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The Eurasia Foundation
1527 New Hampshire Ave., N.W.
Washington, D.C. 20036

The Eurasia Foundation is a privately managed, grant-making organization dedicated to funding programs that build democratic and free market institutions in the 12 New Independent States (NIS) of the former Soviet Union. Programs are supported by a major grant from the U.S. Agency for International Development (AID) and by private contributors.

EURASIA NEWS

Board Names New President

Charles William Maynes assumed the presidency of the Eurasia Foundation on April 10, 1997, following the departure of President Ambassador Thomas Pickering, who returned to government service as undersecretary for political affairs at the Department of State.

As editor of *Foreign Policy* since 1980, Maynes led one of the world's premier international affairs journals, writing and commenting extensively on the full spectrum of international policy issues. Maynes' articles have appeared in leading journals and newspapers worldwide. Under his guidance, *Foreign Policy*'s circulation doubled, and its writers were recognized five times with awards of excellence, including three prestigious Olive Branch Awards. Maynes' professional career also includes positions in the Foreign Service in Laos, Washington, D.C., and the U.S. Embassy in Moscow; in the Senate and House as a senior staff member for both Republicans and Democrats; and at the State Department as the Assistant Secretary of State for International Organization Affairs.

Announcing the appointment, Foundation Chairman Sarah Carey stated, "Bill has had an exemplary history of promoting international cooperation and development and will serve the Eurasia Foundation well in its efforts to achieve economic and democratic reform in the NIS." Maynes is a graduate of Harvard College, was a Rhodes Scholar at Oxford University, and is fluent in Russian. ❖

Eurasia Foundation Hosts Lending Conference

NIS senior financiers, credit practitioners, technical assistance providers and U.S. government officials came together for the first time to coordinate financing and technical support for small- and medium-sized enterprises. The one-day conference, "Mobilizing Capital for Small Business in the NIS," was hosted by the Eurasia Foundation at the request of the State Department. Members of the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation, the Japanese government, the Polish Enterprise Fund and many more organizations offered valuable insight from their field experience. Conference participants emphasized the huge demand for small business

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EURASIA NEWS

A New Generation of Economists

Walking down the broad boulevards of Moscow's Tverskaya and Kiev's Kreshchatik, all the hallmarks of a thriving market economy are evident: bright window displays brimming with goods, elegant couturiers and jewelry shops, Volvo and Mercedes dealerships, fresh produce and herbs nestled in baskets that stand alongside a stunning array of gourmet packaged foods. And yet elsewhere in each of these cities, as well as in the suburban communities, the mundane details — crumbling building facades, broken pay phones and enough zeros on the currency to make one's head spin — are reminders that a painful transition from a centrally planned economy to a market-based system is still an everyday reality.

How can such contrasts continue to exist side by side in these major metropolitan centers and, more importantly, what can be done to address them? One of the Eurasia Foundation's newest initiatives — the Economics Education and Research Consortium (EERC) — is designed to develop a new generation of well-trained analysts and policy-makers.

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From left, Dr. Yastremski, chairman of the UKMA Department of Economics; Dr. Campbell, Ukraine EERC program director; and Andrea D. Harris, EERC project director.

Progress in Kaluga

In June 1995, Dr. Royce Shaw, director of California State University at Sacramento (CSUS) International Programs, traveled to central Russia with a delegation of professors. Their mission was to learn more about the local public administration in order to develop a training program that would meet the region's needs. After visiting with government officials and administrators at various levels in the Kaluga oblast, the group was stunned.

"It was easy to find many parallels between their problems and our own," said Shaw, "[But] the reality of the all-encompassing nature of the old Soviet [administrative] system was a shock to confront. A centrally planned economy on paper is a very abstract idea. ...

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For Additional Information

Please refer to the Foundation's World Wide Web page at < **http://www.eurasia.org** > for additional information, including a searchable database of the Foundation's grants and information on current competitions and special projects.

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THE EURASIA FOUNDATION

Program & Application Guidelines

THE EURASIA FOUNDATION

Transformation of the countries of the former Soviet Union will likely be one of the most significant social and economic events of our lifetimes. Through public and private support, innovative ideas, unique field experience, and hard work from its international staff, the Eurasia Foundation has made remarkable progress in assisting in this process of reform.

The Eurasia Foundation was established in 1993 with a major grant from the U.S. Agency for International Development. The Foundation fills vital grass-roots needs in the New Independent States (NIS) that are not covered by larger, official bilateral and multilateral donor agencies. Its small grants and loans help strengthen the fragile networks of NIS citizens and institutions dedicated to democracy building and economic reform. As an efficient, privately managed, field-driven operation, the Eurasia Foundation displays speed and flexibility in responding to the needs of NIS societies in transition.

In the three years since its inception, the Foundation has supported over 1,300 grant projects (totaling approximately $37 million) which build indigenous institutions and train thousands of entrepreneurs, policy makers, and journalists. Over 70% of Foundation grants are awarded by its field offices directly to NIS organizations.

Working from field offices in eight NIS cities and from its Washington, D.C. headquarters, the Foundation dedicates itself to building democratic and free market institutions in twelve nations of the former Soviet Union—Armenia, Azerbaijan, Belarus, Georgia, Kazakstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

EURASIA FOUNDATION GRANTS AND LOANS BRING RESULTS. THEY:

- **Train a new generation of business people, economists and policy makers** -- by supporting the development of educational and training programs in local institutions.
- **Create hundreds of new thriving small businesses** -- through training for entrepreneurs, business support services, and small loans.
- **Build democratic processes in government** -- through support that encourages greater accountability and enables local government leaders to create more efficient systems.
- **Create a new vital "third" sector** -- through programs supporting the development and long-term sustainability of the nonprofit sector in the NIS.
- **Strengthen financial and editorial independence of regional press** -- through support to newspapers and independent media organizations throughout the NIS.
- **Combat "information isolation"**-- through expanded access to modern means of electronic communication.

The Grant-making Program

Assisting in grassroots change in the NIS

The Eurasia Foundation provides support for the citizens of the twelve New Independent States (NIS) of the former Soviet Union to help in the transformation of their economies and build democratic institutions. The Foundation's offices in Washington D.C. and eight NIS cities award grants to U.S. and NIS organizations. The Foundation supports partnerships between U.S. and NIS organizations but focuses the bulk of its support on direct assistance to local organizations.

Eurasia Foundation grants are awarded in three programmatic areas:

- **Economic Reform:**
  Key to long-term economic reform in the NIS is greater knowledge and understanding of market-based economic systems and conditions required to encourage business investment. To assist in the reform process, the Foundation supports projects in management training, business and economics education, development of free market institutions, private sector development, and business and economic policy advice.

- **Governmental Reform and the Nonprofit Sector:**
  A central challenge facing the NIS is the decentralization of decision making and the devolution of authority. The Foundation supports programs which contribute to greater citizen involvement in public decision making through its programs aimed at: NGO development, public administration reform (particularly at regional and local levels), public policy advice, conflict resolution and legal reform.

- **Media and Communications:**
  A free and independent media helps build civil society. For newspapers and other media organizations to be truly independent, they must have access to equipment and supplies while learning how to manage themselves as private businesses. The Foundation supports projects in print, broadcast, electronic media and electronic communications that promote economic reform and democratic institution building.

The Foundation endeavors to respond rapidly to grant requests from both NIS and U.S. institutions. The Foundation awards grants totaling approximately $17 million per year. To date, the average size of grants made in the United States is $40,000. The average size of grants made in the NIS is $11,000. The Foundation occasionally makes grants in the $100,000-$150,000 range and, in limited circumstances, may consider larger commitments.

The Foundation actively seeks participation in its programs by both U.S. and NIS private sector organizations through cooperative funding and direct contributions. For every Foundation dollar invested, over two dollars from other private and U.S. Government sources have been invested in Foundation grant projects.

Special Initiative

Small Business Loan Program

Providing Affordable Access to Capital

The growth of small business in the NIS will create jobs for NIS citizens and will contribute significantly to long-term economic growth and stability. Lack of access to capital on suitable terms, however, prevents many small businesses from realizing their potential. While commercial banks in the NIS extend credit for imports and retail trade, these are loans with short maturities and high interest rates. Such lending conditions are inadequate for the growth of small businesses.

Recognizing that training is not enough to support entrepreneurs who lack access to capital, the Eurasia Foundation has established the Small Business Loan Program serving select regions of the NIS.

The Foundation's Small Business Loan Program has two primary goals:

- **Small Business Development**:
  The Foundation provides loans with longer maturities and lower interest rates than those available locally in order to support projects which will make a significant impact on economic growth.

- **Financial Sector Development:**
  The Foundation works with partner banks to provide Western-style credit analysis training and create systems and policies for credit operations.

Eurasia Foundation loans also create jobs in economically depressed regions and provide a new generation of NIS entrepreneurs with practical business experience.

The Foundation makes loans through local commercial banks which serve as financial intermediaries. A strong component of the program is training and technical assistance provided to the partner banks. A long-term goal of the program is to encourage local banks to commit their own capital for loans to small businesses in support of projects which will create jobs and contribute to economic growth. In implementing the Small Business Loan Program, the Foundation works closely with other international and local trainers and technical assistance providers to leverage resources for greater impact.

Loans generally range in size from $15,000 to $100,000 (depending on the region) with terms of up to two years. Loans support projects in manufacturing, services, food processing and agricultural production. Loans are reviewed by an international advisory panel of experts in community development, small business, and finance. The Foundation currently operates the Small Business Loan Program in Ukraine and Armenia.

Special Initiative

Economics Education and Research Consortium

Building Capacity in Russia and Ukraine

The Economics Education and Research Consortium (EERC) was launched in 1995 to strengthen economics education and research capabilities in the NIS, initially focusing on Russia and Ukraine. The Consortium's founders recognized that a key to successful economic reform in the NIS is greater knowledge and understanding of market-based economic systems, particularly at the policy-making level. The EERC addresses this need by building sustainable in-country institutions that provide reform of education and policy-related resources over the longer term.

The EERC is supported by major grants from the Eurasia Foundation, the Ford Foundation, the Open Society Institute/Soros Foundations, the Pew Charitable Trusts and the World Bank. Together, these funders have provided over 60% of the projected budget for the Consortium program's first three years of operation. Each major funder is represented on a Governing Board which oversees EERC activities and delegates programming responsibility to a Program Director and International Advisory Board (IAB) for each country. The resident Program Directors are responsible for day to day program management. The IABs, comprised of eminent economists with experience in the region and in working with economies in transition, are responsible for ensuring the quality of the teaching and research supported by the EERC.

The Consortium has two distinct programs:

- **Russia.** The Russia program strives to build upon and complement the significant progress achieved in economics education in Russia by developing and supporting theoretical and policy-oriented research. This will be achieved through grants made to Russian researchers (either individuals or teams of economists) on a competitive basis. Results of research grants will be published and distributed throughout the NIS and abroad.

- **Ukraine.** The aim of the Ukraine program is to promote standards of excellence in the discipline of economics by establishing an internationally-recognized graduate teaching program at a leading academic institution in Ukraine. The two-year Master's level curriculum will prepare its graduates to work effectively as economists in policy-making positions in Ukraine or to pursue further studies abroad, enabling them to further the economics discipline in Ukraine through teaching and research.

To ensure the impact and sustainability of this important project, the Consortium continues to seek contributions to the program.

Special Initiative

The Media Viability Fund

Strengthening Independent Media in the NIS

A free and independent media is a guarantor against a return to the totalitarian past. Despite the emergence of independent-minded journalists and editors in the New Independent States (NIS), fundamental problems continue to threaten the existence of independent newspapers, magazines, radio and television. Media managers face tremendous challenges in adapting their financial and editorial operations to the post-Soviet media market. Vestiges of a government monopoly further constrain the ability of independent media organizations to produce and distribute their product.

To address these problems, the Eurasia Foundation and the Media Development Loan Fund collaborated to establish the Media Viability Fund (MVF). This integrated lending and technical assistance program combines a loan component with a full range of technical support tools. The training will support the loans by helping the independent media adapt technically and financially to the new resources made available through the fund.

Support will be given in two ways:

- making low cost loans to newspapers, magazines, and radio and television stations in the countries of the NIS.
- Offering technical assistance in the form of training in order to best assure the usefulness of these loans.

The Media Viability Fund will begin with three to four pilot projects focused on print media. The MVF will target its efforts at concentrated geographical areas where several newspapers and other media can jointly fund and access a private printing press and other technical assistance resources. These pilot projects will serve as a catalyst for effective transformation of the press from state control to editorial and financial independence, providing a foundation for building democracy and stronger relations between the US and NIS. Upon successful completion of the pilot projects in Russia, Ukraine and, if resources permit, another NIS country, the program will be extended to other regions in the NIS utilizing revolving loan funds and funds generated by indigenous and private sources.

In this new partnership between the public and private sector, the Eurasia Foundation and the Media Development Loan Fund have jointly contributed $3 million to the MVF. The MacArthur Foundation has contributed $600,000.

THE EURASIA FOUNDATION

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