



THE CARPATHIAN
FOUNDATION
ANNUAL REPORT
2006

FIVE NATIONS, ONE COMMUNITY.

HUNGARY · POLAND · ROMANIA · SLOVAKIA · UKRAINE

Contents

CONTENTS



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ACKNOWLEDGEMENTS.....	4
MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS.....	5
LETTER FROM THE EXECUTIVE DIRECTOR.....	6
THE CARPATHIAN EUROREGION.....	7
THE CARPATHIAN FOUNDATION NETWORK.....	8
DEVELOPMENT PROGRAMS IN 2006.....	9
EVENTS AND NEW INITIATIVES IN 2006.....	13
ACTIVITIES OF THE REGIONAL OFFICES IN 2006.....	15
GRANT STATISTICS.....	18
LIST OF GRANTS AWARDED IN 2006.....	19
FINANCIAL STATEMENT OF THE YEAR 2006.....	23
INDEPENDENT AUDITOR'S REPORT.....	24
MEMBERS OF THE BOARD OF DIRECTORS.....	25
MEMBERS OF THE STAFF IN 2006.....	26

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MEMBERS OF THE BOARD OF DIRECTORS OF CARPATHIAN FOUNDATION INTERNATIONAL

HONORARY BOARD MEMBERS

MEMBERS OF THE SUPERVISORY BOARD OF THE CARPATHIAN FOUNDATION INTERNATIONAL

MEMBERS OF THE CARPATHIAN FOUNDATION LOCAL BOARDS OF DIRECTORS

CARPATHIAN FOUNDATION NETWORK STAFF IN 2006

VOLUNTEERS OF CARPATHIAN FOUNDATION NETWORK

For information about how you can help support the Carpathian Foundation Network in general, or a specific program or region, send an e-mail to cf@cfoundation.org, or contact your local Carpathian Foundation Office at the addresses listed on the back cover of this report. You can also visit our website www.carpathianfoundation.org

MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

There was no other year for the Carpathian Foundation similar to 2006. We looked at who we are and what is our commitment and contribution to the region we are serving. We've transformed the way we perceive our organization, the work we deliver and who we are in this equation.

The culture of the Carpathian Foundation has altered and a new way of operation has been implemented. We managed to turn challenges into opportunities and we are now working to turn all opportunities into concrete results for the Euro-Carpathian region. We've embarked the entire organization in a Breakthrough Project under the technology and guidance of Landmark Education Business Development. LEBD has worked with the team to create a climate of innovation and risk taking and to provide a sense of confidence, a new way of approaching problems that allowed people to become self-generative, and take initiative to make things happen.

The Board and Staff focused on the creation, implementation and fulfillment of the 2004-2009 Regional Strategy including re-shaping the organization. The Staff produced a fundamental shift in what they see as possible, generated a transformation at work, and created a powerful team aligned around the accomplishment of the organization's goals and intentions. The team stepped outside of their familiar frameworks, identified entrenched behaviors, old habits and unexamined assumptions and replaced them with new perspectives giving them the ability to see, act and relate in new ways.

Board and Staff members together created a shared set of distinctions, a common language, and they had the opportunity to choose to speak and listen to one another in a committed way. We also developed in creating, managing and fulfilling new possibilities that are not a mere extension of the past, but bring into reality a future that could not be predicted.

As a result of our Breakthrough Project, we now envision ourselves as a leading sustainable organization acting as a team of inspiring professionals who create programs generating local and international resources to transform the region

into a place where people are proud to live. All members of the Board and Staff of the Carpathian Foundation Network have committed themselves to fulfill this possibility and, as a network of six legally independent organizations, turn the possibility into reality.

For all extraordinary results achieved so far, and so many in the pipeline, I acknowledge our Executive Director, Janos Lukacs, for his leadership, commitment and tenacity in turning this 'adventure' into a real success. I also want to acknowledge the inspiration and professionalism provided by the LEBD leaders: Herma Schmitz, Lois Yoon and Dan Mocanu and thank them for who they've been for us.

Last, but definitely not least, I want to congratulate and thank all my fellow Board members and wonderful Staff for their unprecedented loyalty to the promise they've once made to serve the region through their involvement in the Carpathian Foundation. It is my privilege and honor to be part of this extraordinary organization. And although we all know there is still a long way to go, once we've discovered and recreated who we are, there is no obstacle to what we can accomplish.

ANCA HARASIM, Chair of the Board of Directors



LETTER FROM THE EXECUTIVE DIRECTOR

For the Carpathian Foundation as a network of organizations in the five countries of the Carpathian Region, the year 2006 arrived full with challenges and fruitful opportunities.

Since its establishment, the Carpathian Foundation has assisted hundreds of communities, local and regional organizations based on generous overseas donor support. The Carpathian Foundation helped them to find and redefine their own identity, clarify their vision for the future and to mobilize the transformative energies of citizens to act on their own ideas towards the envisioned future. We supported them in empowering themselves to revitalize and transform the Carpathian Region, still one of the least developed regions in the unified Europe.

However, a simple repetition of past successes was not possible anymore. Many of the overseas donors withdrew from the Region. This was caused mostly by the otherwise much promising accession process, which resulted in four out of the five countries of the Region becoming members of the European Union and the fifth on the road to candidacy. The resulting decrease of overseas donor funding posed a major challenge to our traditional grantmaking programs fostering cross-border cooperation and community development. They could not be continued successfully if unaltered.

To face the challenges and to realize and build on the new opportunities, we needed a breakthrough in our thinking. This breakthrough was facilitated by Landmark Education Business Development (LEBD). Fortunately in this organizational development process we could build on the thorough knowledge and vast experience accumulated by our Staff in grantmaking and cross-border cooperation and on the commitment of members of the Board and the Staff for the social, economic and environmental development of the Region. The Breakthrough Project resulted in designing a new strategic plan designed to embrace the new trends and in introducing a new program structure.

According to this strategy, we will use the presently available resources in combination with new resources becoming available because of the EU membership or accession of all the countries in the Region. This combination will not only maintain but increase the impact of our development assistance to those communities, who are the least prepared to strive for and successfully absorb these new EU resources. For identifying and reaching out to such communities, we will launch facilitated community development initiatives and support the establishment of community based organizations, among them community foundations. The identi-

fied communities can then participate in our already tested Carpathian BRIDGE (Carpathian Best Rural Initiatives for Development and Gateway to Europe) Program in which we offer financial- and technical support: to help project proposal preparation for EU or national Operational Plans, to help cover the required own contribution, and to give project management technical assistance to such communities.

Our successful participation in the European Citizens Panel project initiative provided us with experience necessary for region-wide cross-border visioning and mobilization of citizens. Launching the Carpathian Education Program for Community Development initiated and supported by Frederick C Robey is also one of the first steps towards our endeavor in combining community development initiatives with the establishment of community foundations or other community-based organizations and with EU-funded development projects. We strongly hope that this approach will attract additional donor contributions in the support of our strategy.

Personally, participating in this transformation process has been an exhilarating period in my life. As the Executive Director of the Carpathian Foundation International since May 2006, I'm grateful to all members of the Board and the Staff for supporting me in leading this organization responsibly towards the envisioned breakthrough. I also express my gratitude here to those who are no longer with the organization, especially to Krzysztof Ners, member of our Board, who to our great sadness passed away in 2006. I warmly welcome the new members of the Staff and the new member of our Supervisory Board, Ferenc Hámori.

During this transformative period in 2006, we, members of the Staff of the Carpathian Foundation Network have all been inspired by the strong commitment and the steady support from the Members of our Board of Directors, and from our donors, especially from the Charles Stewart Mott Foundation, Frederick C Robey, the Cooperating Netherlands Foundations for Central and Eastern Europe, and from other contributing partners. Their continuing commitment and support makes us grateful and gives us the impetus to do our best. In the following pages of the report, it is spotlighted how we found our way to make a mark on local people in the region in 2006, and we are hard at work to make 2007 a year of important accomplishments for this organization and for the Carpathian Region.



JÁNOS LUKÁCS. Executive Director

THE CARPATHIAN EUROREGION

The Carpathian Euroregion is an international association established after the social-political changes of the Eastern European countries on February 14, 1993, by the Foreign Ministers of Poland, Ukraine and Hungary in the city of Debrecen. This was the first Euroregion that embraced regions situated in peripheral territories in their own countries in the former socialist block where the inhabitants have a similar historical past, and traditions.

In accordance with Article 106 of the Madrid Convention by the Council of Europe, with EU-conform Statutes and Articles of Operation, the objectives of the Euroregion were defined as follows:

- Promotion of co-operation in the field of social, economic, scientific, ecological, educational, cultural and sports affairs
- Lobbying for the implementation of cross-border projects, mutual intention on co-operation with national institutions and organisations

MEMBERS OF THE CARPATHIAN EUROREGION

The Carpathian Euroregion comprises 19 administrative units of five countries:

HUNGARY: Borsod-Abaúj-Zemplén, Hajdú-Bihar, Heves, Jász-Nagykun-Szolnok, Szabolcs-Szatmár-Bereg counties

POLAND: Podkarpackie Region (Sub-Carpathian Region)

ROMANIA: Satu Mare, Maramures, Bihor, Suceava, Salaj, Botosani, Harghita counties

SLOVAKIA: Kosice and Prešov counties

UKRAINE: Chernivtsi, Ivano-Frankivsk, Lviv, Transcarpathian regions

MISSION OF THE CARPATHIAN EUROREGION

The Carpathian Euroregion is designed to bring together the people who inhabit the region of the Carpathian Mountains, and to facilitate their cooperation in the fields of science, culture, education, trade, tourism and economy. It aims to improve the living standards of the people living in the area, to preserve peace, to promote good relations between people on both sides of the borders, to decrease the isolating effect of the borders, and to ensure the permeability of borders. The Carpathian Euroregion can be ranked as a permanent structure of cross-border cooperation: structures within which local and regional organizations and bodies decided to cooperate based on signed cooperation agreements, also called "working coalition, inter-regional association". One such organization in the territory of the Carpathian Euroregion is Carpathian Foundation Network.

BACKGROUND

The twentieth century has seen enormous upheavals in the Carpathian Euroregion. There have been two World Wars. The loss of life has been considerable as has been the loss of population due to emigration and forced migration. Since 1914, some 10 million people were killed or expelled from the region. Borders and territories have changed on numerous occasions, and people from the same nationality have been separated and put under different regimes several times. In this relatively small territory, fifteen different territorial divisions occurred in the last century.

In addition, minority groups represent more than 30% of citizens of the Carpathian Euroregion with great diversity in religious affiliations (Orthodox, Roman Catholic, Greek Catholic, Calvinist, Protestant and Jewish). The mixture of ethnic and religious groups, as well as the history of complex inter-state and interethnic relations may be a potential minefield for stability and good neighborly relations. However, there are many connecting elements, such as common history and geography, similar levels of economic development, and shared aspirations for economic prosperity and integration. These attributes make the region a natural entity for co-operation. Certain characteristics and values have regional rather than strictly national or ethnic characteristics. Hence, cross-border co-operation is an effective tool in promoting interethnic tolerance and stability and regional cohesion, which are essential prerequisites for regional and community development.

STATISTICAL DATA*

Territory by Country	Area (km ²)	Population
HUNGARY		
(5 counties)	28.613	2.596.428
POLAND		
(Podcarpackie Region)	17.844	2.120.237
ROMANIA		
(7 counties)	42.310	3.222.521
SLOVAKIA		
(2 counties)	15.726	1.573.569
UKRAINE		
(4 regions)	56.600	6.183.614
TOTAL	161.093	15.696.369

* Source: National Statistical Agencies

THE CARPATHIAN FOUNDATION NETWORK

The Carpathian Foundation Network (CF) is a non-profit cross border development foundation, which consists of local foundations in 5 countries. The foundation is connected to a clearly defined geographical, historical, ecological and economic region of Central-Eastern Europe that includes the bordering regions of Hungary, Poland, Romania, Slovakia and Ukraine. Administered by professionals based in each of the five countries and by an international office in Eger, Hungary, the Carpathian Foundation Network is governed by local supervisory boards, and an international board of five directors, elected from each country where it works, and the USA.

MISSION

The Carpathian Foundation Network (CF) is a network of organizations which acts as a catalyst for regional transformation, through fostering innovative cross-sectoral and cross-border cooperation, sustainable resource mobilization, and strengthening of key processes in civil society throughout the Carpathian Region.

GUIDING VALUES

- Building sustainable communities respecting cultural, ethnic and natural diversity, as prime assets of the Carpathian Region
- Regional cohesion is a key element for the stability of the Carpathian Region, and its integration into broader European and global development
- Innovation and Involvement are essential for community development
- Democratic values and principles are not to be compromised
- Generation of income respects sustainability principles
- Empowering local communities through self-help
- Sustainable development is an integrated process connecting social, ethical, environmental principles and behaviours, and respecting the needs and rights of the future generation

PRINCIPLES OF OPERATION

The Carpathian Foundation Network assists the region and its inhabitants through its programs, in harmony with the principles of partnership and networking, best practices, cultural and social integrity, and participation.

PARTNERSHIP AND NETWORKING – Each individual, group, or community has its unique knowledge and understanding for critical aspects impacting their life and future. Fostering and supporting the synergies among diverse perspectives and interests, creates enriched and complex approaches and solutions for common issues, where everybody is a winner, and sustainable processes are self-generated.

BEST-PRACTICES CRITERIA – Cultivating a culture for sharing

experiences, collecting and documenting best practices and lessons learnt, offering opportunities for ongoing learning and adaptation of creative and successful solutions to common problems and challenges.

- Best Practices are innovative. They develop new and creative solutions to common problems and challenges.
- Best Practices make a difference. They demonstrate a positive and tangible impact on the living conditions, quality of life, and the environment of the individuals, groups or communities concerned.
- Best Practices have sustainable effects. They contribute to sustained eradication of problems, especially by designing solutions in partnerships between national or local authorities, non-governmental organizations and local communities, the private sector and academic communities, and involvement of all the stakeholders
- Best Practices have the potential for replication. They serve as a model for generating policies and initiatives elsewhere.
- Best Practices are documented. They carefully describe proven solutions or case histories offering bridge between empirical solutions.

CULTURAL AND SOCIAL INTEGRITY – Development based on internal potential instead of mechanically imported methodology, preservation of positive values of social, cultural and natural identity, support of local culture, revitalization of traditional activities with sensitive use of modern technologies as well as support for spontaneous forms of self help.

PARTICIPATION – Promotion of appropriate measures of decentralization and empowerment of the local people, contribution to job creation and equal opportunities to access the public services, as well as enabling the participation of local people in decision making and strengthening the local control.

MAIN ACTIVITIES

The Carpathian Foundation Network is designed to represent well the multi-cultural and multi-national characteristics of the region. It conducts and promotes the following public benefit activities – which are included in its Founding Charter:

- Provision of grants for education, public education and skills development
- Provision of grants for research and projects related to scientific activity
- Protection of cultural heritage
- Environmental preservation and ecology
- Enhancement of social equality of disadvantaged groups
- Defence of civil and human rights
- Helping national and ethnic minorities
- Fostering international cooperation
- Provision of training and professional support services for public benefit organization development, and for local community development

DEVELOPMENT PROGRAMS IN 2006

INTEGRATED RURAL COMMUNITY DEVELOPMENT (IRCD)

It is a core and unique grant-making program of CF. The program supports larger scale initiatives and emphasizes pilots that would not easily attract funds from other sources. Rural areas in the Carpathian Euroregion are confronted with an array of problems likely to seriously affect their viability. These include fragile ecological and social environments, the lack of local institutions and cooperation, depopulation, unemployment, social marginalization of rural areas and weak structures of civil society. Addressing these problems is most difficult in the remote mountain areas and in the regions near the national borders.

The main focus of IRCD is to encourage and help rural actors to think about the longer term potential of their area, and encourage the implementation of integrated, original and alternative strategies for sustainable rural development. Rural mountain areas, with their rich natural and cultural heritage, have great potential for development.

CROSS-BORDER CO-OPERATION PROGRAM (CBC)

This grant-making program encourages stronger links between the bordering regions of the Carpathian Euroregion and other European regions in terms of practical activities as well as mutual learning and understanding. Its main focus is to support concrete actions between the five countries of the Carpathian Euroregion with opportunities for mutual learning through co-operation with those in countries further west. It emphasizes people to people, or village to village connections built around clear learning and joint project activities (not just debate or academic discussion).

LOCAL DEVELOPMENT INITIATIVE PROGRAM (LIP)

The Local Development Initiative program is mainly focused on the strategy of assisting the socio-economic development of disadvantaged communities. Its aim is to develop human capital (strengthening of absorption capacity), and to empower local communities in disadvantaged areas through small grants. The program supports developmental processes rather than events; particularly those related to the integrated rural community development program to enable local NGOs and local self-governments to prepare more ambitious programs for other funding resources, for example European Union funds.

EUROPEAN CITIZENS' PANEL

The European Citizens Panel is a bottom-up European civil initiative model that engages citizens from regions of Europe to deliberate on policies that affect rural areas. The initiative has operated at two levels: regional and the European. CF International and CF Slovakia conducted the Carpathian cross-border Regional Panel in 2006 with the participation of citizens from 2 micro-regions: the Hungarian Szikszó and the Slovak

Bodva Valley. In the panels, citizens map the problems of their own settlement and micro-region, debate on rural issues, create a vision and make concrete recommendations to their respective policy-makers. This work draws on information provided by reputable experts specialised in rural affairs. The project ends in April 2007 on the European level, when citizens from several different regional panels meet in Belgium to direct their attention to a wide range of European challenges relating to the future roles of rural areas. The citizens hand over their deliberations to EU decision-makers and stakeholders regarding rural development. CF is continuing to organise similar citizen-participation projects in the Carpathian Region.

CARPATHIAN BEST RURAL INITIATIVES FOR DEVELOPMENT AND GATEWAY TO EUROPE (BRIDGE)

The BRIDGE program offers technical and financial assistance (core funds) to grassroots organizations to build coalitions with partners, develop project proposals and fulfil the high standards required by EU-funded programs in terms of proposal writing, project management and financial stability. These community-based organizations are NGOs and local self governments (LSGs) in remote rural areas, who have good potentials and good ideas, but are not strong enough to win the competition for EU funds against stronger and better established stakeholders. CF provides to such organizations, on the one hand, technical assistance for the development of the project ideas and preparation of the proposal, on the other hand, financial contributions in the form of non-refundable grants.

Furthermore CF helps with quality assurance during the implementation of the project, and assurance of liquidity in the form of refundable grants. The BRIDGE Program is in line with CF's mission in the region, and incorporates a strong element that contributes to CF sustainability. It combines European and overseas philanthropic philosophy, solving the problems of well-established, but inflexible EU financial instruments by injecting entrepreneurial spirit into the projects. The program enjoys the support of the Open Society Institute.

CAPACITY TRAINING PROGRAM FOR ROMA ORGANISATIONS

CF Hungary, CF Romania and CF Slovakia have offered capacity building and skills development training to Roma Organisations in the Carpathian Region, to make them able to apply for EU sources and other funds.

CARPATHIAN ROMA BRIDGE

This program has two main pillars. It is an implementation of the BRIDGE methodology for the benefit of Roma organizations, as well as offering capacity building training for Roma organizations, in preparation for the potential BRIDGE projects.

The training is designed on the basis of CF experience in the RomaNet Program and recommendations of the Evaluation Study, taking into consideration the specific situation of Roma organizations. The goal of the Project is to contribute to equal opportunities and chances for Roma organizations by providing know-how and skills for relevant and timely needs assessment; by increasing the organisations' ability to respond to the needs in an effective way, in partnership with other stakeholders; and by providing relevant information on human and civil rights issues for a selected number of Roma organizations, and organizations assisting Roma groups based on mutual need and agreement.

CARPATHIAN SCHOLARSHIP PROGRAM

The Carpathian Scholarship Program for university and high school students in the Carpathian Region was set up by Mr. Frederick Robey, an American philanthropist and a member of the Carpathian Foundation Board of Directors, who devoted 100,000 USD for distribution by the Carpathian Foundation Network. The fund – according to the will of the donor – establishes a 5-year pool for scholarships to be divided between 5 countries: Hungary, Poland, Romania, Slovakia and Ukraine, co-operating in the frame of the Carpathian Euroregion. The students have to be residents of the Carpathian Euroregion, represent outstanding results in learning, and unable to study for financial reasons.

CF offices co-operate with selected high schools and universities in the region.

The goals of the program are to provide opportunities for the education of young and talented people from the Carpathian Euroregion, to raise qualified young professionals who contribute to the development of their region, and to enhance awareness of regional identity among young people. The program consists of a complex educational package, with the components of a financial benefit, an educational benefit in the form of a tutor, and a training benefit by doing field practice in the region. Quality assurance is provided by on-going monitoring and evaluation.

FRED ROBEY RAPID RESPONSE FUND

The fund supports initiatives related to education, self-help, youth and innovation.

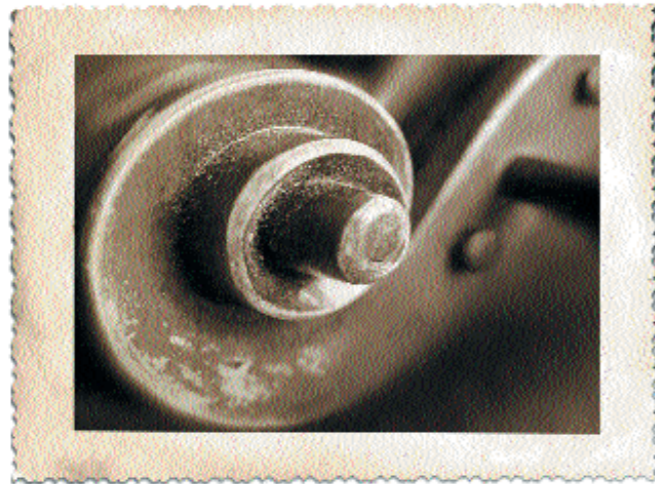
CARPATHIAN HOUSE, CF POLAND

Since December 2006, CF Poland coordinates the Carpathian House program with a four - year financial support from the Norwegian Financial Mechanism, and the Financial Mechanism of the European Economic Area, totalling 400.000 Euros. The

program's role is to stimulate transfrontier contacts between the Carpathian Euroregion countries, their local self-governments, NGOs, and small and medium enterprises. CF Poland aims to create a network of Carpathian Euroregion projects and connect them with a series of events, forums, exhibitions, publications and housing them in one newly acquired building.

CARPATHIAN CSR PROGRAM - "THE WAY IT WORKS"

CF Slovakia coordinates the program, which fosters change of thinking, and contributes to create a base for learning, and promotion of innovation, transparency and convergence of CSR practices and instruments in the Carpathian Region. Via a series of meetings with local stakeholders and communities, CF does research on donor-giving behaviour in the region; it increases the awareness of CSR by business, NGO and local self-government representatives, as an effective tool for solving common problems of their community, and as a real engine of economic growth. It also enhances the capacities of universities in the area of CSR. It encourages and convenes "social dialogue for cooperation" at a cross-sectoral level in the Carpathian Region, in areas of Slovakia, Hungary, Poland and Romania. The Program is supported by the European Commission - DG Employment, Social Affairs and Equal Opportunities.



WATER AND RURAL TOURISM WITHOUT BORDERS, CF HUNGARY

Within the INTERREG

III/A European Community Initiative, CF Hungary created a common development strategy for the Upper Tisza - Bodrog region's water and rural tourism sector, in partnership with the Szabolcs-Szatmár-Bereg County Organization of National Rural Tourism Organization (HU) and SOSNA Civic Organization (SK). The project, which is managed by CF Hungary, aims to implement common marketing strategies and to establish long-term cooperation of a large public-private partnership, involving grass-roots SMEs, NGOs, LSGs and administrative bodies from the two countries, Hungary and Slovakia.

CARPATHIAN HANDICRAFT

TRADING HOUSE, CF HUNGARY

With the support of the Trust Fund Program in Hungary, CF Hungary created a public benefit company (PBC) in partnership with Szanticska Creative Association. The overall mission of this Carpathian Trading House PBC is to promote the handicraft traditions of the Carpathian Region supported by relevant marketing strategies, continuous technical and financial assistance and cross-border networking activities. Szanticska Creative



Association is the leading applicant of this first project being implemented under the CF BRIDGE Program, with its consortia partners. Carpathian Foundation -Hungary is responsible for the project management and the quality assurance. The "Training and employment program based on local traditions in Szanticska" Project was awarded by the professional jury "the best project providing equal opportunity in human resource development" in Hungary, 2005. The jury selected the project from 12,000 projects implemented in the country that year.

MICRO-GRANT FUND IN UKRAINE

The fund is implemented by CF Ukraine on behalf of the Canadian Bureau for International Education. CF Ukraine participates in the grant awarding steering committee and is responsible for the monitoring and financial supervision of the micro-grants. Projects with a high multiplier effect are supported.

SOCIAL TRANSITION PROGRAM, CF UKRAINE

A Social Transition Program was developed for Central and Eastern Europe in conjunction with the Co-operating Netherlands Foundations (CNF) with the objective to support the process of social transition. CF Ukraine operates the whole grant-making and supervision process on behalf of CNF to provide financial support to community-based initiatives of local grassroots NGOs in Ukraine.

DEVELOPING SUSTAINABLE RURAL TOURISM, CF UKRAINE

CF Ukraine was implementing the project "Developing Sustainable Rural Tourism – Capacity Building for Rural Development Leaders" within the EU TACIS program, with its Greek partner, Euracademy. The project aimed to assist people and authorities in the rural areas of Western Ukraine to acquire the necessary skills and competences to plan and manage the development of sustainable rural tourism projects more efficiently. Moreover, it allows the project participants to build new partnerships, and accept and implement leading European experience in the field of community development.

TALK IT, CF ROMANIA

Talk IT is a Leonardo da Vinci pilot project, and it focuses on developing adequate language skills for tour operators and small tourist entrepreneurs from rural areas by specific methodological and pedagogical language approaches. The international working group consists of the Swedish Folkuniversitet in Kristianstad, as the main applicant, and partners from 8 countries. CF Romania implemented the project in Maramures County and allocated an extra amount of 3-5% of the total budget to the program to ensure its sustainability. CF Romania carried out a needs analysis of small tourist entrepreneurs for the successful incorporation of the language training and took part in a survey on language needs of small tourism entrepreneurs in Maramures County.

TRIN 2, CF ROMANIA

The purpose of TRIN 2 project (developed under the EU Second Transitional Exchange Program) is to investigate the potential offered by knowledge society and Information & Communication Technologies (ICTs) in promoting Social Inclusion in rural areas. This will be pursued through two main objectives: to develop an understanding of the nature of e-Exclusion in rural areas by creating a suitable context for the open debate of the problem (legal institutions, e-Inclusion tools) and to invent measures to promote Social Inclusion through the use of ICTs. The main applicant is Mayo County Council, Ireland and the partners are from Spain, UK, Slovakia and Romania. Carpathian Foundation Romania office prepared a preliminary study regarding social exclusion in Romania, and is in contract agreement with the Oradea University Department of Sociology and Social Assistance, who assure the scientific validity of TRIN 2, and prepare a study on social exclusion – based on interviews and focus group research.

GUIDELIFE, CF ROMANIA

CF Romania works in the EU Leonardo da Vinci supported project, "Guidelife" with a group of 11 partners from 10 countries. The 3 year project targets the counselling sector, with the purpose of increasing this group understanding and knowledge about socially disadvantaged groups and their participation in lifelong learning. The objective is to develop a methodology (based on concrete examples of older and young unemployed individuals, immigrant women, ethnic minorities, disadvantaged young people, disabled people) to counteract their exclusion from lifelong learning processes. In Romania, the project targets the unemployed individuals from all ethnic groups living in Bihor County.

EUROPEAN GENERATION LINK, CF ROMANIA

The project aims at promoting citizens' awareness of Europe by creating a web-based platform serving as "generation link" where tandem teams of young and old people learn from each other. The older generations tell their life stories of having lived in various European countries and societies, the younger generation record and document them in an interactive library, and simultaneously teach basic IT skills to the older people. Visitors will be able to search the website by a variety of search parameters. The project will provide insight into the richness of Europe's cultural and societal heritage and it hopes to give additional motivation to life-long learning and learning in later life. In addition it seeks to promote understanding of historical backgrounds to increase tolerance and to reduce prejudices and xenophobia. The project is implemented under the SOCRATES Program – Transnational Co-operation Projects, with the main applicant BEST Company, Vienna, Austria, and the involvement of partners from 15 countries.

EVENTS AND NEW INITIATIVES IN 2006

The year 2006 was a breakthrough year for Carpathian Foundation, which ended with the formalization of the Carpathian Foundation Network. CF Network consists of five local offices (CF Hungary, CF Poland, CF Romania, CF Slovakia, CF Ukraine) and is coordinated by Carpathian Foundation International. Below, you can read about our organisation's internal changes, programmatic events and PR activities.

NEW EXECUTIVE DIRECTOR

The Carpathian Foundation Network is delighted to announce that Mr. János Lukács has been appointed the Executive Director of the organization as of May 1st 2006, following a comprehensive and challenging region-wide search. János Lukács succeeded Sándor Köles, the previous executive director of CF, in this position. Mr. Lukács's success in senior level management positions of varied national and multi-national development programs and organizations, combined with his expertise in Organisation and Systems Development, Change Management, Executive Coaching and Fundraising were critical to the Board's final decision. The Carpathian Foundation's Executive Committee voted unanimously to approve Mr. Lukács's appointment, who brings depth of experience and energy to CF.

ROMANET PROGRAM EVALUATION PROCESS

The Carpathian RomaNet Program encouraged and motivated trans-frontier cooperation between organizations that were addressing issues concerning Roma in the Carpathian Euroregion. The RomaNet Program was launched in Hungary, Romania, Slovakia and Ukraine to assist Roma organizations to acquire knowledge and familiarity with initiatives implemented by other groups and organisations in the region. As a result of the Program's evaluation process, which lasted 4 months, an Evaluation Study was published in 5 languages. Drawing conclusions from the program experience, the Study offers recommendations for further work with Roma organisations in the region.

CARPATHIAN EDUCATIONAL PROGRAM

- supported by the Robey Family Foundation and starting in 2007 - is designed with the idea that people's lives are improved through education. It aims to provide educational opportunities for all members of communities throughout

the Carpathian Region with special emphasis on improving the lives of young people. The fund is intended to establish a network of community centres for intergenerational-relationship activities, adult education, language training, libraries, tutoring, and other projects that will improve the lives of the people living in rural communities, where the communities themselves operate these centres.

CARPATHIAN ROAD (RURAL OPPORTUNITIES AND APPROACHES FOR DEVELOPMENT – TOWARDS A DIVERSIFIED RURAL ECONOMY)

Carpathian Foundation, in partnership with The Centre for Rural Assistance in Romania, Timisoara, organized a two day workshop convening the key actors that influence the ROAD for the harmonized development of the communities in Central and Eastern Europe (with a special focus given to the Carpathian Euroregion). The workshop responded to the need to identify suitable instruments and tools to be used in the next European Union programming period (2007-2013), and to share experiences in rural development beyond the EU borders. The workshop convened 63 participants from 18 countries who discussed topics relevant for the diversification of the rural economy such as Local Branding, Local & European Markets, Microfinance / Institutional Framework, Human Resources, Associations / Cooperatives and Rural Infrastructure. The event was a real success. 96% of the participants appreciated it very highly, and it provided the opportunity for CF to be visible and acknowledged as one of the key rural development actors in the region.

CROSS-REGIONAL STUDY VISIT

A Best Practices cross-regional study visit was organised in early December 2006 to the Hungarian village, Alsómosolád, which served as an exchange of experience between citizens of two distant and similarly economically backward micro-regions. In the South Hungarian Alsómosolád, there has been successful development work in recent years. The study visit served as an encouragement to the European Citizens Panel project participants of the Northern Hungarian micro-region Szikszó, to further invest their time and energy in paving a better future for their own locality. A video documentation (35 minute film) was made of the trip, which demonstrates a rural development model to citizens, as well as decision-makers and civil organizations elsewhere to follow. After the visit, the experience was



shared with other citizens in the micro-region, where it aroused great enthusiasm and interest.

PRESS CONFERENCE, KOŠICE

A cross-border Press Conference on the European Citizens' Panel (ECP) was organized in Košice on 9th November, 2006 to present the ECP initiative to the local community. The participants gave an account of the preliminary results of the two regional panels. The press conference was held by mayors and regional representatives coming from the two micro-regions where the initiative was implemented, as well as by the Hungarian Consul from the General Consulate of the Hungarian Republic in Košice. The media representatives were particularly interested in learning how the citizens' suggestions were going to be integrated in the regional development strategies as a whole, and how they were going to be implemented at the level of the participating local municipalities, and communities.

The speakers stressed that all decision makers (in regional development agencies, municipalities, villages) were fully prepared to receive the citizens' suggestions, and to identify and use the necessary resources to make those needs become

reality. They also underlined that the European Citizens' Panel provided a new innovative framework, as well as a model for effective communication with the citizens, which they were committed to use in the future. As Mr. Zachariaš, mayor of Moldava said "Openness and transparency always pay off".

TV APPEARANCE, RADIO INTERVIEWS

The year 2006 offered several opportunities for Carpathian Foundation for media appearance in the television (MTV1, Duna TV, MTV Miskolc, Abaúj TV, Alpha TV), in the radio (Eger Rádío, Regina Radio Košice, Radio Romania), in the printed press (Új Szó, Korzár, Sme) and on the Internet (citizenspanel.eu, eszakindex.hu, agria.hu, ujszo.com, kosice.regionet.sk)

PUBLICATIONS

★ Carpathian Foundation Annual Report 2005 (in English; printed and CD format)

★ RomaNet Program Evaluation Study 2006 (printed in five languages: English, Hungarian, Romanian, Slovak and Ukrainian)

ACTIVITIES OF THE REGIONAL OFFICES IN 2006

Activities of the Regional Offices in 2006
 Carpathian Foundation
 Offices in 2006
 Projekti i aktiviteti u okviru
 Studija ECP u okviru
 mreže za razvoj u Srbiji

CF HUNGARY

As available resources have decreased for grant-making activities, Carpathian Foundation Hungary started to convert into a proactive, project-oriented sustainable organization in 2006. In the beginning of the year, the first BRIDGE pilot project implemented by CF Hungary – as a consortial partner – was awarded a nivo prize by the National Bureau of Development as the best project in the field of providing equal opportunities for local actors. This project was carried out in Szikszó Microregion, and aimed at creating the basis for long-term employment opportunities, complemented by a vocational course for selected participants coming from the region. This acknowledgement and appreciation strengthened the aspirations of CF Hungary staff to be further involved in putting locally developed project ideas by local stakeholders into practice. This series of cooperating initiatives resulted in the final form of the so-called BRIDGE program as the end product of an organic process of the previous years within the CF Network.

The staff developed capacities for providing sufficient technical assistance, and training programs for organizations in need in our five member countries. CF HU organized a series training programs for Roma organizations in the field of project management, financial management and project planning. Furthermore, with the financial contribution of Open Society Institute Budapest Office and the National Civic Fund, CF HU gave financial support – seed money – to those organizations who have relevant ideas for local development projects.

In 2006, CF HU was involved in the implementation of two EU financed projects in the region. One of them is a human resource development project in the Cserhát Region; the other deals with the development of water and rural tourism in the Hungarian-Slovak-Ukrainian bordering regions. In addition, CF HU completed the financing of two projects from the Carpathian Foundation's Cross-border Cooperation grant program dealing with cross-border tourism development initiatives.

2006 was the pilot year of the Carpathian Scholarship Program, where a talented student was supported at Miskolc University. The Rapid Response Fund was used this year to support the initiation of a discussion among professionals and stakeholders regarding the re-creation of the Hungarian railway system as one of the key issues concerning the Hungarian Government.

CF HU also implemented a project with the support of the Hungarian Soros Foundation. This project aims to create the basis for the long term sustainability of CF HU as a member of CF Network, developing its fundraising capacities and different management skills.

CF HU staff took part in the Breakthrough project of the Carpathian Foundation Network, revitalizing this international organization to be capable of responding to the challenges of the modern world.

CF POLAND

In 2006, the Grants Program activity of Carpathian Foundation Poland was reduced, and this was designed to be for the long-term benefit of project-oriented activities. CF Poland supported only two organizations in grants in the amount of \$ 60.000, and continued to support the projects contracted in the past. In March 2006, CF Poland completed the renovation of the purchased historical building in the town of Sanok, and moved its office to a new location at Franciszkańska 5/1 Street. In June 2006, CF Poland - first time in its history- announced a scholarship program. The main aim of this program is to support the education process of talented individuals coming from the region. In 2006, two



such grants were given in Poland.

In November 2006, the “Carpathian House” Project - which will be implemented in 2006-2009 - was accepted for funding by the Norwegian Financial Mechanism Committee in Brussels, with the total value \$ 443,181 awarded. The main aim of the project is to stimulate cooperation of the bordering regions of Poland, Slovakia, Hungary, Ukraine and Romania. Also in November 2006, in partnership with the Center for Community Works from Prerov /Czech Republic/, CF Poland won a grant from the International Wysehrad Fund, to implement the project entitled “About People with People – Award for Local Democracy Support”. The main aim of the project is to share experience, and award best practices of citizens’ participation in decision-making processes in the Wysehrad Countries by organizing a series of seminars.

In October 2006, CF Poland hosted Mr. Frederick Robey from Florida, USA, who, apart from visiting local educational institutions, participated in the opening ceremony of the Educational Center in Kostarowce, which was fully renovated and equipped by his generous support. In 2006, the Foundation staff participated in a training provided by Landmark Education and Business Development from San Francisco, USA, to improve the management and communication skills of the organization.

CF ROMANIA

Romania is member in 9 Euroregional structures with its neighbours, Bulgaria, Moldova Republic, Ukraine and Hungary. However, the Carpathian Euroregion - including Hungary, Poland, Slovakia and Ukraine - is the only Euroregional structure supported by grant and technical assistance programs especially designed for the targeted local communities. From all the 188 regions of Europe, the ones in the Romanian part of the Carpathian Euroregion are among the least developed ones of the whole of Europe.

During 2006, CF Romania - FDCE Romania continued to implement the IRCD and CBC grant programs. In the first part of the year, “Partnership for Community” project was developed, aiming to bring knowledge, information and best practices of the CSR concept at the level of the business sector from Bihor County. Also, CF Romania became a partner in the design and implementation of the CF Slovakia project, “The Way it Works”. As to specific activities, CF Romania was involved in the implementation of 4 EU related projects (TRIN 2, TalkIT, Guidelife, European Generation Link), having as main applicants institutions from Western European Countries.

The implementation of all the projects in Romania was due

to the experience of the preceding 11 years of third sector activity with the support of our partners from Carpathian Foundation Network, as well as from foundations in Western European countries (Austria, Denmark, France, Ireland, Italy, Spain, Sweden and the United Kingdom), during which cooperation CF Romania learned much, not just about EU regulations and using European financial support. In this respect, we would like to express our sincere appreciation to all our colleagues, partners and mentors.

CF SLOVAKIA

The disparities between the western and the eastern part of Slovakia are apparent in the developmental challenges that the eastern part of Slovakia has to face, with its rural character, bad infrastructure and high unemployment rate. These disparities can be balanced by the opportunities for cross-border cooperation, and using the experience of neighbouring countries fighting with similar challenges. Carpathian Foundation Slovakia contributed to the improvement of this situation in marginalized areas in 2006 with the following programs.

CF Slovakia organised one of its most important 2006 projects in cooperation with CF International: ‘the European Citizens’ Panel’, whose goal was to build a model of effective communication between citizens and local, regional, national and European decision makers. The Carpathian Foundation became the partner of 9 European countries in the initiative. Ordinary citizens were randomly selected from the Slovak Bodva Valley microregion and the Hungarian Szikszó microregion, to participate in the design of their region’s future and the identification of the problems and challenges to be solved by political actors at different levels.

The new CF program, Carpathian BRIDGE, started in 2006 by a 3-day training program for selected representatives of Slovak organizations dealing with Roma issues in the region. The main aim of the training was to enable disadvantaged communities in Eastern Slovakia to become equal and fully accepted partners in European projects, to be able to identify their problems and articulate them clearly, and to be able to cooperate with consultants and partner organizations in future project development and project management. In the framework of the BRIDGE program, CF Slovakia will cooperate with different organizations selected on the basis of their needs, goals, history, and plans for the future, which are in line with the Foundation’s long term goal to become a good partner, and to assist them in projects seeking European financing.

The Carpathian Scholarship program was first launched in

2006, in cooperation with universities and partners who provide services to academic organizations. Two young and talented scholars with difficult social backgrounds were selected and supported by CF Slovakia for the period of one academic year. The program continues with its next round in 2007 with the generous support of Mr. Fred Robey, member of the Board of Directors.

The Carpathian Foundation’s new program “The Way It Works” took off in December 2006 with the leadership of CF Slovakia and in cooperation with its partners. It was developed to foster a change of thinking and change of acting in the field of corporate social responsibility in the Carpathian Region. This program is opening a new direction for both Carpathian Foundation and the Carpathian region using the strength of multi-stakeholder cooperation.

CF UKRAINE

The Ukrainian part of the Carpathian Euroregion consists of 4 regions in Western Ukraine: Lvivska, Ivano-Frankivska, Zakarpatska, and Chernivets’ka. In terms of economic development and standard of living, these regions are less successful than those in the East of the country. The relatively high unemployment rate and low salaries force many people from these rural areas to labor migration. Nevertheless, fast development of small and middle size businesses, especially in the field of services, has increased the quality of life in the Carpathian region. The city of Ivano-Frankivsk, for instance, has recently been recognized as the most “favorable for living” in Ukraine.

In the year 2006, Carpathian Foundation Ukraine was mainly involved in the following types of activities:

CF-UA provided consultations for 53 projects and organized 35 monitoring visits within its Social Transition Program. In May and October 2006, joint visits of CF-UA and Co-operating Netherlands Foundations for Central and Eastern Europe (CNF) staff had taken place. CF-UA processed 26 project applications, 17 of them were approved by CF Granting Committee and CNF. 12 grants were paid. Since 2006, the Social Transition Program expanded to the whole territory of Ukraine within the so called “Foster Care Program”. The first applications from outside of the Carpathian region were received and one of them was approved. In 2006, two Social Transition program coordinators were hired, one in Eastern and one in Western Ukraine. The CF-UA Advisory Board was also established. Within the Developing Sustainable Rural Tourism project implemented in partnership with Euroacademy Association, Athens, a summer school was held. 52 participants took part in the 10 days’ training. As an outcome, a distance learning course and a Guide On Rural Tourism were



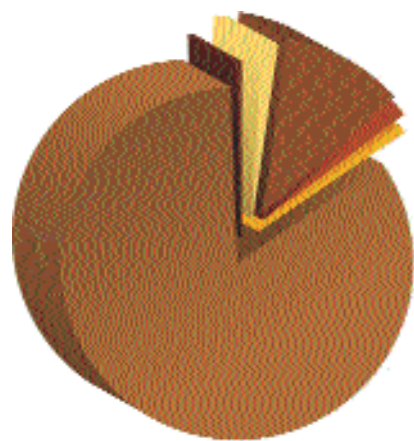
designed. In November 2006, a “National Seminar” took place in Lviv. The workshop was organized with the aim to gather the authors of pilot projects to discuss future steps of the implementation of their micro-projects and share additional European experience with them in the field of rural tourism.

CF-UA staff took an active part in CBIE Community Economic Development training program organised by Simon Fraser University (British Columbia) and Concordia University (Montreal). During the fall of 2006, CF-UA participated in the development of the first Ukrainian CED University Courses for community members. Fred Robey’s donation to the School for Hearing Impaired Children was managed by CF-UA, as well as the newly launched Fred Robey scholarship program for which CF-UA developed a mechanism and launched the first round of scholarships. Two students were selected and have been awarded for the 2006 - 2007 academic year.

Grant Statistics

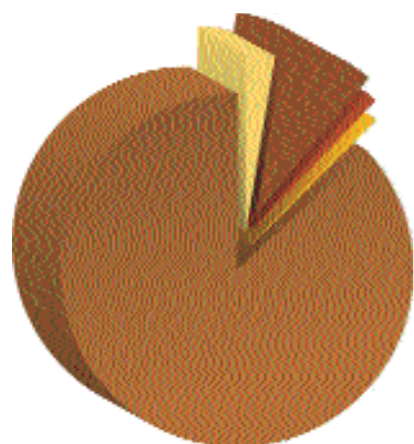
GRANT STATISTICS

GRANTS BY PROGRAM IN 2006



2006 GRANTS BY PROGRAM	
BRIDGE	\$21,930
Carpathian Relief Development	\$82,472
Carpathian Scholarship	\$12,600
Carpathian Rapid Response Fund	\$4,595
Social Transition	\$639,887
CBIE Ukraine	\$3,953
TOTAL	\$765,437

GRANTS BY COUNTRY IN 2006



2006 GRANTS BY COUNTRY	
Hungary	\$24,430
Poland	\$64,553
Romania	\$9,105
Slovakia	\$5,404
Ukraine	\$661,945
TOTAL	\$765,437

List of Grants

LIST OF GRANTS AWARDED IN 2006

BRIDGE

RURAL TOURISM ORGANIZATION OF SZABOLCS -SZATMÁR-BEREG COUNTY, NYÍREGYHÁZA, HUNGARY Water and rural tourism without borders.....\$6,480	ROMA DEMOCRATIC ASSOCIATION IN KÖRÖSSZAKÁL, HUNGARY Grant for project development\$700
EU-ROMA NATIONAL ASSOCIATION, HUNGARY Grant for project development\$2,500	ROMA ADVOCACY ASSOCIATION IN HAJDÚ-BIHAR COUNTY, HUNGARY Grant for project development\$750
AMARO TRAJO ROMA CULTURAL FOUNDATION, HUNGARY Grant for project development\$2,500	LUNGO DROM ROMA ADVOCACY ASSOCIATION'S MEMBER ORGANIZATION IN PÜSPÖKLADÁNY, HUNGARY Grant for project development.....\$750
ASSOCIATION FOR THE REHABILITATION OF THE "BÉKE-SETTLEMENT", HUNGARY Grant for project development.....\$750	LUNGO DROM ROMA ADVOCACY ASSOCIATION'S MEMBER ORGANIZATION IN SÁP, HUNGARY Grant for project development.....\$750
NATIONAL ASSOCIATION OF ROMA COMMUNITY DEVELOPERS, HUNGARY Grant for project development\$2,500	LUNGO DROM ROMA ADVOCACY ASSOCIATION'S MEMBER ORGANIZATION IN BERETTYÓÚJFALU, HUNGARY Grant for project development\$700
ROMA CIVIL RIGHTS ASSOCIATION OF JÁSZSÁG, HUNGARY Grant for project development\$700	HABEAS CORPUS EUROCENTRE ASSOCIATION, HUNGARY Grant for project development\$700
ROMA FLAME ASSOCIATION, HUNGARY Grant for project development\$700	ASSOCIATION FOR ROMA WOMEN'S RIGHTS PROTECTION, HUNGARY Grant for project development.....\$750
ASSOCIATION OF ROMA IN BAGAMÉR, HUNGARY Grant for project development\$700	TOTAL.....\$21,930

CARPATHIAN RELIEF DEVELOPMENT FUND

UNIVERSITY OF TRANSYLVANIA, ROMANIA Psychology and Science of Education Magazine\$4,200	UZHGOROD NATIONAL UNIVERSITY, UKRAINE Library of the Social Science Faculty\$505
FRED ROBEY CENTER, BRASOV, ROMANIA video projector OP 32\$2,179	PRIMARY SCHOOL IN SANOK, POLAND.....\$1,553
FRED ROBEY CENTER, BRASOV, ROMANIA furniture OP 37\$535	PRIMARY SCHOOL IN KOSTAROWCE, POLAND.....\$24,000
SZKOLA PODSTAWOWA W KOSTAROWCACH, POLAND\$35,000	TOTAL\$82,472
UZHGOROD SPECIAL SCHOOL FOR DEAF CHILDREN, UKRAINE\$14,500	

CARPATHIAN SCHOLARSHIP

ANDRZEJ BRUNE KUTIAK, POLAND	\$2,000	ROLAND HAVRIL, HUNGARY	\$2,000
TOMASZ SOŚNICKI, POLAND	\$2,000	SILVIA HAŠČÁKOVÁ, SLOVAKIA	\$2,000
INNA DYBENKO, UKRAINE	\$1,270	LUCIA RYBÁROVÁ, SLOVAKIA	\$2,000
BOHDAN BABYNETS, UKRAINE	\$1,330	TOTAL	\$12,600

CARPATHIAN RAPID RESPONSE FUND

ASSOCIATION FOR CULTURE AND EDUCATION DEVELOPMENT "LIK", UKRAINE Purchasing literature	\$500	HUNGARIAN TRAFFIC ASSOCIATION AND CLEAN AIR ACTION GROUP, HUNGARY Against abolishing railway lines in small settlements.....	\$500
VOJTECH LOFFER BELA, SLOVAKIA Publication	\$500	VALEA VERDE ASSOCIATION, ROMANIA Tourism promotion of Sighetu Marmatiei Area	\$1,000
YOUTH ASSOCIATION OF GEMER, SLOVAKIA Study visit in Slovak Kras region	\$904	MADALINA POP, ROMANIA Family support.....	\$600
		MIRCESCU CRISTIAN, ROMANIA Book publication support	\$591
		TOTAL.....	\$4,595

SOCIAL TRANSITION

CENTRE OF SPIRITUAL AND PSYCHOLOGICAL SUPPORT AND MUTUAL HELP "DOROHA", LVIV, UKRAINE Rehabilitation Centre for drug-addicted youth	€78,600	CHARITABLE FUND TRANSCARPATHIA AGAINST AIDS, UZHGOROD, UKRAINE Resource Centre	€7,000
REGIONAL CENTRE FOR SOCIAL ADAPTATION, LVIV, UKRAINE Residential housing for single elderly people	€69,000	LVIV LIONS CLUB, UKRAINE Paediatric Diabetic Teaching Centre in Lviv	€10,000
CARITAS OF SAMBIR-DROHOBYCH, TRUSKAVETS, UKRAINE Rehabilitation Centre for Handicapped Children in Drohobych	€54,000	NGO GREEN CROSS, LVIV, UKRAINE Tourism Resource Centre for People with Limited Physical Abilities	€50,000
TRANSCARPATHIAN OBLAST REHABILITATION CENTRE "DOROHA ZHYTTYA", UZHGOROD, UKRAINE Promoting a Model of Rehabilitation of Handicapped Youth in Transcarpathia	€50,000	CHARITABLE CHRISTIAN FUND "SOLIDARITY", IVANO-FRANKIVSK, UKRAINE Reconstruction of Rehabilitation Center for the Drug Addicted	€48,000
LEAGUE OF SOCIAL WORKERS IN UKRAINE, LVIV REGIONAL BRANCH, UKRAINE Fostering Development in Lviv	€12,500	CENTRE OF CIVIL INITIATIVES, KOSIV, IVANO-FRANKIVSK OBL., UKRAINE Steps to Overcome Women's Unemployment in Carpathian Mountainous Region.....	€9,800
		CHARITABLE FUND "CARITAS-BRODY", BRODY, UKRAINE Social Centre "Seniors' Club"	€6,975



CHARITABLE FUND TO SUPPORT ORPHANS AND NEGLECTED CHILDREN "OPIKA" (CARE), PERECHYN, UKRAINE
Study visit to NGOs in Czech Republic.....€1,654

NGO DZHERELO, LVIV, UKRAINE
Workshops for Disabled Young People€23,344

ASSOCIATION OF DISABLED PEOPLE, STRYY, UKRAINE
Fighting inequalities in education
of disabled young adults€7,040

UNION OF MUTUAL ASSISTANCE "OSELYA", LVIV
Development of the Union
for Homeless People Re-Socialization€34,700

KHUST AGENCY FOR REGIONAL DEVELOPMENT CENTER,
KHUST, ZAKARPATSKA OBL., UKRAINE
Strategy of development and employment
of Roma community in Khushchyna€13,720

CBIE Ukraine

CHARITABLE FUND, PERECHYN, UKRAINE
Perechyn book: engaging community.....\$3,953

TOTAL.....\$3,953

NGO "SVITLO",LVIV, UKRAINE
Information and Consultative
Center "Dovira"€8,750

FOUNDATION FOR ENTREPRENEURSHIP SUPPORT
IN NADVIRNA, UKRAINE
Fighting unemployment in mountainous areas
by training€6,150

NGO TRANSCARPATHIAN ROMA FEMALE SOCIETY
"TERNE CHAYA PO NEVO DROM", UZHGOROD, UKRAINE
Publishing of ethnographic women's magazine
"Miriklya" (Pearls)€12,500

CARITAS THEODOR ROMZHA,VELYKYY BYCHKIV, UKRAINE
Renovation of community kindergarten€3,751

TOTAL€507,484

IN USD\$639,887

TOTAL ALL PROGRAMS\$765,436



FINANCIAL STATEMENT OF THE YEAR 2006

REVENUES	EXPENSES
Revenue 2006.....\$1,677,277	Administration costs.....\$703,201
Charles S. Mott Foundation\$650,000	Publications.....\$5,238
Soros Trust Fund.....\$29,694	
Hungarian Civil Fund\$22,296	GRANT PROGRAMS
Quality Assurance Program\$16,240	Small grant programs\$7,210
Carpathian Scholarship Program.....\$99,988	Romanet Grant Program\$18,972
Fred Robey General Support.....\$272,722	Cross-Border Cooperation 2005\$127,650
CNF - Ukraine\$480,084	Trin2\$26,316
EU TACIS - Ukraine\$63,115	IRCD 2006.....\$134,413
Estimated Interest\$43,096	Social Transition Program\$397,794
Local Fundraising\$42	EU TACIS Program.....\$701
	Quality Assurance Program\$15,705
Comitted Funds.....\$271,943	CBIE Program\$3,953
Open Society Institute IV- Romanet&CBC...\$199,070	Subtotal.....\$732,714
Charles S. Mott Foundation\$50,820	
Fred Robey Rapid Fund.....\$22,053	OPERATIONAL PROGRAMS
	Carpathian House\$14,498
TOTAL REVENUE.....\$1,949,220	Carpathian Relief Development Fund.....\$70,472
	Carpathian Scholarship Program\$5,131
	Fred Robey Rapid Response Fund.....\$3,114
	Fred Robey site visits\$6,751
	Roma project assistant training\$14,803
	European Citizens Panel\$45,350
	Subtotal\$160,119
	Staff Development.....\$608
	Web development\$3,307
	RomaNet Evaluation\$22,773
	Overspendings 2005.....\$27,317
	TOTAL EXPENSES.....\$1,655,277

INDEPENDENT AUDITOR'S REPORT

I have carried out the audit of the attached simplified annual report of Kárpátok Nemzetközi Alapítvány (Carpathian Foundation International) for the year 2006, which simplified annual report is constituted by the balance sheet prepared for the turning day of 31 December 2006 – in which

- the agreeing final amount of the assets and liabilities is 173,504 k HUF
- the balance sheet result is 16,346 k HUF loss

the profit and loss statement with respect to the year ending on this date, the supplementary attachment containing the defining elements of the accountancy policy and the other explanatory notes, as well as the report of public interest.

The preparation of the annual report according to the directions of the law on accountancy and the principles of accountancy generally accepted in Hungary, and its truthful presentation is the responsibility of the management. This responsibility includes the establishment, introduction and maintenance of the interior audit relevant from the aspect of the preparation and truthful presentation of the annual report free of significant erroneous statements emerging either from fraud or error, the selection and application of the appropriate accountancy policy, as well as the accountancy assessments that are reasonable among the given circumstances.

The responsibility of the auditor is to provide an opinion about the simplified annual report on the basis of the audit carried out, as well as the assessment of the harmony between the report of public interest and the annual report.

In my auditor's report dated 19 May 2006, of the simplified annual report of the Foundation for the year 2005, I issued a clause without qualification.

I carried out the audit on the basis of the laws and other legal regulations guiding the Hungarian National Audit Standards and auditing – valid in Hungary. The aforementioned documents require that we meet certain ethical requirements, and that we gather sufficient and suitable evidence through the planning and execution of the audit about whether the annual report contains significant erroneous statements.

The audit carried out contained the execution of procedures the aim of which is to obtain auditing evidence about the amounts listed in the simplified annual report and the publications. The procedures chosen, including the evaluation of the risks of the significant erroneous statements of the simplified annual report emerging either from fraud or mistakes, depend on the judgement of the auditor. Connected to the simplified annual report, the aim of the risk-evaluation of the auditor is not to give an opinion about the efficiency of the internal audit

of the enterprise.

Furthermore, the audit included the evaluation of the accountancy principles applied and the more significant assessments of the management, as well as the introduction of the simplified annual report. We are convinced that the audit evidence obtained provides sufficient and suitable grounds for the provision of the auditor's clause (opinion).

CLAUSE (OPINION)

During the course of the audit, I examined the simplified annual report of Kárpátok Nemzetközi Alapítvány (Carpathian Foundation International), its details and items, as well as their bookkeeping and documentary support according to the contents of the valid international auditing standards, and on the basis of this I have obtained sufficient and suitable certainty that the simplified annual report has been prepared according to the contents of the law on accountancy and the general accountancy principle accepted in Hungary.

In my opinion, the simplified annual report provides a reliable and real picture of the pecuniary, financial and income situation of Kárpátok Nemzetközi Alapítvány (Carpathian Foundation International) as of 31 December 2006.

I am recommending that the Board of Trustees accept the simplified annual report for the year 2006.

27 April 2007, Eger, Hungary

NÉMETH MÁRIA MAGDOLNA
Registered auditor
Chamber membership number: 000079
Meder út 3/A, 3300 Eger, Hungary

MEMBERS OF THE BOARD OF DIRECTORS

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Chair of the Board
Executive Director, American Chamber of Commerce in Romania, Bucharest, Romania

OLENA BEY
Director, Business Support Center, Lviv, Ukraine

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Project Manager
International Centre for Policy Studies, Kyiv, Ukraine

VAZIL HUDÁK
Vice President, GTS Public Sector
Central/Eastern Europe & CIS, Citigroup, Prague, Czech Republic

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Director, RAND Gulf States Policy Institute, Jackson, USA

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President, Inglot - Cosmetic Company, Przemysl, Poland

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Director of the Institute of Political Sciences and International Relations,
member of Parliament (SDP Cluj), Secretary of the Parliamentary Committee of European Integration,
member of External Affairs Committee of the Chamber of Deputies, Bucharest, Romania

FRED ROBEBY
President and Founder of the Robey Family
Foundation, The Villages, USA

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President, Rockefeller Brothers Fund, New York, USA

CSABA LŐRINCZI
Special Adviser in Community Education, Open
Society Institute, Budapest, Hungary



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CARPATHIAN FOUNDATION INTERNATIONAL - HEADQUARTERS OFFICE

JÁNOS LUKÁCS
Executive Director

ALINA BERNECKER
Deputy Director

MELINDA KOVÁCS
Financial Officer

BEÁTA CSOMÓS
Office Manager

HAJNAL LEKENY
PR and Fundraising Coordinator

CARPATHIAN FOUNDATION - HUNGARY

ÁKOS MÉSZÁROS
Country Director

BOGLÁRKA BATA
Program Coordinator

GEORGINA KIS
Program Assistant

CARPATHIAN FOUNDATION - POLAND

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Country Director

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