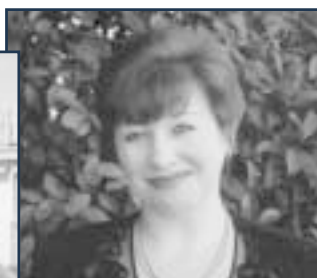


PEP *Newsletter*



*Valeri Nitchiporenko,
Director, Construction
Company*



*Valentina Soukhomlina,
Director, Advertising Agency*



*Alexander Kalachnikov,
Director, Poultry Farm*



*Olga Livanova, Manager,
Apparel Manufacturing*



*Dmitri Cherstiouk, Director,
Construction Company*

No Crisis for PEP Fellows!

A year ago the ruble crashed, losing three-quarters of its value within days. Russian banks lay in shambles. Western prognosticators forecasted the worst. But they had never met PEP Fellows.

Fortified by the "living" knowledge of their PEP internships, these Fellows rejected defeat. The crisis was just one more challenge to surmount. During the 1999 PEP evaluations, Fellows explained how they regrouped and recovered, relying on instincts, experience and US internships.

The August '98 crisis presented a new window of opportunity through which PEP Fellows have now captured a strong market share. When imports came to a halt, Russian consumers snapped up the Fellows' domestically-produced goods. In interview after interview, Fellows testified to the "silver lining" of the crisis and strongly praised their US internships for giving them concrete ideas and skills to survive the crisis.

Fellows are now a part of the most viable business sector in Russia's economy. The majority of PEP Fellows are between 36-40 years old. They were schooled during the prime years of Soviet education. They came of age when massive changes erupted in Russia, and started careers when the system collapsed. More than any other segment of Russia's population, they are equipped with the tools and entrepreneurial instincts to prosper. After studying successful American businesses, there's no stopping them.

Fellows hold more hope than ever for their future, believing that they can survive anything. Looking forward to the 2000 presidential election, most sup-

port Moscow's pro-reform, pro-business Mayor Yuri Luzhkov.

PEP Trainers and hosts, you have inspired and strengthened Russia's hope for democracy and a market economy. **You deserve a world of thanks!**

The August '98 crisis presented a window of opportunity through which PEP Fellows have captured a strong market share.



*Letter from CCI
President
Sharon Tennison*

Dear PEP Volunteers,

Our 1999 PEP evaluation trip to Russia was filled with thousands of images and inspirations. I'd like to share just a couple with you.

First, 1998 PEP Fellows' companies are far more sophisticated and their understanding of business principles is far ahead of PEP participants even a couple of years ago. PEP must keep pace with this development.

Second, a comment about how radically different PEP Fellows (and Russian entrepreneurs of their same profile) are from early Russian "businessmen." Unlike black marketers or Russia's flamboyant nouveau riche, Fellows are moral and ethical. They are inconspicuous and avoid lavish life-styles—their revenues are plowed back into their businesses, which increasingly provide quality products for local Russian citizens.

It was rewarding to observe PEP Fellows in their homes, businesses and communities—to see how well regarded they are (compared to flashy Moscow types). The evaluations revealed that 80% of them give direct support to local charities.

PEP Fellows are truly the building blocks of the new Russia!

• RUSSIA'S "WHITE NIGHTS" ROTARY CLUB •

Impressed by US Rotary Clubs, St. Petersburg PEP Fellows returned from America with a mission to start their own club. Christened as the White Nights 'Provisional' Rotary club, members have been active since 1997.

Acting club president and seasoned PEP facilitator Irina Zavolokina eagerly described a recent club project, *"We decided to act as true Rotarians even though we are still a provisional club. When we learned about a public museum just outside of St. Petersburg which needed money for roof*

repair, our members raised money and bought 200 kilograms of paint. The roof is now new and shining. We are so proud! A lot of entrepreneurs in St. Petersburg are learning about the club and coming to our meetings."



Several clubs from Mississippi joined forces to co-sponsor the club's registration with Rotary International. The paperwork has already been submitted. White Nights Rotary club members anxiously await the results.

• PEP FELLOW OPENS NEW FACTORY •



PEP Fellow Kliment Kan and his vacuum packing machine—the only one of its capacity in Russia.

In September '98 Kliment Kan of St. Petersburg went fishing for trade secrets in Maine. On July 1, 1999, he landed a "big one" when he opened his ultra-modern fish processing factory, based on a facility Kliment saw in Maine. Along with his partners Alexander Chapligrine and Mikhail Kostikov (two other PEP Fellows), they em-

ploy 120 people and produce four tons of frozen, smoked and salted fish products per day. When asked how he was able to build a new facility when 65% of Russian fisheries have been forced to shut down, Kliment said, *"Everything we do is based on providing the best quality. Because of this we have survived."*

Ace Reporter **Bob Shusta**



Every year since 1996, I have helped host a PEP bakery delegation. In the midst of many teary-eyed good-byes, delegates invited me to Russia. In April 1999, I finally went!

Traveling across Russia for 18 days, I visited PEP Fellows and met friendly strangers—discovering that the wealth of Russia is her people.

All the PEP Fellows who hosted me insisted that I visit their bakeries. Over and over I heard stories about the myriad of changes they made in their businesses as a result of their US training. Two of the most successful bakers di-

versified their businesses, opening up retail stores, in addition to running their bakeries.

The Russian economy is still struggling, and yet I didn't see people panhandling on the streets. Instead I saw people along the roadways

selling buckets of potatoes, tomatoes, milk and flowers. Russians are truly survivors who obviously work hard to live.

Bob Shusta is the former President of the Lafayette Rotary Club in Northern California, and the coordinator of four PEP delegations.

ANDI MOWRER, PEP OUTREACH OFFICER



As a Russian studies major in college, traveling to Russia had been a 15-year dream. From the moment the plane landed until the second I had to say good bye, my trip (conducting PEP evaluations) was worth every minute of the 15-year wait!

Visions of Red Square and Russia's Tsarist royalty often danced in my head, but I found that the real treasure of Russia is her people. From Moscow to Rostov-on-Don to Yekaterinburg, Kazan and St. Petersburg, PEP Fellows embraced us with sprawling tables of food, flowers, champagne, chocolates, smiles and open arms. As Fellows described how their American internships transformed their lives, all I could think was how they were transforming mine.



• KIWANIS CLUBS SIGN UP FOR PEP •



Don Chapman, Georgian Kiwanian and former PEP Coordinator (center), explains the rewards of hosting a PEP delegation to fellow Kiwanians.

It's the same in any business—the best advertisement is by “word of mouth.” After 38 satisfied Kiwanis clubs hosted PEP, **Kiwanis International** invited Pola Shornik, PEP Manager, to present PEP at Kiwanis' 84th Annual Convention in Denver, Colorado.

A steady flow of former Kiwanian hosts, eager to share their impressions, navigated their way to the PEP exhibit through droves of potential hosts. By the time the crowd cleared, no less than 200 clubs had signed up to learn more about PEP. Thanks for your interest, Kiwanians!

• AMERICAN PEP TRAINERS IN RUSSIA •

Jim Shelton, former PEP business host, has now rolled up his sleeves on two continents. This summer he traveled with his wife Marcia to Nakhodka, Russia to teach dry wall techniques to 100 of **Viacheslav Mein's** information-hungry employees.

In November '98 Viacheslav, owner of the Pilgrim construction company, attended Shelton's class in Elkhart, Indiana (as a guest of the Concord Rotary club). Immediately after the class Viacheslav rushed up to Jim to inquire

about sending his employees to Jim's classes. Jim joked, “*only if I get to go to Russia.*” PEP Fellows find a way to make things happen! Just ask Jim.

Tommie Whitener, former PEP host of Novato, California, paid a reciprocal visit to his Russian guests' homes this summer. **Svetlana Fomina**, director of **Inlight**, and **Galina Mandych**, owner of the **Bely Salon**, hosted Tommie in Yekaterinburg.

SUPPORT FOR RUSSIA

While funding for PEP Phase III is secured for the next two years, aid and support to Russia must remain a national priority. Would you be interested in writing your Congress members and sharing your PEP experience with them? Elected officials are routinely briefed on foreign policy, but seldom hear the exciting kind of information that you can give them.

Share your PEP Experience!

Use the “Write your Representative” link to search by zip-code at:
www.house.gov



Make your voice heard!

Search by state to find links to your senators' home pages at:
www.senate.gov

or, you can call the US Capitol Switchboard at: (202) 224-3121

*Letter from PEP Managers:
Pola Shornik, Eleanor Gorman
& Jeff Cowgill*

Dear PEP Volunteers,

Thanks to the extraordinary efforts of PEP coordinators, trainers and home hosts, more than 1,300 Russian entrepreneurs have received business management training in 39 US states.

We are excited about the upcoming year, which will be our most active to date. PEP will expand into leasing, retail industries, media and communication services. The number of Russian managers trained will double, while PEP spreads into new regions in the US and Russia.

These ambitious goals are attainable because PEP volunteers are incredibly talented and experienced trainers. PEP's strength comes from uniting this army of US citizen diplomats and capable, open-minded Russian delegates.

PEP is succeeding—changing mentalities by eroding stereotypes both in the US and Russia. The seeds of a Russian middle class are firmly planted. You've cultivated this group with rich bits of knowledge, know-how and warm hearts. Challenges remain, but thanks to all of you, PEP is making this a better world.

Pola Eleanor Jeff

Award

The Rotary club of Richmond, Kentucky, was named “Best Club in District 6740” for hosting the PEP Auto Service delegation in the fall of 1998, and several other great service projects. Our sincere thanks and congratulations!



Correction: In the last PEP Newsletter the article “MABA Wins National Honors” neglected to mention that the Madison-West Rotary club co-hosted the winning PEP delegation with the Madison Area Builders Association. The Madison-West Rotary club hosted a second extraordinary delegation in April 1999. Way to go!

PEP Receives Enthusiastic Endorsement!



The following is a letter sent to CCI's Yekaterinburg office:

The Productivity Enhancement Program (PEP), administered by the United States Information Agency (USIA) by the Center for Citizen Initiatives (CCI), has turned out to be one of the most effective exchange programs operating in the countries of the former Soviet Union.

Most of these programs were created by USIA as part of the US government's policy of encouraging the transition in Russia and other countries in the 1990s. Of all the programs in this period, I believe that PEP has shown the most promise for helping with the transition. This is because it is our experience that the greatest number of jobs, and the greatest amount of wealth in a national economy, are generated by small and medium-sized businesses. These businesses form the foundation for the existence of a large middle class, which is critical to a healthy democracy.

Business management courses tend to be more theoretical than practical, which makes them less than perfectly useful to people who work in

small and medium businesses, because these people tend to be very practical.

Therefore, the best way to share the American experience with such businesspeople is to bring them to the US so that they can see for themselves how similar businesses work, and how the US creates an environment that encourages the successes of such businesses. From discussions with people who have returned from participation in this program, it is clear that they return charged up with enthusiasm for the possibility of achieving similar successes, and with new ideas for making success happen.

CCI also manages other successful programs, but I think that PEP is just the right one for providing the best kind of help for Russian society in the difficult process of transition from old ways of doing things to the new.

USIS Public Affairs Office
United States Consulate
Yekaterinburg, Russia



Curious about how your Russians are doing? • Have a PEP story you're dying to tell? • Wondering how you can impact the future of Russian Foreign Assistance? • Looking for other ways to get involved in PEP or CCI? Contact us!

See Inside
for PEP News & Updates



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