

COMMUNITY DEVELOPMENT SUPPORT PROGRAMS IN RUSSIA



PROJECT FUNDING

PROGRAM MANAGEMENT



USAID
FROM THE AMERICAN PEOPLE



INSTITUTE FOR
Sustainable
Communities



United
Technologies



FUND FOR SUSTAINABLE DEVELOPMENT

Moscow, 2008



«Today, the country's municipalities are in an important stage of development during which they are learning to live and work under new conditions shaped by the revised federal law, «On the general organizational principles of local self-government in the Russian Federation».

«THE STAR COMMUNITY INITIATIVE»

carried out by the Institute for Sustainable Communities and the Fund for Sustainable Development is aimed at assisting the reform of local self-government and facilitating interaction among government, public and businesses in merging their resources for the benefit of their communities. By addressing community issues, they are learning to think and act strategically.»

Svetlana Yurkova, PhD (Technical Sciences)

Director of the Russian Research Center for Government and Municipal Administration



«The key area of FSD activities is community development programs in Russia's regions. Under the «STAR COMMUNITY INITIATIVE» we achieved concrete social, economic, conservation and development results.

«Project activities facilitate citizen participation in local self-government; teach communities to efficiently manage their labor, natural and material resources; and ensure local sustainable development, which is one of the priorities of the Government of Russia..»

Prof. Ruslan Butovsky (Biology)

FSD Program Director

STAR COMMUNITY INITIATIVE

The Star Community Initiative funded by the United States Agency for International Development (USAID) with co-funding from TNK-BP, Citi and United Technologies was carried out in 2006-2007 by the Fund for Sustainable Development (FSD) in partnership with the Institute for Sustainable Communities (ISC) from Vermont.

The program addressed municipal energy, social, economic and conservation concerns in cooperation with communities that committed to providing a significant share of project funding. Consortia of organizations were formed in each community to implement priority projects.

Municipalities that participated in the Star Community Initiative:

1. Razdolnoye (Primorsky Krai)
2. Posolskoye (Republic of Buryatia)
3. Leninsky District (Yekaterinburg)
4. Dzerzhinsky District — Babino Municipality (Nizhny Novgorod Oblast)

Four consortia carried out 13 projects for a total amount of \$267,313 with grantee contributions increasing this amount to \$486,322.

Core principles:

- Multi-sector interaction
- Project co-funding by groups of organizations, including national companies

Key areas of activity:

- Investment in energy-efficiency
- Reinvestment of energy savings
- Citizen participation in community development

Main achievements:

- A whole is greater than the sum of its parts: By supporting a group of integrated projects in each community, the program strengthened multi-sector interaction and created a synergy that produced results beyond the potential impact of each individual project;
- A wide spectrum of concrete energy-saving techniques was introduced and utilized in communities participating in the program including the modernization of heat and water supply systems; installation of energy-efficient street lighting systems; replacement of coal-burning and electric boilers with more efficient and environmentally sound combined gas-generating units; and use of power meters;
- The program tested a variety of mechanisms for reinvesting energy savings into the further development of community-based energy-efficiency programs and other social projects, primarily those carried out in children's health-care institutions;
- Child health improved and conditions became more comfortable for children as a result of increased indoor temperatures in kindergartens and schools;
- The initiative fostered active community and local government participation and cooperation, project transparency, and broad dissemination of information about program activities.



USAID
FROM THE AMERICAN PEOPLE



PROJECT FUNDING



USAID
FROM THE AMERICAN PEOPLE

The United States Agency for International Development (USAID) is an agency of the U.S. Government whose mission is to implement the U.S. Government's economic and humanitarian assistance programs in over 100 countries. As part of the U.S. Embassy in Moscow, USAID/Russia works with the Russian people to create a society where citizens take an active part in a democratic society and provide many opportunities to improve their well being and standard of living in a market economy.



«Starting form 2001, to better address issues arising in the process of sustainable development on a global level, a business model was introduced in the activities of USAID. This model ensures a more effective use of US international technical assistance through the creation of alliances with the private sector. In other words, a public private partnership model was introduced to focus on social and economic development concerns in selected regions in countries receiving such assistance. This mechanism is called Global Development Alliance (GDA).

«GDA experience accumulated up to date shows that as a result of such alliances with businesses, an average of 3-4 dollars is raised from partners for each assistance dollar coming from the American people through USAID. As of today, USAID has granted nearly \$1.4 billion for the creation of public private alliances throughout the world, with partner co-funding reaching \$4.6 billion.

«This booklet is devoted to only one of the many areas of USAID activities under the GDA program and, in particular, to sustainable social and economic development on a municipal level. Along with the Star Community Initiative, examples of other alliances formed in Russia include community development programs funded jointly by USAID and such companies as SUAL, in 2004-2007, and EuroChem, in 2006-2008, and implemented in locations of these companies' presence (in the cities of Kamensk-Uralsky, Shelekhov and Nevinnomyssk and in Nadvoitsy settlement). Negotiations and consultations on the creation of similar alliances are currently under way with a number of other Russian and international companies.»

Yuri Kazakov,
Environmental Policy Adviser, USAID/Russia

TNK-BP



TNK-BP — is a leading Russian oil company, which is among the top ten privately owned oil companies in the world in terms of crude oil production. BP and AAR each own 50% of TNK-BP. The shareholders of TNK-BP also own close to 50% of Slavneft, a Russian oil company.

TNK-BP is headquartered in Moscow and is governed by a multinational management team with experience of working in over 50 countries. The company employs 66,000 people.

TNK-BP considers it vital to assist the social and economic development of the regions in which it operates and be a reliable partner to government authorities and public organizations in creating a stable and prosperous social environment. TNK-BP seeks to target its social programs as effectively as possible and ensure that they meet the inherent needs of society. In 2007, the company's social investment totaled \$150 million.

Citi, the world's leading financial company with some 200 million customer accounts in more than 100 countries offers its private clients, corporations, government organizations and offices a broad spectrum of financial products and services, including banking services and loans, corporate and investment products, and broker and capital management services. The major brand names in Citi's diverse portfolio include Citi bank, CitiFinancial, Primerica, Smith Varney and Banamex. More detailed information is presented at www.citigroup.com or www.citi.com.

The Citigroup Foundation awards grants in three priority areas: financial education, education for future generations and strengthening communities and training entrepreneurs. It supports organizations that help people improve their lives and promotes business development and prosperity for communities all over the world.



United Technologies Corporation (UTC) — is a diversified company, whose products include Carrier heating and air conditioning equipment, Hamilton Sundstrand aerospace systems and industrial products, Otis elevators and escalators, Pratt & Whitney aircraft engines, Sikorsky helicopters, UTC Fire & Security systems and UTC Power fuel cells. In 2006, UTC's assets comprised \$47 billion. The company operates in 180 countries, receiving over half of its profits from international operations. Over 60% of its staff works outside of the United States. The corporation is one of the leaders of sustainable development and is known for its activities aimed at protecting natural resources, reducing environmental impact and implementing social programs.



PROGRAM MANAGEMENT

www.iscvt.org

The Institute for Sustainable Communities (Vermont, USA) is a US non-profit organization based in Vermont that works to unleash the power of people to transform their communities. The ISC approach ensures solutions emerge from within the community, rather than being imposed from the outside. By combining technical expertise and leadership training with strategic investments in local organizations, ISC produces creative solutions and lasting change.



www.fund-sd.ru tel.: +7 (495) 748-0552 fax: +7 (495) 748-0553

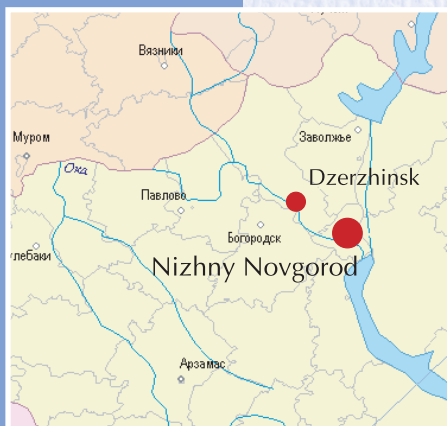
The Fund for Sustainable Development (FSD) is an independent nongovernmental not for profit Russian foundation created to support environmental solutions and sustainable development throughout the Russian Federation.

The mission of FSD is to enhance public private cooperation in fulfilling targeted projects that emphasize sustainable regional and community development.



PROJECT CONSORTIUM

ENERGY SAVING AS AN IMPORTANT FACTOR IN MUNICIPAL SUSTAINABLE DEVELOPMENT



«We need ordinances regulating reinvestment of energy savings. Such documents began to be drafted under the Star Community Initiative and the city will continue to support this effort.»

Alexander Gutorov
*Dzerzhinsk Deputy Mayor for Economic Development,
Industry, Transport and Communications*

Municipal problems addressed by the project consortium:

- High power spending resulting from outdated equipment;
- Absence of a mechanism for motivating municipal organizations to introduce energy-efficient techniques;
- Low reliability and poor quality of the municipal water and power supply systems;
- Lack of adequate knowledge about energy saving among the staff of municipal services.

Projects:

1. Founding an energy-efficiency education and coordination center for municipalities
2. Modernization of street lighting systems with the use of energy-efficient light sources in five settlements of Babino Rural Municipality.
3. Modernization of the heat supply system and the introduction of energy-efficient techniques in Kindergarten #147.

Key project results promoting community development:

- More comfortable living conditions were created for the residents of Dzerzhinsky Raion: street lighting in rural settlements was modernized and modern water and heat supply techniques were introduced in the local kindergarten;
- A mechanism for the further utilization of energy-saving techniques in communities was developed;
- The qualification of staff of municipal power supply services was increased through trainings in energy-saving techniques;
- The economy of the project communities, largely determined by the cost of electricity and the quality of the power supply system, improved.

Synergetic effect of the project consortium:

Specialists from Dzerzhinsky Polytechnic University trained personnel of power supply services so as to increase their knowledge of and skills in energy efficiency. The consortium team then worked together to design energy savings reinvestment mechanisms, one of which they tested in Babino Rural Municipality with the upgrade of local street lighting. The saved funds will be used to invest in additional energy efficiency projects according to the guidelines developed as part of the project.

Project: Modernization of street lighting systems with the use of energy-efficient light sources in five settlements of Babino Rural Municipality

Organization:

Babino Rural Municipality

- To save power during the production of electricity, reduce local budget spending on power and increase the level of street lighting, the following activities were carried out: 448 outdated streetlights with mercury and glow bulbs were replaced by 450 energy-efficient streetlights with DNat-150 bulbs; 32 wooden poles were replaced by reinforced concrete poles. To achieve these results, Dzerzhinsk City Administration allocated an additional one million rubles for this project;
- Street lighting power consumption decreased by 41.7% or by 184,500 kW/h, thus creating a savings of 308,100 rubles a year;
- Light intensity on the streets was increased to the standardized level and is now 20-30% higher as compared with the previous level;
- The street lighting modernization project was presented to the Regional Energy Commission, which approved it and recommended the funds saved from the budget be used for further introduction of energy efficiency techniques. The Commission also stated that the project approach may be considered further as a possible energy savings reinvestment mechanism.



*A demonstration of modern lighting fixtures installed in the settlements of Babino Rural Municipality
Left to right: A. Dryakhlov, Head of Babino Rural Municipality, A. Gutorov, Deputy Dzerzhinsk Mayor, and A. Shevchenko, General Director of Energoeffect-NN LLC*

Project: Founding a Municipal Energy-Efficiency Education and Coordination Center

Organization:

Dzerzhinsk Polytechnic University

- An Energy-Efficiency Education and Coordination Center was founded at Dzerzhinsk Polytechnic University to carry out two types of activities: educational — developing and introducing an energy-efficiency training program and conducting courses on this subject at the University for the staff of utility and housing services and of municipal and industrial facilities; and coordination — providing consultation services and technical workshops for and coordinating the activities of all municipal-level stakeholders in the area of energy-saving;
- As a result of this project, 36 power engineers from various organizations in Dzerzhinsky Raion attended advanced training courses; after completing these courses they developed energy-efficiency measures for their own organizations;
- A manual "The Basics of Energy-Efficiency" was written and published;
- Normative acts regulating energy-efficiency activities and reinvestment of energy savings were drafted and used as training materials for energy saving courses for decision makers in the municipality. As a result, energy saving activities were started by alumni of the courses in 32 municipal schools.



Project Coordinator S. Sergeyev (second left in first row) and power engineers from Dzerzhinsk and Dzerzhinsky Raion, attendees of the advance training course "Energy Resource Saving" organized by the project

Project:
Modernization of the heat supply system and introduction of energy efficiency techniques in Kindergarten #147

Organization:

Kindergarten #147, a municipal pre-school

The management of Kindergarten #147 was unable to provide comfortable conditions for the children because of worn-out water and heat supply equipment. The building lacked hot water, there was no cold water on the second floor, and in winter the indoor temperature was lower than required by law.

In the course of project activities, the following energy saving equipment was installed in the building of the kindergarten:

- electric boiler for additional water heating;
- water heater;
- automated cold water supply station;
- heat reflector screens for radiators to decrease heat loss in the building;
- new lighting equipment to reduce power costs;
- a two-rate meter to reduce the cost of water heating during nighttime.

As a result of this project:

- Indoor temperature increased from +16°C to the standard +22°C;
- Hot water temperature increased from +30°C to the standard +55°C;
- The second floor is now supplied with cold water;
- The quality of drinking water in the kindergarten has reached the standard level after the installation of a new water treatment unit;
- Power consumption for additional water heating was reduced by 10-15% due to reduced heat losses in the building;
- Power consumption for lighting was reduced by 70%;
- The rate of respiratory and intestinal illnesses among children decreased by some 50%



The water, heating and lighting systems were modernized in the building of Kindergarten #147 in Gorbatovka Settlement



Several dozen of such 1970s street lamps were replaced with new modern ones in the settlements of Babino Rural Municipality

PROJECT CONSORTIUM

COMMUNITY ENERGY-EFFICIENCY AND ENVIRONMENTAL SAFETY (Leninsky District, Yekaterinburg)

Municipal problems addressed by the project complex:

- The unstable heat supply of municipal facilities in the city of Yekaterinburg posed a threat to the health of students and municipal personnel with conditions in which the mean January temperatures reach -18°C and the heating season is 200 days long;
- Lack of an official mechanism to motivate energy efficiency activities;
- Considerable spending on heating at municipal institutions;
- Inadequate knowledge of the staff of housing and utility services about modern energy efficiency equipment and methods;
- Scarcity of information about alternative sources of good-quality drinking water, water quality monitoring and public awareness in this area.

Projects:

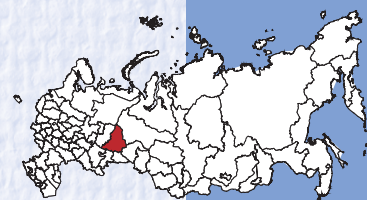
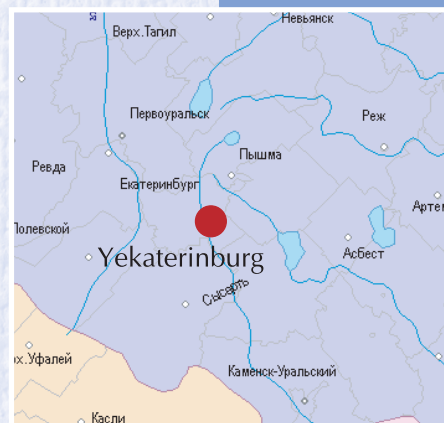
1. Cost optimization of heat energy consumed for heating and hot water supply
2. Development of economic incentives for saving energy and reinvesting savings
3. Training in energy and resource saving
4. Public information and monitoring of drinking water

Key results promoting community development:

- Apart from saving funds, the heat supply automatic control systems (SART) installed in School #181 provide comfortable conditions for students and teachers;
- Leninsky District Administration obtained a forecast model of saving municipal funds after installing a new generation of heat supply automatic control systems (SART);
- Nearly 60 employees of housing and utility services in Leninsky District now adhere to energy efficiency best practices;
- A center for supporting and providing consultations to consumers of drinking water was opened in Leninsky District.

Synergetic effect of the project consortium:

The projects made it possible to minimize municipal budget spending; channel savings to new social programs in the community; finance energy efficiency activities; and address environmental issues. The projects strengthened the municipal economy and ensured a rational use of municipal revenue. After the installation of SART, School #181 was able to save funds that will be used for financing energy efficiency in the district through a mechanism of reinvestment and material incentives developed as part of project activities. Community members and specialists who underwent energy-efficiency training organized by the project are beginning to practically introduce advanced experience in this sphere.



«The projects promoted citizen participation, both on a professional and community level. The energy efficiency and water quality control activities of the project consortium are making a substantial contribution to the fulfillment of Yekaterinburg Strategic Development Plan. The uniqueness of the consortium is that all three of its projects are targeted toward reaching an integrated solution of the problem of stable heat supply and approach this problem from three different angles: saving budget funds, reinvesting in energy-efficiency, and training, primarily, the staff of social institutions.»

Anatoly Kuligin

Head of the International Energy Centers Association (MAETs)

Project: Cost optimization of heat energy consumed for heating and hot water supply



Olga Belova

Deputy Head of the Education Department
at Leninsky District Administration, Dzerzhinsk

Organization

"Energy-Efficiency", a municipal agency

- A heat supply automatic control system (SART) installed in School #181 reduced payments for heating by 100,000 rubles per heating season;
- The SART created comfortable conditions for over 1,000 students and reduced the rate of respiratory illness in the school.

▶ *«The heat supply automatic control system (SART) that was installed in School #181 in Leninsky District of Yekaterinburg has created a comfortable environment in the classrooms. It helps to save a significant amount of electricity and up to 30% of the heating bill. It also allows us to promptly identify and repair any breakdowns in the system. This is the fifth such system installed in our district, which includes 60 educational institutions. We are planning to provide the remaining ones with SARTs in the future.»*

Project: Development of economic incentives for saving energy and reinvesting savings



Alexander Pirogov

Technical Director of Kreit Engineering and Commissioning
Company stands near an installed SART

Organization

International Association of Energy Centers (IAEC)

- This project assessed the energy and economic efficiency factors of heat supply automatic control systems (SART) and forecasted the amount of funds that may be saved in the case of a full-fledged installation of these systems in Leninsky District of Yekaterinburg;
- It also developed a draft mechanism of economic encouragement and reinvestment of energy savings into energy-efficiency activities; these draft documents were presented for discussion to specialists from six other districts of the city.

▶ *«The installation of high-quality control systems makes it possible to save not only heat energy, but also money through the low cost use of accurate heat meters during the 12 year service life of these systems. The availability of valid mechanisms for reinvesting energy-savings will serve as an economic incentive for introducing SARTs.»*

Project: Training in energy and resource saving

Organization

Infocenter ZhKKh, a non-profit partnership

- This project educated 60 specialists from the housing and social services of Leninsky District in new energy-efficiency practices and methods; as a result, 525,980 rubles from the municipal budget will be saved in 2007-2008 on heat and power that are supplied to the social and housing sectors of the district;
- A broad communications effort devoted to the idea of energy-efficiency was carried out at municipal institutions and in the community; two articles devoted to this subject were published in the journal The Ural Housing and Utilities Complex; two programs were broadcasted on local radio entitled «Learning to Save Energy or How to Save for the Family Budget»; and 1,000 leaflets advertising the advantages of installing individual meters were mailed to community members.



After attending training offered by the project, the management of this condominium convinced the tenants to winterize the foundation of the building with the use of modern energy-efficient techniques

Project: Public information and monitoring of drinking water quality

Organization

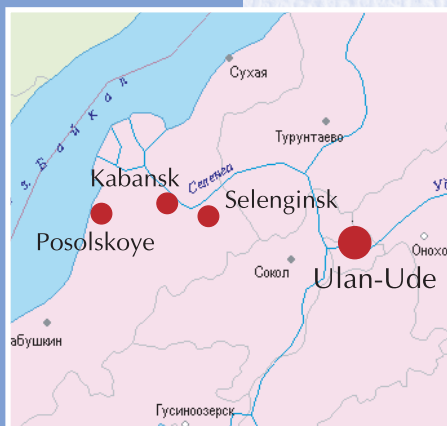
Akvaros Association, an interregional association of bottled water producers

- In the course of this project, a consumer support center for controlling the quality and safety of drinking water was founded;
- A basic course of lectures entitled «Water for Life» was prepared at the Advanced and Professional Education Department of the Ural State Polytechnic Institute and disseminated among the higher education establishments of the Ural Region and in other cities including 850 professionals; several lectures and seminars were conducted for school students of the district and city;
- A public opinion poll was conducted among community members on the quality of drinking water and over 200 applications for laboratory water tests were collected; a hot-line was set up to answer questions on this topic; over 600 consumers received information and consultations; advice for consumers was published in nine sources of information;
- Following requests from residents of Leninsky District of Yekaterinburg, water samples were taken at unauthorized water supply sources (wells and springs) and handed over for laboratory analysis to the Center of Hygiene and Epidemiology of Sverdlovskaya Oblast;
- A meeting with producers of drinking and mineral water was held at the Ministry of Agriculture and Food of Sverdlovskaya Oblast thus drawing the attention of important decision makers to issues of drinking water quality.



Alexander Podust, Chairman of Akvaros Association, with the winners in the environmental contest awarded the «Book about Tasty and Healthy Water»

PROJECT CONSORTIUM SELENGA RIVER DELTA - A SUSTAINABLE DEVELOPMENT AREA BY LAKE BAIKAL



«The projects carried out in Kabansky Raion with financial support from the United States Agency for International Development and TNK-BP strongly promoted community development and cooperation among the administration and government and non-government organizations. The successes are obvious: the improvement of Lemasovo has begun; energy-efficiency activities have been successfully completed in Posolskoye School; and ecotourism is developing in Kabansky Reserve. We intend to continue with the experience of holding contests for social projects funded with reinvested energy savings.»

Yevgeny Pegasov

Deputy Head of Kabansky Raion Administration for Economics and Finances

The projects were carried out in Posolskoye Municipality (Kabansky Raion, Republic of Buryatia) whose population is nearly 5,000 people and where the Kabansky Nature Ornithological Reservation is located.

Municipal problems addressed by the project consortium:

- High heat loss and high heating bills due to the obsolete insulation of school buildings and worn-out heating systems;
- Low employment level of the local population due to restrictions imposed on economic activities at the Lake Baikal UNESCO World Heritage Site;
- High rate of illness amongst children because of poor heat supply at children's institutions;
- The degradation of the natural environment of Lake Baikal Region due to the lack of organized recreation areas and a heavy anthropogenic burden on areas with "wild" tourism.

Projects:

1. Energy-efficiency in Posolskoye Municipality
2. Improvement of recreation areas in Lemasovo
3. Selenga River Delta — a Bird Haven

Key project results promoting community development:

- As a result of energy-efficiency activities, the conditions in Posolskoye School were improved and the energy savings were reinvested in the further improvement of the power and heat supply systems of local children's institutions;
- Seven hectares of Lemasovo were improved for up to 800 tourists a month, reducing the anthropogenic burden from "wild" tourism by 30-40%;
- Infrastructure for ecotourism development was created in the Kabansky Ornithological Reserve of the Selenga River Delta;
- Best practices from the projects are broadly disseminated among neighboring communities that are also experiencing heavy recreational burdens - thus making it possible to plan common approaches to managing protected areas located on the coastal zone of Lake Baikal.

Synergetic effect of the project complex

The fulfillment of diverse and interconnected projects was supported by the municipal administration and community multi-stakeholders — this ensures sustainable results and an all-round synergetic effect. Activities in such areas as energy-efficiency and the development of ecotourism and the tourist market create additional economic incentives and allow reinvesting savings into social programs in the community. The reduction of the anthropogenic burden on the natural environment, the improvement of recreation conditions for community members and guests, and a more healthily environment in Selenga River Delta all help to preserve nature and the historical culture of the local population in Baikal Region.

Project: Improvement of Recreation Areas in Lemasovo

Organization

Bereg Non-Profit Partnership

- At the Lemasovo area, which is a popular recreation site, tourist rest sites were built, posters were installed and reforestation was carried out;
- In accordance with a Memorandum of Understanding, the municipal administration will be responsible for maintaining the infrastructure in good order — this will guarantee protection of the recreation area;
- Over 300 volunteers took part in activities to improve the area;
- A seminar was conducted for community members and an environmental camp was organized for 30 high school students who were trained in the basics of the tourism business and conservation activities.



Volunteers, students of Posolskoye School, at the Lemasovo Recreation Area

Project: Energy-Efficiency in Posolskoye Municipality

Organization

Posolskoye Municipal Administration, Kabansky Raion, Republic of Buryatia

- In the course of project activities, 30 old windows were replaced with new ones in the community's main school and, as a result, heat loss decreased by 15%;
- Comfortable conditions were created for the students, and the rate of respiratory illnesses in the school dropped by 50%.
- Jointly with the project «Selenga River Delta — a Bird Haven», a new environmental education program was included in the school's curriculum that will help students prepare for work in the tourism sector; and an environmental museum devoted to local history and natural riches was opened;
- Two seminars on the importance of energy-saving were organized;
- Project results were publicized in the local press.

«The project consortium 'Selenga Delta' helped address such important issues of Baikal Region as energy efficiency, ecotourism development at Kabansky Ornithological Reserve; forming partnerships with the local community; preserving the unique nature of the region; and improving Lemasovo, one of the most popular recreation areas in this locality.»

V. I. Sutula

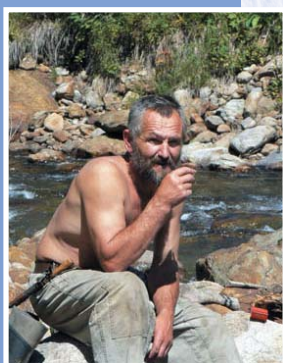
Director of Baikalsky State Nature Reserve



Project: Selenga River Delta – a Bird Haven



Bird watching point



Organization

Baikalsky State Nature Biosphere Reserve

- Activities aimed at developing ornithological tourism were carried out: three tourist routes were arranged (by water — 17.5 km; pedestrian — 3.0 km; and a combined one — 34.4 km) in Selenga River Delta and provided with rest sites, bird-watching points; services; and advertisements;
- The 14-day volunteer program that was conducted to create the routes also served as a basis for promoting collaboration between the reserve and the local community;
- Five tours were organized, including two demonstration ones with the participation of local stakeholders: Kabansky Raion Administration, administrations of municipalities located on the lakeshore, local communities, consortium partners, the press, and travel agencies. Regular tourist services began in August;
- Interaction has been established with the surrounding community and new jobs were created in tourism - this consolidates the market of tourist services and increases the rate of employment among local residents;
- The anthropogenic burden on the ecosystems of the ornithological reserve was decreased through ecotourism development;
- To expand the number of tourists visiting the reserve, three information points were set up for the joint activities of the reserve with the Department for Marketing and Tourism of Kabansky Raion Administration;
- To advertise ecotourism, newspaper articles were published, booklets were printed, posters were installed with information for tourists about the reserve and ornithological tours; and a volunteer movement was initiated in the community with the aim of helping the reserve.

«People who live in the Selenga Delta now work with tourists, run guest houses, make souvenirs and acquaint guests with local customs. This way we can earn additional money.»

A. F. Martusov

Resident of Posolskoye Municipality

PROJECT CONSORTIUM

FAMILY HEARTH VILLAGE – A CULTURAL CENTER

The Family Hearth Village was founded in 2003 by the Child Aid Society, an NGO from Vladivostok, in Razdolnoye Settlement, Primorsky Krai. The Village invited families who were ready to create homes for orphans and children left without parental care. The Village, which occupies an abandoned military unit on the basis of a long-term lease, has become a real home for 8 families that are bringing up 27 children.

Municipal problems addressed by the project consortium:

- High expenses incurred by the Village for maintaining standard indoor temperatures;
- Lack of sports facilities in Razdolnoye and low involvement of children in athletic activities;
- Need to establish closer relations between the inhabitants of the Village and the local community to help the orphans better adapt to rural life;
- High unemployment level in Razdolnoye and the need to create new jobs both for the orphans and the local youth;
- Poor utilization of the municipality's agricultural and tourist potential.

Projects:

1. The Cultural and Sports Center in the Family Hearth Village as a means of involving the youth of Razdolnoye into the cultural and sports life of the community
2. Utilization of energy-efficiency techniques in the social sector of the Family Hearth Village
3. Establishment of a farm producing organic agricultural products in the Family Hearth Village

Key project results promoting community development:

- A residential building in the Family Hearth Village was winterized and it now consumes for heating approximately 30% (or 2 tons) less coal per heating season;
- A roofed sports complex was built in the Village that may be attended year-round not only by schoolchildren from Razdolnoye, but may also host raion-level tournaments in such sports as volleyball, basketball, wrestling and others;
- The Village's farm was equipped with a water supply system that substantially reduces water delivery costs and improves the quality of produced goods;
- The output of milk and meat grew considerably; new dairy products are being introduced; and the production of waterfowl and honey has expanded considerably.

Synergetic effect of the project complex:

Funds saved on heating are being used for the further development of the Village's farm. The new sports facilities and improved temperature conditions in the houses of the Villages promote the health of children and adults and increase their work capacity. Joint athletic activities of the orphans and local children facilitate stronger integration of the former into rural society. Many of the project achievements address national government priorities and policies in health and agriculture.



«I am very glad that we have succeeded in implementing such a project in Razdolnoye. It is good that our children can now go into sports all year round. My grandson and I went to the skating rink at the Family Hearth. I hope that all together we will be able to solve the other problems of our community».

Mikhail Kozelsky,
Head of Razdolnoye Rural Settlement

Project: Utilization of energy-efficiency techniques in the social sector of the Family Hearth Village



A residential building in the Family Hearth Village was winterized with the use of new heat insulating materials

Organization

Vladivostok Child Aid Society

- This project involved a series of activities to winterize a residential building in the Family Hearth Village, in particular, insulating walls with modern materials. The building was also provided with new windows acquired with the support of private donations. Thus, as a result of such an integrated approach, the problem of saving heat in the building was successfully resolved;
- Approximately 30% or 2 tons of coal used for heating will be saved annually and normal indoor temperatures (not lower than +18°C) are being maintained in the building even during the harshest winter weather — this is especially important for children from orphanages with poor immune systems.;
- Not only adult volunteers, but the children as well, took part in painting the building;
- A general meeting of the Village decided to invest the saved funds into the farm

Project: Establishment of a farm producing organic agricultural products at the Family Hearth Village



City children learn to take care of domestic animals

Organization

Vladivostok Child Aid Society

- This project is aimed at promoting the efficient operation of the farm at the Family Hearth Village — which not only supplies the inhabitants of the Village with food products year-round, but generates additional income from the sale of a part of the produce; this income is invested into further project development;
- Water pipes were installed in the farm's buildings to supply clean water to the growing herd of cattle and to the milk-processing unit. The output of poultry and honey has also increased considerably;
- Organic milk and other dairy products, as well as vegetables from the farm, are in great demand both in Razdolnoye and in Vladivostok; it is safe to say that the farm will soon make the Village self-sufficient and will give a new impetus to this interesting and socially significant project.

Project:

The Cultural and Sports Center in the Family Hearth Village as a means of involving the youth of Razdolnoye into the cultural and sports life of the community

Organization

MAMA Public Philanthropic Foundation for the Protection of Motherhood and Childhood, Primorsky Krai

- Project activities aimed at refurbishing the gym in the Family Hearth Village included replacing and winterizing the roofing and installing new lighting and heating systems and a new floor;

The newly opened gym may now be attended year-round by the children from the Village and Razdolnoye Settlement and may also house raion-level tournaments in wrestling, table tennis, volleyball and basketball.

Local schools hold their Health Day activities at the sports complex of the Village. The reorientation of the youth to a healthy life style will decrease the rate of respiratory illnesses and will help address such problems as drug and alcohol abuse.

- In September 2007, a Health Festival was organized at the gym for 200 students from Razdolnoye schools. Eight teams took part in a variety of tournaments. Official guests included the president of the Physical Culture and Sports Public Movement of Primorsky Krai and the president of the MAMA Philanthropic Foundation. The program of the festival included an official opening, congratulations to graduates of the Village's school, an opening ceremony for the new gym, and the tournaments, which became an attraction for both children and adults..



During the Health Day, the graduates of the Village received letters of award and presents.

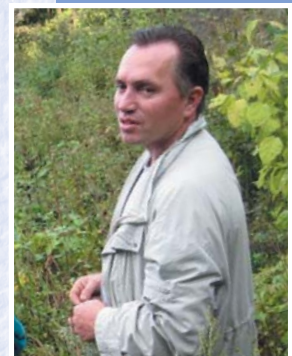


The gym in the Family Hearth Village was restored practically from zero.

«Despite all the difficulties, the Family Hearth Village Project is successfully developing. Thanks to the implemented project complex, we are now saving substantial amounts of money on heating; are involving children in athletic activities all year round; and are organizing raion-level sports events. The expansion of our farm allows us to not only satisfy our own needs in food products, but to earn additional funds from the sale of produce. We use these funds for the further development of our Village. Our future plans include a realization of the tourism potential of this location, which is considered to be one of the most picturesque places around Vladivostok. I am sure that our Village and the residents of Razdolnoye will continue to work together for the good of the municipality.»

Oleg Petruk

Head of Vladivostok Child Aid Society and project complex coordinator



COMMUNITY DEVELOPMENT SUPPORT PROGRAM IN THE RUSSIAN FEDERATION

PROJECT FUNDING

The Program was launched at the end of 2006 and is being carried out in the Russian Far East, Lake Baikal Region, Northern Caucasus and in some other regions of Russia with financial support from the United States Agency for International Development (USAID).

Grant amount for the period from 2006 through 2009 — \$5.65 million

The Program is aimed at integrated regional and community development through assisting communities in addressing environmental, economic and social issues, and consists of the following components:

1. Grant contests in communities
2. Dissemination of best community development practices
3. Training for development
4. Creation of new community development tools and practices

The primary Program goal is to design and disseminate both innovative and proven models of sustainable community development throughout the Russian Federation.

Key objectives:

- Engage local citizens in addressing local needs and problems through a series of targeted grants focused on local economic development, waste management, public health, small business development, social assistance and natural resources management;
- Develop and introduce tools for energy savings and mechanisms to allow communities to reinvest saved resources into development programs;
- Involve multi-stakeholders in selected communities in identifying priorities for community development;
- Train community leaders, government officials, and business leaders to better address community needs through collective efforts;
- Replicate best community development practices in a selected region.

Grant funding decisions are passed by the Program's Advisory Committee founded to ensure transparency and equal opportunities for all organizations participating in grant contests. The main functions of the Advisory Committee are to approve funding for grant proposals, which have previously been reviewed by experts, and to oversee the targeted use of the Program's grant funds. The RF Ministry of Economic Development and Trade is the supervising entity and partner of FSD in implementing the Program.

The Program facilitates:

- an increased standard of living in Russian regions;
- an enhancement of the potential for future community development;
- citizen participation in community decision-making through interaction with local government and business.



USAID
FROM THE AMERICAN PEOPLE

PROGRAM MANAGEMENT



PROJECT COMPLEX

BESLAN: LIGHT, WARMTH AND KINDNESS

Municipal problems addressed by the project complex:

The project complex is aimed at involving the community in addressing problems facing the city and promoting active life styles. Two years after the terrorist attack, many residents of Beslan are still in a state of depression. The project complex encourages active lifestyles among community members and involves them in various types of activities and projects aimed at improving their lives.

Projects included in the complex:

1. Warmth for Children — upgrading the heating system in Solnyshko Kindergarten
2. Learning to Be Useful — schoolchildren participation in social projects
3. Energy-Efficiency: Step by Step — schoolchildren participation in energy-efficiency projects
4. Hypotherapy and a Revival of the National Art of Horse Riding in Beslan

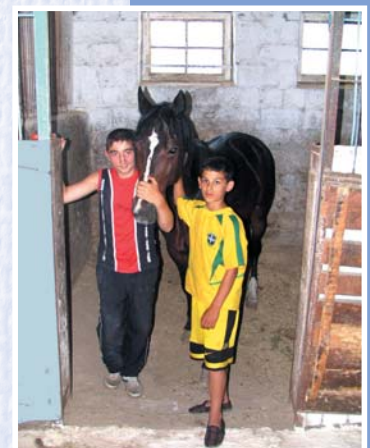
Key Project Results Facilitating Community Development:

- Building a stand-alone automatic boiler plant and, thus, resolving the problem of heat and hot water supply to the local kindergarten and saving municipal budget funds; and reducing hazardous emissions to the atmosphere by over 30%;
- Training local youth in writing proposals for small social projects and announcing a contest of such projects in the raion. At least 8 projects will be implemented.
- Organizing, for the first time in a school in the Republic of North Ossetia-Alania, activities under the international project SPARE targeted at involving youth in the study of energy consumption patterns at home, at school and in the community.
- Teaching local children and adolescents to handle horses and organizing a horse-riding training group to teach them the basics of horse-riding and traditional crafts (saddlery and smith craft).

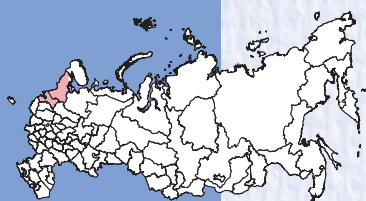
During the summer of 2007, over 1,500 schoolchildren from Beslan and Vladikavkaz learned to handle horses under this project. Edik and Alan from Beslan frequently visit the municipal stables, where they master equestrian skills and take care of the horses acquired by the project



Project coordinators A. Khablieva (headmaster of School #8) and L. Djamiyeva (headmaster of School #4) discuss project plans with V. Khodov, head of Pravoberezhny Raion, Beslan



PROJECT COMPLEX VALAAM — OUR COMMON HOME



Municipal problems addressed by the project complex:

The problems of this municipality are related to inadequate energy efficiency at municipal facilities; solid waste management; public participation in regional development; infrastructure; public health improvement; unification of the island's organizations to form a common cultural and educational environment; organization of tourist activities; involving tourists in conservation activities; and low level of community leaders' capacity to promote social partnerships, resolve conflicts, carry out projects, raise funds for development programs, and form public-private partnerships.

Projects included in the complex:

1. Modernization of Street Lighting — replacement of old street lamps with new energy-efficient and environmentally safe ones
2. Valaam Pottery Workshop — founding a school shop for teaching the students the basics of pottery
3. Green Island Environmental Site — planting a school vegetable garden, environmental education, and reforestation on Valaam Island
4. Playground — acquiring and assembling a playground for the only kindergarten on the island
5. Sustainable Development Leadership School - development of leader skills among the island's residents and organizing training seminars and summer camps

Key results facilitating community development:

- Consolidate the community through founding and equipping a Community Cooperation School consisting of an environmental education and tourism center, a pottery workshop, and a playground;
- Bring together Valaam Island organizations to form a common cultural and educational environment centered around the main local school;
- Promote economic development on Valaam through joint reinvestment decision-making with the Sortavala Municipal Administration;
- Involve local residents and future leaders (pupils and students) in project activities.



A shop is prepared to teach students traditional pottery skills



The young residents of Valaam attending the environmental camp want the island to become cleaner

PROJECT COMPLEX

THE FUTURE OF OUR CHILDREN

Municipal problems addressed by the project complex:

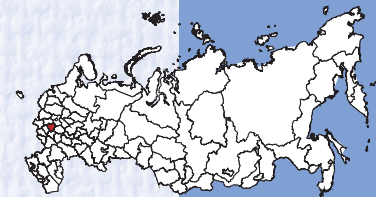
The municipality is characterized by a high rate of heat losses and respiratory illnesses caused by the low efficiency of the heating networks; and overspending of municipal budget funds during the heating season due to large energy losses and inadequate energy-efficiency. Of the 111,000 residents of Shchyokino, 68,000 benefited from the project.

Projects included in the complex:

1. Introduction of effective low-cost techniques reducing heat loss and heat consumption at Shchyokino City Children's Hospital by replacing old window frames with new ones
2. Heat supply modernization at Lev Tolstoy Gymnasium #2 in Yasnaya Polyana
3. Improving the health of Shchyokino youth
4. Practical ecomonitoring in environmental education

Key results facilitating community development:

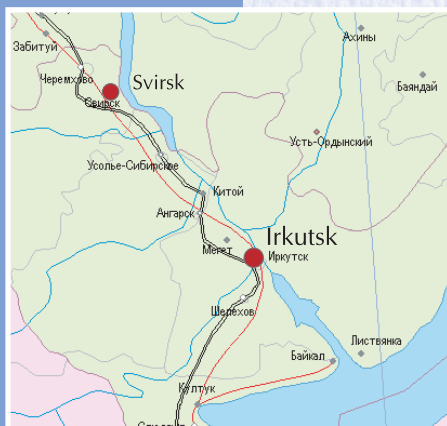
- Reduced rate of children's illnesses in Shchyokinsky Raion;
- Decreased municipal budget spending and energy subsidies through identifying instances of inefficient use of energy resources and increasing energy-efficiency — which will allow to save funds and reinvest them into energy-saving techniques;
- 352,000 rubles saved as a result of modernizing the heat supply systems and introducing a series of energy-efficiency techniques;
- Creating an energy-efficiency system to improve conditions in the hospital and ensure better convalescences;
- Create an atmosphere of mutual understanding and cooperation between the municipal administration and NGOs — this will ensure optimal decision-making on the basis of joint discussions of community development plans in the area of energy-efficiency and local social and cultural development;
- Creation of a Coordinating Council concerned with replicating best project results in other municipal institutions of the raion through a program of seminars and publications;
- Improved quality of communal services;
- Involving children and youth in programs promoting healthy life styles and conservation programs.



At the end of June 2007, the old window units were replaced with new modern plastic ones. The project prompted an initiative to collect donations for renovating and reequipping the children's hospital in Shchyokino. Over 3 million rubles were raised during the first three months of this initiative

PROJECT COMPLEX

SVIRSK — A SUSTAINABLE AND COMFORTABLE LIVING ENVIRONMENT FOR THE COMMUNITY



Head doctor of Svirsk Hospital, Vasily Tumin, points to the new windows and doors installed under the project in the children's and emergency departments of the hospital

Municipal problems addressed by the project complex:

High maintenance costs of the municipal boiler plant in Mikroraion Settlement in Svirsk due to the need to purchase and deliver fuel and remove waste; low efficiency (43%) of the outdated boilers and worn-out handmade equipment; high levels of hazardous emissions from coal burning; high cost of maintaining buildings and heating the only outpatient clinic in the city, which services both the population of Svirsk and nearby settlements; high respiratory illness risk both of the patients and personnel of the outpatient clinic; and a high rate of unemployment (10.3% in Svirsk as of 01.01.2007, while the average regional figure is 3.0%).

Projects included in the complex:

1. Rational Use of Heat Energy — modernization of the municipal boiler plant in Mikroraion Settlement in Svirsk
2. Comfort at the Outpatient Clinic — replacement of old windows and doors with new ones at the city out-patient clinic
3. Svirsk for You and for Everyone — forming a Local Community Fund in Svirsk

Key results facilitating community development:

- Nearly 1 million rubles saved as a result of the modernization of the municipal boiler plant and its conversion from coal burning to the use of wood waste;
- A more than 30% reduction of hazardous emissions to the atmosphere;
- An 8-10% lower respiratory illnesses rate among the staff and patients of the city's outpatient clinic and, primarily, among children due to improved indoor conditions in the children's and emergency departments;
- Creation of a Local Community Fund (LCF) as a mechanism of raising funds and openly and transparently reinvesting energy savings into social programs in the community.

PROJECT COMPLEX

CREATING A FAVORABLE LIVING ENVIRONMENT IN VYAZEMSKY MUNICIPALITY, KHABAROVSK KRAI

Municipal problems addressed by the project complex:

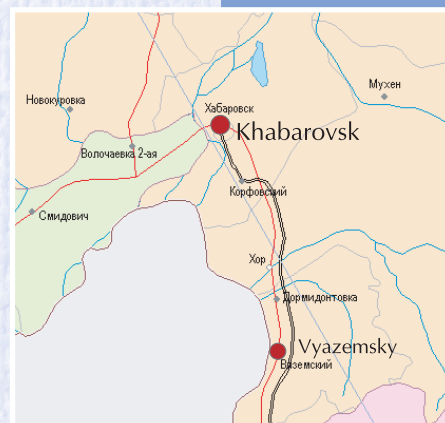
This community is characterized by a high cost of power used for producing heat energy at the central boiler plant in the city of Vyazemsky; severe environmental pollution by emissions from coal-burning boilers; low quality of social and medical services provided to the less socially protected social strata (senior citizens, children and disabled persons); and a lack of conditions favoring active and healthy life styles among the youth.

Projects included in the complex:

1. Installation of energy-saving equipment at the central boiler plant in Vyazemsky Municipality
2. Mercy — improving conditions for the elderly and disabled
3. Improving the quality of medical treatment (ear, nose and throat) with the use of physical therapy equipment in remote villages
4. A Sound Mind in a Sound Body — improving conditions for physical culture and sports activities of children and youth
5. Books: Companions for Life — Improving conditions at the local library for community members, including the disabled

Key results facilitating community development:

- Reduced power costs at the central boiler plant in the city of Vyazemsky after installing induction frequency converters at smoke-exhaust drives;
- Improved social and living conditions of elderly and disabled persons, inmates of the retirement home in Dormidontovka Settlement, as a result of winterizing the building and modernizing the sewage removal system;
- Improved quality of medical services (ear, throat and nose) and better health of socially unprotected categories of rural population in Dormidontovka and Shumny settlements and Dormidontovka and Kotikovo villages;
- Increased youth awareness about healthy life styles by involving young people in physical culture and athletic activities;
- Access of persons with limited abilities to the local library and enhanced general cultural level of community members.



The heat supply system was modernized at the retirement home in Dormidontovka Settlement



FUND *for* SUSTAINABLE DEVELOPMENT

Address:

14 Gubkina Street, Office 73, Moscow, 117312
Tel.: (495) 748-0552; fax: (495) 748-0553; e-mail: info@fund-sd.ru www.fund-sd.ru