rafael Bakhtavoryan underscores the significance of sound data collection efforts: "The level of 'representativeness' of the data provided by Armenia's National Statistical Service is fairly low. [Moreover], this is the first time that collected data have been targeted for the research community, and not intended for internal or government needs."

"Providing us with new, reliable and especially cross-comparable data is a wonderful gift to any researcher," states Anahit Mkrtchyan, who used the center's resources to help develop her thesis entitled *Socio-Cultural Peculiarities of Civil Society Formation in Armenia*. "This survey gives both absolute and comparable information about neighbor countries—a fundamental premise for future dialogue and discourse among researchers in the region." Ms. Mkrtchyan recently applied for a CRRC fellowship grant and is a member of the 2005 data initiative working group that will expand the data collection project into the countries' rural regions.

## Healthy Reforms

In 2004, a new government came into power in Georgia with a pledge to ferret out corruption and bring policy reforms to the country. Several EF grant recipients are working alongside the government agencies tasked with these reforms, helping to develop codes and guidelines for effective policies in health care, public service, tourism and political decentralization.

With a \$47,000 grant from EF, the Association of Doctors and Psychologists of Georgia is working with the Ministry of Health and with hospital directors to address the problems of the country's health care system. The economic collapse following Georgia's civil war in the early 1990's left the health care system in shambles. Unable to maintain universal health care, the state privatized the system, but over-diagnosis, unnecessary operations and over-prescription of drugs make medical care far too expensive for most people.

Using existing clinical guidelines from other countries as a starting point, the Association of Doctors and Psychologists is developing guidelines specific to health care in Georgia. The guidelines will be rooted in evidence-based medicine, which calls for diagnosis and treatment based not only on a doctor's individual clinical expertise, but also on the evidence available from external clinical research studies. As part of the grant project, the association will provide training for medical practitioners and will follow up to determine whether the guidelines are being implemented and whether they need to be adjusted.

## TESTIMONIAL

"The Eurasia Foundation's programs promote the strengthening of democratic principles in Ukrainian society, increase transparency in state proceedings and reinforce public oversight of government activities. Furthermore, projects supported by the Eurasia Foundation are implemented by Ukrainian NGOs using methodologies they themselves develop, and are based on their perspectives of the problems and development priorities of Ukrainian society in its transition to democracy."

— Anatoliy Hrytsenko,  
Minister of Defense of Ukraine

## THINK TANKS

In the past six years, EF has funded 61 grants totaling more than \$1.7 million to further the work of think tanks and support their role in the development of good governance.

### TRAINED

More than 1,300 researchers and policy makers

### ORGANIZATIONS BENEFITED

More than 8,000

### INFORMATIONAL MATERIALS PRODUCED

23 Internet products and 40 print items

### FUNDING PARTNERS

Grantees and other counterparts have contributed over \$400,000 to these projects.



Photo: Colin Spurway/Mercy Corps, Uzbekistan.

Active citizens are the foundation of strong, healthy communities. Non-governmental organizations supported by the Eurasia Foundation engage individuals, government officials, businesses and other organizations in projects that address social issues.



When people have the tools to be active participants in society, vibrant communities can result. The Eurasia Foundation (EF) promotes opportunities for citizens to contribute to civil society through training, advocacy, assistance programs and other projects. The local organizations that implement these activities are helping to frame a future built on good governance and civic engagement.

## CITIZENS IN ACTION



## Combating Corruption

Moldova ranks near the bottom—114 out of 145—on the 2004 Transparency International Index. The Moldovan government's Center to Combat Economic Crimes and Corruption (CCCEC) recently called on citizens and civil society groups to help fight corrupt practices in government and business. Several non-governmental organizations are responding to the call and have turned to EF for support.

One of these is the Association of Young Lawyers, which used an EF grant to organize training workshops for civil servants on such topics as the identification and prevention of corruption, better laws to combat it, and its consequences on Moldovan society. In all, the association trained 75 government employees in five towns, and the course it developed is now being distributed to other parts of the country for further training.

This was one of a cluster of seven anti-corruption projects supported by EF that resulted from a series of three-day seminars conducted by Transparency International. With EF funding, these seminars were held in four locations across the country. The participating non-governmental organizations learned to spot and fight corruption and also received background in the larger issues tied to the topic, such as governmental checks and balances.

Of course, civil society organizations cannot substitute for state law enforcement structures. But as Lilia Carasciuc of Transparency International points out, civic efforts can “complement them by organizing awareness campaigns, producing and distributing studies and surveys and proposing specific ways to combat corruption.”

## Full Participation

Healthy societies cannot afford to sideline any of their people. Evgeny Efrimov of Kazakhstan knows this. He works hard at two jobs—at night as a security guard, and by day repairing computers and other audiovisual equipment. His life is not easy, but without the help of the Miracle Center for Child and Adult Orphans, in Taraz, Kazakhstan, he might be leading a life of idleness or crime.

Abandoned as a young child, Mr. Efrimov bounced around various orphanages, schools and families. By the time he was 23 years old, he was unemployed, suffering from health problems and unable to get assistance because one of his foster families had stolen his identity documents.

Then Mr. Efrimov learned of the Miracle Center and his luck began to change. The center, with support from EF, assists adult orphans—orphange

“graduates”—to obtain proper legal documents and identification. It then helps them to make use of government programs such as unemployment and disability benefits, while providing job training and assistance in finding housing.

Once the center's staff located Mr. Efrimov's birth records, they were able to help him obtain registration papers, a job, housing and medical care.

Mr. Efrimov is not alone. With EF's grant, Miracle Center has created a database of orphans in order to be in a position to help them as they reach maturity. The center has assisted more than 130 individuals to find jobs, acquire legal documents, receive medical treatment and obtain housing.

Miracle Center is only one of several EF grant recipients in Kazakhstan that help orphans to adjust to life beyond the orphanage. In the summer and fall of 2004, EF and Philip Morris Kazakhstan, with funding from Altria Group, supported organizations in five locations across the country that arranged short-term foster homes for a total of 130 orphans.

## Open Communication

Citizens need information if they are to take an active interest in the work of their government. Frequently, though, in transition countries a wall exists between government offices and news reporters who might inform the public. In Azerbaijan, the International Press Club used an EF grant to address the lack of information flow through a series of seminars for government officials and media representatives.

Over the course of 10 seminars, participants explored the broad role of a public relations officer and learned ways to disseminate information. The result was significant change. The Ministry of Taxes and the National Television and Radio Council established a telephone information line. The press center of the Cabinet of Ministers appointed two public relations officers to meet with the media. Several agencies reconstructed their Web sites to be more informative and interactive.

“By helping public relations officials and journalists to improve communications,” says Ali Hasanov, head of the Social-Political Department of the Azerbaijani president's executive office, “these seminars have led to increased access to information for our citizens—a process that is essential to the growth of democracy in Azerbaijan.”

The U.S. Agency for International Development is now replicating the International Press Club's project in other regions of the country.

## TESTIMONIAL

“Governmental transparency and small business growth are essential to the health of emerging market economies. In Azerbaijan, Statoil has found the Eurasia Foundation's knowledge and experience to be of great value in our efforts to support the development of private enterprise and civil society in the places where we work.”

— Georg Gundersen, Statoil Azerbaijan a.s



Photo: Hayk Badalyan/Photoclure Photo Agency, Armenia.



The Eurasia Foundation supports projects that build community through volunteerism, providing opportunities for individuals to work together for change.

# CIVIC SOCIETY



In market economies, volunteers provide essential services to vulnerable populations, tutoring kids, running soup kitchens or directing community organizations. But volunteerism is a thinly rooted concept in transition economies. Therefore, Eurasia Foundation (EF) grant recipients seek to unite people who are working for social change through projects that train and organize volunteers.

## Partners in Social Progress

To celebrate St. Nicolas Day in 2001, the Education Initiatives Center in Lviv, Ukraine, organized a number of volunteer activities to bring the community together to assist vulnerable groups. The event was so successful that a number of groups started asking the center to organize events specific to their focus areas. The staff of the center realized that what these organizations really needed was training in planning their own volunteerism events. With a \$21,000 grant from EF, the center set about teaching others to lead community service activities.

The center convened two-day seminars for volunteers and community organizations in three neighboring western Ukrainian cities. Participants learned ways to approach organizational goals through the time and talent that volunteers can offer. A final three-day Forum of New Social Ideas took place in May 2004, bringing together 62 participants for workshops that combined the theoretical and practical sides of volunteerism and social activism.

Olena Shunarovska, the project director at the Education Initiatives Center, reports that after the forum, “the non-governmental organizations in our region began to communicate actively, provide mutual consultations and support each other, and in the process increased the professionalism of both staff and volunteers, as well as the overall success of the partners.” About 20 entities, ranging from local government, business and non-profit organizations to religious communities, youth groups and mass media, are now engaged in social partnerships and are working together to ensure the sustainability of such cooperation.

## Youth Initiative

Recently, student volunteers in Ulan Ude, Buryatia, Russia, spent two days in a girls’ prison giving the inmates free makeovers and teaching them life skills. The volunteers are the third generation of students from the Volunteer Corps at the state technological university. The Volunteer Corps—the first student voluntary organization in Ulan Ude—began with the help of Firn Club, an EF grant recipient. Over the past two years, Firn Club’s training and guidance have assisted the corps to become a vital link between students and their community.

Firn Club provides training seminars and runs a resource center to help non-profit organizations strengthen their management and programs. With funding from EF, the club organized two volunteerism schools to teach youth the necessary skills for implementing social projects. Seven projects representing new models of youth volunteerism were developed as a result of the schools.

Firn Club is also conducting studies to collect successful models like the ones that resulted from the volunteerism school in order to replicate them in other disadvantaged areas of Buryatia and across Russia. Using some of these models, Firn Club worked with youth organizations across the region to organize activities for the annual Spring Week of Kindness in 2004. In 25 towns and villages across Buryatia, 104 organizations and nearly 19,000 volunteers participated in the week’s events, and individuals and businesses contributed over \$3,500 for humanitarian aid. As a result, over 8,000 individuals in vulnerable social groups received services.

In 2004, Firn Club also conducted a survey of Buryat students involved in the voluntary movement. The results of this and other research were published in a book titled *Volunteerism: From Me to Us*, which includes work methods, public relations and documentation used in the projects. Nearly all of Firn Club’s volunteerism programs have become self-sustaining once other organizations or the government have adopted them. Now Firn Club’s task is to spread volunteerism to even wider reaches in business and government.

## TESTIMONIAL

“Over the past 14 years, we have seen the Soviet Union evolve into 15 distinct countries in the midst of complex and diverse economic, political and social situations. The Eurasia Foundation has been, and continues to be, a channel for cooperative civic efforts at the grass-roots level.”

— Wolfgang Ischinger, Ambassador of Germany to the United States



Photo: Gulbahor Makhkamova/National Association of Business Women of Tajikistan, Afghanistan.

The Eurasia Foundation supports organizations working to mitigate conflict and create opportunities for cooperation across national borders. On the Tajikistan – Afghanistan border, women are working together to broaden their business skills and open markets for trade.



Trade can bring prosperity and greater regional cooperation to Eurasia, but complicated border regulations burdening the countries of Central Asia, the Caucasus, Russia and Eastern Europe too frequently result in misunderstanding or abuse by customs officials. The issues surround not only products, but people. According to UNESCO, the Central Asian countries alone send nearly 2 million labor migrants abroad to find work.

Through support for such activities as business training, legal consulting and rights advocacy, the Eurasia Foundation (EF) seeks to address the social, political and economic obstacles to greater cross-border ties. In facilitating easier cross-border activity, EF efforts help to reduce conflict and increase economic opportunities for citizens of the region, including neighboring states like Afghanistan.

## CROSS-BORDER COOPERATION



## Protecting People Working Abroad

Experts estimate that as many as 600,000 Kyrgyz labor migrants work in Kazakhstan and Russia. According to the Department of Migration Services of the Kyrgyz Republic, the average labor migrant sends \$150 to \$200 per month to dependents, mostly via informal channels. In southern Kyrgyzstan, about 70 percent of inhabitants depend on remittances from labor migrants. Similar dependence on remittances exists in Tajikistan and Uzbekistan.

Most of the workers sending money home lack legal status and documentation, leaving them susceptible to discrimination, extortion and other abuse in their home and destination countries alike. In the Ferghana Valley, the border area between the Kyrgyz Republic, Uzbekistan and Tajikistan, three organizations have joined forces to help migrants protect their rights and livelihoods.

EF grants totaling \$68,600 have brought together Golden Goal United Youth Union in the Kyrgyz Republic, the Association of Consumer Rights Protection in Tajikistan and the Business Women's Association of Kokand in Uzbekistan. From informational billboards at border crossings to consultation centers offering legal assistance, the partners are using a variety of methods to reach labor migrants. In a five-month period, 160 visitors to Golden Goal reported that the staff had helped them to know the law and avoid border problems when they leave for or return from foreign employment. In addition, a public service announcement, research reports and advocacy efforts by the partners are helping to bring public attention to migrants' problems.

This cross-border project is one of several that EF is piloting in labor migration while exploring the programs it might develop to best aid in addressing the needs of migrants, businesses and governments across the region.

## Diplomatic Potatoes

Potato farming is a major industry of the South Caucasus: Armenia, Azerbaijan and Georgia together produce roughly 1.5 million tons of potatoes every year. Nevertheless, across the region, potato crop productivity and seed production could be much higher. Three organizations—one in each country—are working together to show farmers how to increase their crop yield using techniques developed in Israel. Grants from EF's South Caucasus Cooperation Program and expert assistance provided by MASHAV, Israel's Center for International Cooperation, are helping this three-way partnership.

The partners—an Armenian association of growers of seed potatoes and Azerbaijani and Georgian associations of agriculture and agribusiness experts—conducted their first experiment in

increased potato production with assistance from EF and MASHAV in 2003. With the introduction of new technologies, including using fewer seed potatoes and planting them in raised rows, the average potato yield reached 50 to 60 tons per hectare—an increase of 300 to 400 percent over past harvests using the same amount of labor and material resources.

Following this success, the partners initiated another project in 2004, replicating their work at a higher elevation. Working with an Israeli expert, the partners farm experimental plots and provide training for local farmers on topics ranging from seed varieties suited to their climate to business planning and marketing. In addition, the partners provided seed potatoes to the farmers who participated in the first project, and are now observing them as they implement the new technologies on their own land.

## Businesswomen Connect Across Borders

Nasiba Saidmuhammad runs a small livestock farm and a sewing business in a small Afghan town on the border of Tajikistan. Through Child Fund Afghanistan, she has received two microloans to purchase animals and sewing equipment. Ms. Saidmuhammad hopes to obtain another loan that would enable her to expand her sewing business and open a confectionery. "If I can hire several more girls who have studied baking with me," she says, "this will yield more profit than sewing. But to manage such a comparatively big business, I need more knowledge. I need to set the workers' wages, calculate the expenses, etc."

EF is encouraging non-governmental organizations in Central Asia to reach out to potential partners like Nasiba. Recognizing the need for business training among its clients, Child Fund Afghanistan worked with EF to open a partnership with the National Association of Business Women of Tajikistan, a three-time EF grant recipient, to identify the specific needs of women entrepreneurs, develop and conduct training courses and provide opportunities for cross-border trade between Tajikistan and Afghanistan.

With EF funding, the leadership of the association traveled to Kunduz and Takhar, Afghanistan, to meet with the staff of Child Fund Afghanistan's three area offices and some of its microloan clients. Together, the two organizations analyzed the specific opportunities for and needs of women entrepreneurs of the region, developed a week-long course and trained the local staff to conduct the course.

This effort is one of three pilot projects that bridge the Tajikistan – Afghanistan border. EF is currently exploring opportunities to further assist cross-border development between the two countries.

## CROSS-BORDER PROGRAMS

In the past six years, EF has funded 181 grants totaling \$5.4 million to address cross-border issues such as trade, customs law and cultural understanding. Of these, more than half are currently active projects.

### LOCATIONS

63% South Caucasus  
(Armenia, Azerbaijan, Georgia)

25% Ferghana Valley  
(Kyrgyz Republic, Tajikistan, Uzbekistan)

3% Russia – Kazakhstan

2% Tajikistan's and Uzbekistan's  
borders with Afghanistan

### OTHERS

Kazakhstan – Kyrgyz Republic

Russia's borders with Lithuania,  
Poland, China and Mongolia



Photo: Viktor Korutayev/Reuters. Kyrgyz Republic.

When people have access to independent, balanced information about the world around them, they have a key tool for participation in society. Eurasia Foundation grants and programs are assisting a new generation of media professionals to develop journalistic skills and sustainable independent business structures.



As national media in transition countries face ever increasing pressure from governments and other powerful interests, citizens are looking to local and regional news sources for more balanced information. Through grants and technical assistance, the Eurasia Foundation (EF) is helping independent media at the local level to improve its publication and broadcast quality, to expand its audience and to become more financially stable and secure.

## GETTING PERSPECTIVE





Photo: AKIpress, Kyrgyz Republic.

Reporters get the real story from newsmakers at the AKIpress center in Osh.

## View From the Valley

Surrounded by high mountains, the Ferghana Valley is home to about 10 million people living along the borders of Uzbekistan, Tajikistan and the Kyrgyz Republic. The valley is a hotbed for regional rivalries, drug trafficking, organized crime, religious and political differences and environmental problems. In this context, the flow of accurate and comprehensive information is vitally important to encourage cooperative and peaceful responses to problems.

The Kyrgyzstan Agency for Commercial Information, an independent media company known as AKIpress, received an EF grant in 2004 to develop ways to share information across the region. As part of the project, AKIpress opened a press center in Osh, Kyrgyz Republic, accessible to newsmakers and journalists from all three countries. Executive Director Evgeny Gopkalo says, "The establishment of the press center in Osh, the first one in the region, provides us with a forum for all political actors in the region, including those from the Tajik and Uzbek parts of the valley. It promotes much-needed cooperation in the region." So far, more than 30 press conferences have been held at the center.

AKIpress has also created a Web-based service expressly for news from the Ferghana Valley ([ferghana.akipress.org](http://ferghana.akipress.org)). To address the challenge of reaching a population that speaks several different languages, AKIpress offers the site in Russian, Kyrgyz, Uzbek and English. Thus, both local and international readers can now keep up with the news of the region. AKIpress plans to develop the Web site into a sustainable subscription-based service.

During the recent unrest in Bishkek and southern Kyrgyzstan, AKIpress was the key source of reliable information for the international donor and diplomatic community in the country. Since then, the Ferghana Web site has seen a nearly sevenfold increase in traffic, from 9,000 hits per month to over 60,000. However, due to frequent power outages and increased Web traffic, both the AKIpress main Web site and its Ferghana site were periodically

unavailable during the uprisings. At the request of the U.S. Agency for International Development, and with funding from the Embassy of the Netherlands, EF amended its grant to AKIpress, adding \$15,000 (bringing the total of the grant to \$65,400) for the purchase of new servers, power generators, and other equipment to prevent such interruptions from happening in the future.

## First-Hand Accounts

In September 2004, the newsroom of *Krestianin* in the southern Russian city of Rostov-on-Don was, like everyone else, caught off guard by the tragic events in Beslan. In most cases, local Russian newspapers are left to wait and watch, reprinting dispatches from the central news services. But since Beslan is within a day's drive of Rostov-on-Don, the team at *Krestianin* took the opportunity to send a reporter to the scene.

*Krestianin* found that the real news from Beslan differed sharply from the account offered by the national networks. The articles and photographs *Krestianin* printed told a story of chaos and obfuscation. That was an eye-opener, says director Irina Samokhina, not so much because of what it uncovered, but because it showed the important role that a local newspaper can play.

Tragedies like Beslan are not the only opportunities for Russian newspapers to serve their readers. When one-sided coverage dominated the national treatment of the elections in neighboring Ukraine, the editors of *Parma Novosti* in the Ural mountain city of Kudymkar, Russia, found old neighbors who had migrated to Kyiv and put together a series of eye-witness accounts.

For some 10 years, the Russian media team at EF (and now at the New Eurasia Foundation) has worked with independent regional newspapers like *Krestianin* and *Parma Novosti* to boost their professional standards and bolster their sustainability. The belief that a strong, vibrant regional press is crucial to Russian democracy informs the work of the media program, which has received strong support from the British Foreign and Commonwealth Office and from the U.S. Agency for International Development.

Through workshops, seminars and exchange visits in Moscow and throughout Russia, a new generation of regional journalists and media managers will join the growing community of newspapers that, with EF's support, are changing the way local readers get their news and view their future.

## TESTIMONIAL

"The free flow of information, unimpeded by government or other special interests, is essential to the development of a democratic society. The Eurasia Foundation, through its grants and technical assistance, is assisting independent regional media to develop into viable businesses whose success is based on producing quality and socially responsible content that serves their communities."

— Daniel Schorr, National Public Radio

## MEDIA

EF has invested more than \$5 million in technical assistance programs, and in the past seven years has funded 277 grants totaling over \$7 million, to strengthen independent broadcast and print media through training of journalists and editors, purchase of equipment and development of business skills.

## GRANT RECIPIENTS

13% newspaper companies  
16% broadcast media companies  
71% journalist associations, press clubs and other media support organizations

Fifty-eight of these grant projects were completed in 2004. Through these projects:

## TRAINED

More than 2,100 journalists, editors and other media specialists

## JOBS CREATED

More than 245

## FUNDING PARTNERS

Grantees and other counterparts contributed over \$180,000 to these projects.

## FINANCIAL REPORT

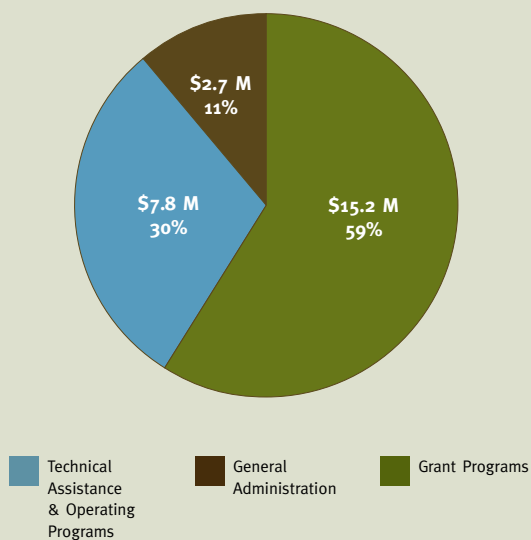


In the past 11 years, with contributions totaling \$275 million from our donors, the Eurasia Foundation (EF) has been assisting grass-roots efforts to frame the future in countries of the Eurasia region through programs promoting civil society, private enterprise development and public administration reform. With majority funding provided by the U.S. Agency for International Development (USAID) through multi-year core grants, EF also attracts co-funding from other governmental, private and non-profit sources. In addition, we received major awards of USAID funding in 2004 to implement the Russian Independent Media Support Program and the Uzbekistan Drug Demand Reduction Program (funding for the latter is through the Alliance for Open Society International).

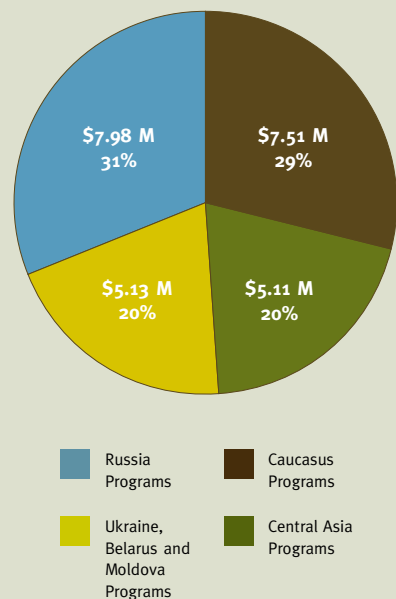
An increased presence on the ground, with regional vice presidents in Almaty, Tbilisi and Kyiv, is helping to build connections and further expand our diverse funding base with new local and international support. In Central Asia, the number of donor organizations supporting EF programs doubled from 2003 to 2004. In Russia, the launch of the New Eurasia Foundation signified a shift in EF operations to making and monitoring a grant to the new foundation.

In all of our grant programs and technical assistance, EF implements rigorous financial and administrative controls, and we require the same of our grant recipients. A 2004 evaluation of a multi-country cluster of EF public policy grants conducted by the IRIS Center of the University of Maryland reported that: "Having a track record of participating in an EF grant program serves as credible evidence of soundness of the grantees' internal management, accounting and control procedures, which helps with getting grant awards from other donors." Overall, EF has succeeded in expanding our programs and services while maintaining a low 11 percent in our general administrative costs.

EXPENDITURES BY ACTIVITY FISCAL YEAR 2004\*



EXPENDITURES BY REGION FISCAL YEAR 2004\*



\* Includes expenses of \$23,527,127 plus loans issued of \$2,208,711.



## AUDITED FINANCIAL STATEMENT

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

|   | 2004                 | 2003                 |
|---|----------------------|----------------------|
| Cash and cash equivalents   | \$ 4,349,761         | \$ 5,704,494         |
| Investments   | 1,666,607            | 1,306,059            |
| Investment in subsidiary  | 125,000              | —                    |
| Grants, accounts and other receivables, net of allowance for doubtful accounts of \$13,455 and \$35,319 for 2004 and 2003, respectively | 11,090,452           | 13,138,834           |
| Prepaid expenses  | 58,604               | 32,508               |
| Program related investments, net of allowance for possible losses of \$450,823 and \$534,200 for 2004 and 2003, respectively            | 2,969,820            | 3,513,148            |
| Fixed assets, net of accumulated depreciation and amortization of \$1,681,257 and \$2,014,668 for 2004 and 2003, respectively           | 35,159               | 48,749               |
| Advances and deposits   | 23,973               | 134,380              |
| <b>TOTAL ASSETS</b>   | <b>\$ 20,319,376</b> | <b>\$ 23,878,172</b> |

#### LIABILITIES AND NET ASSETS

##### LIABILITIES

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Accounts payable and accrued expenses | \$ 569,201        | \$ 607,659        |
| Grants payable                        | 9,546,058         | 9,319,198         |
| Recoverable grant payable             | 471,732           | 1,008,572         |
| Refundable advance                    | 103,592           | —                 |
| <b>Total liabilities</b>              | <b>10,690,583</b> | <b>10,935,429</b> |

##### NET ASSETS

|   |                      |                      |
|---|----------------------|----------------------|
| Unrestricted                            | 6,825,905            | 7,349,678            |
| Temporarily restricted                  | 2,797,088            | 5,587,265            |
| Permanently restricted                  | 5,800                | 5,800                |
| <b>Total net assets</b>                 | <b>9,628,793</b>     | <b>12,942,743</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 20,319,376</b> | <b>\$ 23,878,172</b> |

### STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

|   | 2004                |                        |                        | 2003                |
|---|---------------------|------------------------|------------------------|---------------------|
|   | Unrestricted        | Temporarily Restricted | Permanently Restricted | Total               |
| <b>REVENUE</b>                                      |                     |                        |                        |                     |
| Contributions                                       | \$ 49,251           | \$ 22,723,147          | —                      | \$ 22,772,398       |
| Investment income                                   | 131,946             | —                      | —                      | 131,946             |
| Other income  | 510                 | —                      | —                      | 510                 |
| Cancellation of donor awards                        | —                   | (968)                  | —                      | (968)               |
| Net assets released from donor imposed restrictions | 22,843,850          | (22,843,850)           | —                      | —                   |
| <b>Total revenue</b>                                | <b>23,025,557</b>   | <b>(121,671)</b>       | <b>—</b>               | <b>22,903,886</b>   |
| <b>EXPENSES</b>                                     |                     |                        |                        |                     |
| <b>Program services</b>                             |                     |                        |                        |                     |
| Headquarters  | 3,709,561           | —                      | —                      | 3,709,561           |
| Caucasus  | 4,898,197           | —                      | —                      | 4,898,197           |
| Central Asia  | 4,417,721           | —                      | —                      | 4,417,721           |
| Ukraine, Belarus and Moldova                        | 2,627,835           | —                      | —                      | 2,627,835           |
| Russia  | 5,175,754           | —                      | —                      | 5,175,754           |
| <b>Total program services</b>                       | <b>20,829,068</b>   | <b>—</b>               | <b>—</b>               | <b>20,829,068</b>   |
| <b>Supporting services</b>                          |                     |                        |                        |                     |
| Management and General                              | 2,697,073           | —                      | —                      | 2,697,073           |
| Fundraising   | 986                 | —                      | —                      | 986                 |
| <b>Total supporting services</b>                    | <b>2,698,059</b>    | <b>—</b>               | <b>—</b>               | <b>2,698,059</b>    |
| <b>Total expenses</b>                               | <b>23,527,127</b>   | <b>—</b>               | <b>—</b>               | <b>23,527,127</b>   |
| <b>Change in net assets before other item</b>       | <b>(501,570)</b>    | <b>(121,671)</b>       | <b>—</b>               | <b>(623,241)</b>    |
| <b>OTHER ITEM</b>                                   |                     |                        |                        |                     |
| Transfer of EERC net assets                         | (22,203)            | (2,668,506)            | —                      | (2,690,709)         |
| <b>Change in net assets</b>                         | <b>(523,773)</b>    | <b>(2,790,177)</b>     | <b>—</b>               | <b>(3,313,950)</b>  |
| <b>Net assets at beginning of year</b>              | <b>7,349,678</b>    | <b>5,587,265</b>       | <b>5,800</b>           | <b>12,942,743</b>   |
| <b>NET ASSETS AT END OF YEAR</b>                    | <b>\$ 6,825,905</b> | <b>\$ 2,797,088</b>    | <b>\$ 5,800</b>        | <b>\$ 9,628,793</b> |



# the eurasia foundation thanks its donors and partners

With special appreciation to our Silver Donors, who have contributed more than \$50,000.

## CORPORATIONS

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ADAS International  
The AES Corporation  
Altria Group, Inc.  
American Chamber of Commerce in Ukraine  
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Bitel  
The Boeing Company  
BP Exploration (Caspian Sea) Limited  
BP Group  
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First Data Western Union Foundation  
InterGlass Ltd.  
Interpipe Group  
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Kazkommertsbank  
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YUKOS Oil Company  
Zarafshan-Newmont JV  
Zhelaev Bread Combine

## FOUNDATIONS

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Cafesjian Family Foundation  
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Madariaga European Foundation  
Open Society Institute/Soros Foundations  
Pakis Family Foundation  
Rockefeller Brothers Fund  
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The William and Flora Hewlett Foundation

## GOVERNMENTS

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American Embassy in Baku  
American Embassy in Kyiv  
Austria Ministry of Education  
Barents Euro-Arctic Region  
British Embassy in Almaty  
British Embassy in Chisinau  
Canadian Department of Foreign Affairs and International Trade  
Canadian International Development Agency  
European Union Tacis  
Federal Bureau of Forests of the Kyrgyz Republic  
Finland Ministry of Foreign Affairs  
Kyzlorda Oblast, Kazakhstan  
National Bank of Ukraine  
National Library of Kazakhstan  
Netherlands Embassy in Almaty  
Netherlands Embassy in Kyiv  
Netherlands Ministry of Foreign Affairs

## TESTIMONIAL

“I encourage every effort that supports the Eurasia Foundation in implementing their programs. I look forward to their continued cooperation with local policy institutions, educational facilities, ministries and the parliament to promote democratic institutions and private enterprise in Azerbaijan.”

— Samed Seyidov, Standing Committee on Foreign and Inter-Parliamentary Relations, Milli Mejlis of the Republic of Azerbaijan



## GOVERNMENTS CONT.

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Norway Royal Ministry of Foreign Affairs  
Norwegian Embassy in Baku  
Saratov Regional Government, Russia  
Sokoluk City Administration, Kyrgyz Republic  
Sweden Ministry for Foreign Affairs  
Swedish International Development Cooperation Agency  
Swiss Agency for Development and Cooperation  
United Kingdom Department for  
International Development  
United Kingdom Foreign and Commonwealth Office  
United States Agency for International Development  
Volga Administration, Russia  
West Kazakhstan Oblast Administration

## INTERNATIONAL DEVELOPMENT ORGANIZATIONS

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Development and Cooperation in Central Asia  
Global Development Network  
The infoDev Program  
International Finance Corporation  
Organization for Security and Cooperation in Europe  
United Nations Development Programme  
The World Bank

## NON-GOVERNMENTAL ORGANIZATIONS

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Academy for Educational Development  
American Bar Association/Central European and  
Eurasian Law Initiative  
International Republican Institute  
Internews  
Media Diversity Institute  
Mercy Corps  
National Democratic Institute  
Students in Free Enterprise, Inc.  
Urban Institute Bishkek  
World Council of Churches

## UNIVERSITIES

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Indiana University Parliamentary Development Project  
Journal Donation Project

## INDIVIDUALS

---

Vartkess and Rita Balian  
Per Bang-Jensen  
Vartkes and Jean Barsam  
John Beaty  
Don Conlan  
Roy Gardner  
Vartan and Clare Gregorian  
Sarkis Kechejian  
Ralph and Lucia Rafaelian  
Peter Reuter  
Antranig and Varsenne Sarkissian  
Sami and Annie Totah  
Members of the Eurasia Foundation Board of Trustees,  
Advisory Council and Staff

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## CREDITS

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Executive Editor: George Zarubin  
Managing Editor and Writer: Patty Henrichs [phenrichs@eurasia.org](mailto:phenrichs@eurasia.org)  
Assistant Editor: Kate Larson

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## PHOTO CREDITS

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Sarah C. Carey – Academy for Educational Development  
Charles William Maynes – Dupont Photographers



## contacting the eurasia foundation

### RUSSIA

#### Moscow Regional Office

4/6 3rd Monetchikovsky Pereulok,  
Building 1  
Moscow 115054 Russia  
Tel: 7.095.970.1567  
Fax: 7.095.970.1568  
e-mail: [ef@eurasia.msk.ru](mailto:ef@eurasia.msk.ru)

#### Vladivostok Regional Office

e-mail: [postmaster@eurasia-rfe.org](mailto:postmaster@eurasia-rfe.org)  
[www.eurasia-rfe.org](http://www.eurasia-rfe.org)

#### Eurasia Media

e-mail: [media@efmedia.ru](mailto:media@efmedia.ru)

### UKRAINE, BELARUS AND MOLDOVA

#### Kyiv Regional Office

*Serving Ukraine, Belarus and Moldova*  
Office of the Vice President for Ukraine,  
Belarus and Moldova  
55 Velyka Vasylykivska Street, 3rd Floor  
Kyiv 03150 Ukraine  
Tel/Fax: 38.044.200.3824  
e-mail: [eurasia@eurasia.kiev.ua](mailto:eurasia@eurasia.kiev.ua)  
[www.eurasia.kiev.ua](http://www.eurasia.kiev.ua)

#### Moldova Representative Office

e-mail: [eurasia@eurasia.md](mailto:eurasia@eurasia.md)

#### New Eurasia Establishment, Minsk

e-mail: [eurasia@infonet.by](mailto:eurasia@infonet.by)

### CENTRAL ASIA

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

#### Kazakhstan Office

##### Office of the Vice President in Central Asia

64 Zhibek Zholy Avenue, 8th Floor  
Almaty 050002 Kazakhstan  
Tel: 7.3272.50.18.10  
Fax: 7.3272.50.18.11  
e-mail: [eurasia@efcentralasia.org](mailto:eurasia@efcentralasia.org)

#### Kyrgyz Republic Office, Bishkek

e-mail: [eurasia@eurasia.kg](mailto:eurasia@eurasia.kg)

#### Ferghana Valley

##### Representative Office, Osh

e-mail: [salamat@eurasia.kg](mailto:salamat@eurasia.kg)

#### Tashkent Regional Office

*Serving Tajikistan, Turkmenistan and Uzbekistan*  
e-mail: [eurasia@eurasia.sarkor.uz](mailto:eurasia@eurasia.sarkor.uz)

#### Tajikistan Representative Office

e-mail: [eurasia@eurasia.tajik.net](mailto:eurasia@eurasia.tajik.net)

### SOUTH CAUCASUS

#### Georgia Office

##### Office of the Vice President in the South Caucasus

3 Kavsadze Street  
Tbilisi 0179 Georgia  
Tel/Fax: 995.32.22.32.64  
e-mail: [tbilisi@eurasia.org.ge](mailto:tbilisi@eurasia.org.ge)  
[www.eurasia.org.ge](http://www.eurasia.org.ge)

#### Armenia Office, Yerevan

e-mail: [eurasia@eurasia.am](mailto:eurasia@eurasia.am)  
[www.eurasia.am](http://www.eurasia.am)

#### Azerbaijan Office, Baku

e-mail: [eurasia@efazerbaijan.org](mailto:eurasia@efazerbaijan.org)  
[www.efazerbaijan.org](http://www.efazerbaijan.org)

#### South Caucasus Cooperation Program

*With programs in Armenia, Azerbaijan and Georgia*  
e-mail: [synergy@eurasia.org.ge](mailto:synergy@eurasia.org.ge)  
[www.efscpc.org](http://www.efscpc.org)

#### Caucasus Research Resource Centers

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

##### Armenia

e-mail: [crrc@crrc.am](mailto:crrc@crrc.am)

##### Azerbaijan

e-mail: [crrc-az@efazerbaijan.org](mailto:crrc-az@efazerbaijan.org)

##### Georgia

e-mail: [crrc@crrc.ge](mailto:crrc@crrc.ge)

### EURASIA FOUNDATION AFFILIATES

#### New Eurasia Foundation

4/6 3rd Monetchikovsky Pereulok,  
Building 1  
Moscow 115054 Russia  
Tel: 7.095.970.1567  
Fax: 7.095.970.1568  
e-mail: [reception@eurasia.msk.ru](mailto:reception@eurasia.msk.ru)  
[www.neweurasia.org.ru](http://www.neweurasia.org.ru)

#### Izmirlian – Eurasia Universal Credit Company, Armenia

e-mail: [efsbpl@arminco.com](mailto:efsbpl@arminco.com)

#### Economics Education and Research Consortium

##### Master's Degree Program

*at Kyiv-Mohyla Academy*  
Vul. Voloska, 10, Suite 406  
04070 Kyiv, Ukraine  
Tel: 380.44.492.8012  
Fax: 380.44.492.8011  
e-mail: [eerc@eerc.kiev.ua](mailto:eerc@eerc.kiev.ua)  
[www.eerc.kiev.ua](http://www.eerc.kiev.ua)

##### Research Network

Nakhimovski Prospekt 47, Suite 919  
117418 Moscow, Russia  
Tel/Fax: 7.095.332.4425  
e-mail: [eerc@eerc.ru](mailto:eerc@eerc.ru)  
[www.eerc.ru](http://www.eerc.ru)



### U.S. HEADQUARTERS

1350 Connecticut Avenue, NW, Suite 1000  
Washington, DC 20036 USA  
Tel: 1.202.234.7370  
Fax: 1.202.234.7377  
e-mail: [eurasia@eurasia.org](mailto:eurasia@eurasia.org)  
[www.eurasia.org](http://www.eurasia.org)