

Institutional Capacity-Building
for
Sustainable Regional Economic Development
in Khabarovsk Krai, Russia

Quarterly Report
For July - September 2005

• October 2005 •

Report prepared for:
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EXECUTIVE SUMMARY OF 2005-2007 WORKPLAN ACTIVITIES

This 2005 - 2007 work plan is designed to fulfill the project goals. The central concept of this work plan is to build capacity by institutionalizing training for Canadian style wood frame building, entrepreneurial training and local governance as described in the CIDA partnership agreement. The project builds on 10 years of successful MMFA activity in the Russian Far East and makes final efforts to ensure gender sensitive and sustainable building practices, business development and local governance are adopted.

The project will work with the Khabarovsk administration as the primary local partner. The Krai's Department of Primary Professional Education (DPPE) of Khabarovsk will be the partner for wood framed and entrepreneurial training, and the Academy of Civil Servants (ASC) will be the secondary partner in the transfer of training for local governance. Training will occur in the Methodological Institute of the DPPE, and at the Academy in downtown Khabarovsk.

While the project has a three year term, it is our objective to complete the project by June 30, 2007. This work plan covers both years of the project and will be revised as needed in quarter four of the first year. At that time both the work plan content and budget will be reviewed and the final year of activities refined.

Component I Wood Framed Building Training

The Wood frame building team will ensure the Canadian style construction is transferred to the DPPE at the senior instructor level. These instructors will in turn transfer the training to others in the system and ultimately the training will be adopted in 14 of the Krai's technical schools in various locations.

The style of construction will be completely within the code. New technology, such as trusses and engineered wood products, will not be emphasized as this is not conducive to creating an infant industry or extended employment benefits. Instead, a style of housing construction that was common in Canada in the 1960's will be used. It will employ the use of rafter and joist construction as this is simpler, more readily disseminated, and does not need manufacturing facilities. This style of construction will be more suitable for rural housing in the RFE and does not require sophisticated equipment.

The instructors will transfer the training through classroom theory related to the Canadian/ Russian harmonized building code. Construction of a cut-away building will act as a permanent demonstration piece and this teaching aid can be replicated across the 14 remote schools where wood frame construction will be taught across the krai. Hands-on construction of an actual Canadian wood framed building will also serve to provide practical application and show immediate results and success.

Senior instructors will also travel to Canada to view building sites and methods and become exposed to many other aspects of wood framed housing development.

The Russian instructors are already trained carpenters and wood workers. This is very beneficial in that the project does not need to start from the beginning with them. The Canadian building code will become a component of an already existing program and should be readily adopted by these trained professionals.

Canadian instructors will also advise the DPPE on equipment purchase and other matters related to wood frame construction.

The krai administration has already identified a wood frame building partner who intends on leading the development of Canadian style housing and who will provide a suitable building site, materials and other assistance to construct the demonstration home. The krai intends that two such homes will be built by December of 2005.

The wood frame team plans the following main activities/milestones for 2005 - 2007:

- Spring inception mission to Khabarovsk to meet potential partners, assess needs, and determine requirements; **completed**
- Develop work plans for project delivery for both years of the project; **completed**
- Develop curriculum for wood framed building technology delivery; **underway**
- Conduct a training mission in the fall 2005 to introduce the fundamentals of the building code theory and to provide a hands-on delivery through construction of a demonstration home; **initiated**
- Revise curriculum as needed after the first training session; **completed**
- Create a Canadian study tour opportunity for key senior Russian instructors in spring 2006;
- Undertake a review mission to Khabarovsk in the fall of 2006 to review the training, trouble-shoot any problems and help them improve delivery of the curriculum;
- Spring 2007 a final mission to Russia will occur to review the use of training and to help enhance the curriculum;
- Train-the-trainer sessions will be held for wood frame instructors to ensure they have modern student oriented teaching methods available to enable effective and sustainable delivery of the program;
- Communications efforts will occur through out the work plan cycle; the internet will be used for distributing awareness of the project and presentations will be made to interested parties;
- Gender equity efforts and sustainability efforts made on behalf of the Russian partners in wood framed training implementation will be monitored and reported;
- Project assessment, documentation and final reporting will occur in spring 2007.

Output: The project will train 32 instructors in wood frame construction theory and methods. The instructors will understand the Canadian /Russian harmonized building code and be able to demonstrate a thorough understanding of the underlying principles, engineering reasoning, and importance for the code. Instructors will be able to demonstrate practical teaching methods for wood framed construction. Gender awareness in the building industry will be enhanced.

Outcome: A critical mass of instructors with sustainable institutional teaching capacity, using simple equipment and locally available resources, will become available to create a trained work force for constructing Canadian style wood-framed buildings across the Khabarovsk krai.

First Quarter Results: The wood frame team spent a good deal of time preparing for the trip by interviewing CMHC staff and gathering information before leaving for an assessment mission to Russia. The CNC wood frame building instructor, Mr. Bill Sluyter, familiarized himself with the new Russian/ Canadian harmonized building code for wood frame housing, identified and obtained references and information sources, and became acquainted with current Russian building practices and the krai education system, and participated in planning for the assessment mission.

The assessment mission included a introductory discussion with the Deputy Governor and other leaders of the krai. There it was revealed that there is an urgent need for improved housing in the RFE. They have been directed to use all political and economic resources at their disposal to start processing timber locally, and housing is seen as a major market for locally produced lumber. The assessment mission also revealed a very strong desire to see this project move quickly. This was supported by a directive from the Governor of the krai ordering that 2 wood frame houses be constructed by Dec. 05. This was not anticipated in earlier planning for the project; however, wood frame staff rose to the occasion and restructured the training to accommodate the early construction of a single building as a project for the DPPE teaching instructors.

The DPPE's Methodological Center staff, facilities and teaching system was presented to the Canadian team and extensive discussions about project planning took place. It was determined that the best approach will be:

1. To teach the construction of early style wood frame without the need for truss construction or other factory produced items. This "Entry Level" style of wood frame will be used to construct houses across the villages in the krai using local wood and basic tools.
2. To build a cut-away mock-up of a Canadian style building for on-going demonstration purposes.
3. 38 students (18 female) would be trained using the harmonized building code.
4. The plan to construct a complete building would take place earlier in the schedule than originally anticipated by fast-tracking the training. The students would be split into two groups and these groups would alternate between Building Code

theory and practical sessions working on demonstration housing. Both types of training would occur in the fall of 2005.

While in Russia the wood frame instructor and Dean of Trades reviewed stocks of local building suppliers and determined that all resources required for wood frame construction were already available in the area.

He also met with the Minister of Timber and the President of Magma Company who anticipates becoming a leading employer in the wood frame housing industry in the krai. The instructor pointed out that the objectives of training wood frame instructors was quite different from house building business development and that care must be taken to ensure training was the priority.

On return to Canada, tools and written materials were ordered and teaching curriculum preparation was commenced. 400 pages of wood frame teaching curriculum materials were sent to Russia for translation.

Several house plans were sent to DPPE for consideration as demonstration projects and instructions for development of a concrete foundation in readiness for the chosen demonstration housing project were transmitted.

Second Quarter Results: In July considerable effort was expended in refining the wood frame curriculum for use in Russia. The curriculum was reviewed and redeveloped where needed and 400+ pages of materials were sent to Russia for translation. The curriculum was based on the BC apprenticeship material and was assembled in module format to assist the Russian trainers in adapting it into the Russian carpentry curriculum.

All materials used for training (books, videos, etcetera) were proof-read and sent to Russia. Text books were purchased and shipped to Russia and basic tools were procured in Russia in readiness for the training. Prior to traveling to Russia, the wood frame instructor attended a gender awareness training session in preparation for enhancing female involvement in the program.

The wood frame instructor traveled to Russia in mid-September and commenced training in both theory and practical application. A second trainer joined him in Khabarovsk and undertook much of the practical training. The trainees were split into groups and alternated between class room theory sessions and actual construction situations. The original group of trainees was pared down from 38 to 29 which resulted in more manageable class sizes. Fourteen men and 1 woman composed the first class.

Dimensional lumber prepared by the Russian partner was found to be sub-standard and required planing before the project could commence demonstration projects.

A demonstration cut-away house mock-up was commenced for use in class room theory. As well, a small wood frame house was commenced to act as practical teaching tool for the methodological center.

The site was viewed by numerous officials and contractors who have shown a great interest in wood frame housing as a way of easing the difficult housing problems of the Russian Far East.

Most of the instructors have expressed interest in starting wood frame construction projects of their own in the very near future.

Component II Entrepreneurial Development Training

The business team goal is to establish capacity in Khabarovsk to create sustainable teaching of entrepreneurial development training (BNG) in the state technical institutional system. Appropriate curriculum will be modified with an objective of integrating the training into existing educational programs for sustainable on-going delivery. Currently the state technical schools provide very basic business training; however, it is primarily definitions with little practical examples of actual business situations. All students in the vocational schools are exposed to rudimentary information on the workings of business in a market economy; however this training is not substantial enough for the students to be successful in business.

The BNG course will give hands-on examples of how to build a living business plan and how to present it to a panel of business people and bankers. It will also show them how to do in-depth marketing and detailed financial planning. Practical entrepreneurial training will enable the state technical institution instructors to give all technical students a short course that will enhance their value in the business world, either as prospective future employers, or as excellent employees who seek positions of responsibility in business or government. Business and economics students will receive more in-depth training.

After on-site evaluations of the strengths and weaknesses of business training courses currently being offered in DPPE, the project will train a core group of business instructors in BNG teaching methodology and enhance their understanding of the principles of small business management. When done they will have experienced start-up, business plan development, cash flow development and market research. As well, a business coordinator will be appointed within the Methodological Institute as the main contact and will be invited to travel to Canada to learn about the infrastructure necessary for successful small business development.

The business team plans the following main activities/milestones for 2005 - 2007:

- Spring 2005 an inception mission was planned to meet partners and staff of the Methodological Institute to assess the curriculum needs; **completed**.

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- Develop work plans for project delivery for both years of the project; **completed.**
 - Curriculum development will occur over the summer of 2005 in preparation for delivering training later in the year; **completed.**
 - A 13 day entrepreneurial development program for Methodological Center instructors will be developed to give them exposure to the key requirements of operating a business; **completed.**
 - In late winter, 2006 senior Russian business instructors from the Methodological Institute will undertake a study tour to Canada to build understanding of community infrastructure (Community Futures, Enterprise Development Centres, Chamber of Commerce) and for exposure to an active 17 week BNG class in CNC;
 - A joint teaching session in Russia will occur in spring 2006 to demonstrate Canadian teaching methods and assist instructors to design teaching plans;
 - Train-the-trainer sessions will be held for business instructors to provide yet another student-oriented teaching method available for effective and sustainable delivery of the program. The courses will encompass design of instruction, instructional techniques and evaluation of learning;
 - Gender equity efforts and sustainability efforts made on behalf of the Russian partners in wood framed training implementation will be monitored and reported;
 - Project assessment, documentation and final reporting will occur in spring 2007.

Output: The project will train 15 technical institution level instructors in entrepreneurial instructional development theory and methods. The instructors will understand Canadian business practices and teaching methods and be able to demonstrate a thorough understanding of the underlying principles and importance of effective entrepreneurial development. Gender equity will be understood as an important element of economic and social development.

Outcome: A critical mass of instructors with sustainable institutional teaching capacity, using Canadian entrepreneurial theory and instructional methods, will be able to create a technical work force with a basic understanding of the requirements to operate a small business. Male and female students will be better equipped to start their own businesses or become better employees as a result of the training.

First Quarter Results: The business team traveled to Khabarovsk and met the krai administration leaders and their counterparts in the DPPE.

The team learned how the technical education system works in Khabarovsk and how to work with the Methodological Center. Presentations were made outlining the intended content and outcomes of the BNG course.

Some concern has arisen about the fit of the BNG course with training DPPE students. DPPE students are inducted at 15 years; however, the BNG course is oriented more

toward entrepreneurs. While some business methodology is taught at DPPE, the current courses there do not include hands-on entrepreneurial development methods. It is anticipated that an adapted form of BNG will be incorporated into the Methods of the Institute.

An extensive discussion also took place that outlined the intended work plan approach for the next two years of the project. Agreement was reached that 15 Russian teachers would be identified and participate in the BNG training. They also agreed that a business coordinator would be appointed and would travel to Canada to learn about the infrastructure necessary for small business development.

On return to Canada, assessment reports were completed and a work plan was developed based on the agreement reached with the business faculty of the Methodological Center.

Work commenced on redeveloping the BNG curriculum to meet DPPE needs.

Second Quarter Results: In the second quarter a large amount of effort was devoted to updating existing materials and to creating new materials in preparation for the fall training session, planned for November. The BNG 1 (Business Planning for Entrepreneurs) was reviewed and updated and a new DACUM chart and a new delivery tool kit were created for Stage 11 of the BNG (Marketing and Cashflow for Entrepreneurs component). The materials were adapted for use with experienced vocational school instructors from all over the krai.

For Module 1 the program for Business Planning for Entrepreneurs was reviewed and will now include: experiential learning model; What is an Entrepreneur?; brainstorming business ideas; business plans; importance of market research; business structure; value in the marketplace; concept testing; intro to research, data collection & analysis; SWOT analysis (strength, weakness, opportunities and threats); market research Tools; data analysis; cash flow; and presentations.

For Module 2 a new program was developed for Market Research & Cash Flow for Entrepreneurs (BNG II). The Market Research will focus on the following elements: the Research Question & Situational Analysis (SWOT); using Primary & Secondary Data; Focus Groups; Sampling Plans; Questionnaires & Interviews; Summary of raw data; Analysis and explanation; Implications and decisions; summary and presenting the data. College accounting instructors were involved to help assess the materials in Module 2 to ensure adequate time to deliver cash flow training to non-accountants.

The Cash Flow section will focus on the following elements: Cash flow summary & estimate; characteristics of cash flow records; benefits of cash flow planning; steps in making a cash flow estimate; controlling cash flow; sample cash flow estimates and creating a cash flow estimate.

A schedule for delivery of teaching modules was developed in preparation for the November mission and was sent to Russia for translation.

CNC business instructors have started to develop the program for the forthcoming Canadian study tour by Russian business instructors in February 2006. This involves meetings with economic development agencies in Prince George and identifying content. The purpose is to ensure that the Russian instructors gain a clear understanding of the institutional infrastructure that is necessary for the development and support of viable and sustainable small business communities.

Component III Local Governance

The goals for local governance training for sustainable economic development will target three main areas: a) transparent, accountable and stable municipal governance; b) municipal government strategies for attracting and industry and commerce and c) strategies for enhanced cooperation between municipal government and local industry and commercial interests

From the information received during the inception mission, it is evident that the need for training is primarily, if not exclusively, in the small, rural, municipalities. The expansion of local government, both in terms of the number of municipalities and officials, and their responsibilities, will present the Krai Administration and the Academy with a significant challenge in terms of the training of municipal officials, especially in the area of local economic development.

The need for training, as expressed by Russian officials, is for the development of skills that contribute to economic development at the municipal level of government. Specifically, modification and upgrading of existing programs is required to:

1. Enable municipal officials to participate constructively in the development of civil society and social capital, which are key components of healthy economically viable communities;
2. Enable municipal officials to develop, implement, monitor and evaluate local government budgets with the aim of encouraging sound financial management;
3. Enable municipal officials to facilitate public input into municipal decision-making through forums such as public meetings;
4. Enable municipal officials to implement open and transparent local government;
5. Provide business development training and basic business skills to municipal officials as well as existing and potential businessmen.

The following additional needs were identified in the discussions with Russian officials:

1. Training of municipal officials to develop an understanding of the linkage between infrastructure, regulation, and open and transparent local governance and economic development and entrepreneurship;

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2. Training of municipal officials in the techniques and practices involved in seeking new or expanded business or industrial investment;
 3. Training for businessmen and others to develop an understanding of the linkages expressed in point no. 1 so that they will have an understanding of what they might legitimately expect from local government.

It is expected that programs and course material will meet CIDA's requirements for attention to issues of gender equity. The ACS has a designated specialist for gender equity.

The governance team plans the following main activities/milestones for 2005 - 2007:

- Spring inception mission to Khabarovsk to meet potential partners, assess needs, and determine requirements; **completed.**
- Develop work plans for project delivery for both years of the project; **completed.**
- Develop curriculum for governance training delivery; **completed.**
- Conduct a Canadian study tour for Russians to learn about the relationship of local governments and small businesses;
- Evaluation of results of pilot project;
- Final mission to Russia to observe Russian trainees in the presentation of course materials;
- Component final report writing.

Output: The governance team will train a core group of university level instructors to teach courses in local governance that foster small business and sustainable economic development. The instructors will understand how local governments can create a positive climate for small business.

Outcome: Gender-sensitive local governance curriculum will be integrated into existing Academy of Civil Servant programs for sustainable on-going delivery. The capacity of public officials to develop effective strategies for local governance and economic development will be increased.

First Quarter Results: The governance team prepared for the inception mission to Russia by reviewing the status of the Kozak Commission and current progress toward the decentralization of services to local governments.

The team met with krai officials who outlined the priority for governance and technical training. They also met with officials and staff of the Academy of Public Servants, the partner agency that was chosen for governance component by the krai.

The Academy of Public Servants is an institution of higher learning within the University system of Russia. The institution is situated in downtown Khabarovsk; they have a highly educated and qualified staff and will be the primary agency responsible for training local government staff in preparation for the decentralization of services.

They have outlined the local governance needs and a two year work plan for governance training was developed based on these discussions.

As well the Governance team met with two local governments (Nanaiski and Lazo Raions) while in Khabarovsk and learned first-hand about the implications of the forthcoming changes that will occur in governance.

Curriculum development has commenced for governance training to meet the above noted work plan objectives.

Second Quarter Results: As planned, the Second Quarter work was devoted to reviewing materials collected in the May visit on the local government training courses currently provided by the Far Eastern Academy for Public Service. The course calendars provided by the Academy were translated and reviewed, and a request was made for more information on specific courses and other materials relating to the proposed courses.

Gary Wilson and Bill Kennedy met with the President of *Initiatives Prince George*, a local economic development corporation, to discuss training needs for economic development. Mr. Offet also provided materials on post-secondary economic development courses in Canada.

Gender training sessions were attended and governance instructors met with CNC's Train-the-Trainer instructor to discuss training methods.

Initial research on the proposed course topics was commenced and drafts of the new course outlines were prepared. Due to other commitments, and the delay associated with getting translations of materials from Russia, further progress on course preparation was deferred to the Third Quarter.

Planning for the scheduled visit of Academy officials and trainers in February 2006 was commenced.

Gender Equity Program:

The goal is to develop gender awareness to ensure capacity to deliver the project's three main training components in a manner consistent with CIDA cross-cutting programming policy for promoting gender equality. As well, it is the intention to increase the capacity of the state institutions to create, deliver and sustain ongoing professional training programs that support gender-sensitive, sustainable regional economic development.

Gender equality is a somewhat new concept in Russia, and particularly the Russian Far East, and the subject is not equally understood by our Russian partners. The DPPE does not have a staff member established as a gender specialist, while the ACS does have such a specialist. However, the project inception mission discovered that women

dominated the senior ranks for the DPPE with the exception of the department leader and the senior wood frame instructors. Not unlike the west, the heavier trades are dominated by males, while there is stronger female representation in the ranks of government and business.

In the work plan, promotion of gender equality will place emphasis on ensuring the Russian partners have an adequate understanding of important concepts, and on helping them develop and implement a plan suitable for promoting the interests of gender equity.

The gender equity team plans the following activities/milestones for 2005 - 2007:

- Develop a background document on what is gender and gender equity; **completed.**
- Develop a basic gender equity strategy for the project and a gender equity work plan; **completed.**
- During the first mission, gain further understanding of gender equity and a basic assessment of gender equity inside the partner institutions;
- Identify a gender equity coordinator/ contact in each of the Russian partner institutions;
- Investigate existing data regarding gender data for Khabarovsk in order to establish a base line for performance measurement;
- Prepare information for Russian partners to present background on gender equity, obstacles, opportunities and time related objectives;
- Provide tools for Canadian partners for evaluation and reporting on gender;
- Arrange a workshop and provide gender equity training and discussions with Canadian partners before teaching begins;
- Assist Russian partners to develop a plan for gender equity sustainability in the three main program areas;
- Assist Russian partners while they implement the plan;
- Monitor and review the implementation of the gender plan.

Output: Professional training programs that support the entry of both males and females and that have demonstrable curriculum that shows consideration for gender equity.

Outcome: Increase capacity of state administrators to create and deliver professional education programs that are fair and optimize and sustain economic development efforts.

First Quarter Work Plan: A Gender Equity consultant from UNBC was hired to advise the project participants in creating effective gender equity results. The consultant completed basic discussions with Project Management before the inception mission and prepared a written backgrounder on Gender issues and Management.

While in Russia, the Project Manager introduced the topic to partners at several opportune times.

It was noted that most of the partner's leading staff are female and that women occupy almost all the senior positions in the DPPE.

Little resistance to the idea of gender equity was encountered, with the exception of the DPPE leader, Dr. Dovzko. This resistance seems to be short lived, since the wood frame component, which was expected to experience a weak level of support from women, now expects 18 women out of 38 people, to be trained in wood frame building - a remarkable level in any culture at 47%. The education system and the local government sector in Russia are in fact dominated by women, although the most senior positions are frequently men. With this unexpected number of women in the wood frame component, it is expected that there will be good gender balance of instructors in the final outcomes of the project.

A strategy and work plan for gender equity assessment, education and implementation was developed and is now being implemented.

Training sessions for all project instructors and project management were coordinated.

Second Quarter Results: Training seminars were conducted for project participants. Subject matter addressed included definitions of gender equity, CIDA's 8 guiding principles, gender analysis, distinctions between gender and sex, why gender is important, local needs, indicators, promoting gender and progress reporting.

Draft materials were created outlining the importance of gender programs, and for developing a base line of information necessary for project evaluation. A draft letter and checklist for project participants was developed and a list of data types was created for gaining access to existing Russian gender information. However, given the negative reaction to the gender program from Dr. Dovjko at the end of the second quarter, and the fact that the Russian Manager was fully occupied in delivery of the wood frame initiative, a decision was made to temporarily hold back gender equity efforts. Further efforts will resume in the third quarter.

Project Management

The management goals are to ensure that the project goals are achieved within targets and that financial and program reporting is timely, accurate and complete.

Project management intends to ensure an orderly and timely start up with written agreements in place with all partners. Management will undertake basic instruction required to inform all participants of CIDA requirements as expressed through the partnership agreement and general CIDA policy.

As well project management will develop communications initiatives to ensure Canadians are aware of the project and to facilitate synergies between Canadian business efforts and with other aid projects. Communication efforts will be a major contributor to the success of the project and the attainment of long term business and development links between Canada and Russia.

Extensive use of internet development will occur to help the Academy of Public Servants and the Department of Primary Professional Educational distribute the course content across Khabarovsk and beyond. The website will be linked into the University of the Arctic, particularly for governance so that local circumpolar organizations may be able to take advantage of the projects results.

It is expected that presentations, publications, websites, newsletters, electronic and annual reports will be used to publicize this CIDA project.

It is a major aim of project management to ensure on-going positive relationships with Russian partners and to promote Canada/ Russia business relationships whenever opportunities present. We expect that the delivery of wood frame technology will provoke expansion of business ties between Russian and Canadian businesses.

The management team plans the following main activities/milestones for 2005 - 2007:

- Establishing harmonious relationships between Canadian and Russian partners through an inception mission and thorough communications; **initiated**.
- Developing formal written agreements defining the relationships with the senior Russian partner and with the Canadian contractors; **completed**.
- Maintain public image of project. Project Manager will undertake local presentations as necessary; **ongoing**.
- Ensure orderly travel documentation; **ongoing**.
- Due diligence in ensuring effective and efficient use of funds; **ongoing**.
- Continue attempts to expand business ties between Canadians and Khabarovsk area partners;
- The Canadian office in Khabarovsk will be used as a springboard for Canadian business development and to communicate to Russian partners;
- Follow Russian employment laws and policies for winding-up a representative office if a replacement project is not found;
- Orchestrate adequate documentation of the project across all components, including creation of materials useful for website development.

Output: Work plans, reports as outlined in contribution agreement; agreements with all Canadian/Russian partners; representative office in Khabarovsk functioning; all reporting/monitoring structures in place; results publicized; advisory committee meetings (Canadian/Russian); Russian-based staff in place.

Outcome: A legal business presence will be maintained in Khabarovsk on which to build a Canadian profile, partnerships and trade. Effective documentation of the project and effective communications will occur.

First Quarter Results: Agreements with CIDA, Russian partners, UNBC and CNC were achieved and contracts were developed and signed with the latter.

An orientation meeting was coordinated to establish functional working relationships and procedures for orderly work and documentation flows were established prior to the first mission. Internet development plans were outlined.

An inception mission to Khabarovsk was planned and organized, and travel documents arranged for all participants.

The mission was completed successfully, and formal, cordial and functional relationships were established.

On return from Khabarovsk the mission was publicized and video clips of the signing of the General Agreement by the krai Deputy Governor and interviews with mission participants were aired on local television and radio.

As well, pictures and content for articles, and interviews was released along with to Canadian forestry journals and International Model Forest Network.

A renewed General Agreement, outlining core operating principles was reached with the krai government.

On return from Russia, a work plan meeting was organized and component plans for the entire 2 year project were written. Financial and narrative formats for quarterly reports were reviewed and put in place.

Second Quarter Results: In July the Project Manager arranged visa applications and coordinated travel plans for wood frame and business mission participants.

Project Manager and Financial Controller attended gender equity sessions in August.

Quarterly reports were completed in early August.

On August 19 a pre-audit seminar was held with CIDA staff and contract auditor outlining CIDA's audit requisites. Incites gained in this presentation were documented and transmitted to MMFA sub-contractors to ensure compliance with CIDA policy. A review of current financial practices was undertaken and discussions with project development officer were commenced in order to rectify variances from established policy.

Russian Project Management

First Quarter Results: The first quarter was mostly focused on planning, arranging and providing support for the inception mission. A detailed itinerary was prepared in concert with the Russian partners and all necessary coordination was completed. Numerous meetings with Russian partners were convened to help them prepare for meeting the Canadians.

All the meetings were very well organized and very informative. Professional presentations from the institutions were translated into Russian in order to assist Canadian partners to understand how the education system of the DPPE.

After the mission, work plan activities were discussed and coordinated with the partner institutions.

A great deal of time was spent translating documents and presentations during the first quarter.

An Accountant with experience working in other international projects was hired. Technical assistance with wood frame housing preparation was commenced.

Second Quarter Results: Most of the effort expended by the Russian Manager was related to preparing for the wood frame training mission of the fall. Participants were identified. The Manager worked with the Methodological Institute to pare down the number of trainees and to help organize them into groups so make the training manageable.

Considerable effort was expended in determining a design for the demonstration house and in the end a modest single story design was chosen. The foundation was constructed by the Russian partners at a site of their choosing in the summer in readiness for the fall training. Lumber was readied and tools were purchased.

Teaching materials were prepared and video tapes, Russian building codes, CMHC's wood frame construction books were distributed. 368 pages of teaching materials were translated and readied for September 10 when Bill Sluyter, the principle wood frame instructor arrived. The Manager worked with the Methodological Center to copy 672 pages of materials including videos and nearly 19,000 pages were divided and distributed to the 29 wood frame trainees. Each participant has received 3 copies of the Russian building code related to wood frame housing, a copy of the CMHC wood frame housing book and 14 lectures on the theory of wood frame housing. As well materials were distributed to Magma company, and to previous partners in the Nanai District who are already building wood frame housing.

The Russian Manager started translating for the wood frame instructor on September 10 and has been fully occupied with the wood frame program to the point of writing this report. The Manager has worked with the partners and the Canadian instructors to help identify the most promising trainees for a study tour to Canada.

The Manager also spent a considerable amount of time introducing other construction companies to the Canadian technology.

The Manager also provided assistance to the business component for visa and travel arrangements for the fall mission and assisted CIDA's Development officers responsible for the project, Adrian Walraven and Steven Basadur when they visited Khabarovsk.

Financial Variations

First Quarter Results: Generally the project is within budget. This is largely due to aggressive cost saving measures with airline tickets and hotels, and fewer travelers to Khabarovsk than initially planned.

Canadian Project Management fees were significantly higher than expected in getting the project off the ground. It simply took more time than expected. However, this can be accommodated within the existing management contract and first quarter expenditures are unlikely to affect the overall project results.

Extra effort was expended early in the wood frame component that should transpose into savings later in the budget. Expenses on preparation were completed earlier due to changes in Russian needs and time availability of the Canadian instructor.

In-kind contributions are ahead of schedule at about 24% within this quarter.

Second quarter Results: Financial variances are as follows:

The wood frame component is under spent in this quarter due to:

- Supplies and equipment under by \$37,800
- Industry consultants not retained at this point - \$3,000
- Lower travel costs than expected - \$2,444

The BNG component is under spent in this quarter due to:

- Senior instructor salaries yet to be invoiced - \$7,245

The Governance component is under spent in this quarter due to:

- Little activity by the instructors in this quarter

The Management component is under spent in this quarter due to:

- Project management/admin/reporting fees were lower due to a refund relative to work done prior to the March 22 startup - \$7,642
- Gender Awareness - not billing in this quarter under by \$3,000
- Hotel and per diems were over due to timing of the claim (was budgeted in first quarter) \$2,310
- Russian salaries for admin and accounting were over due to two payrolls in September (will correct itself next quarter) \$2,000
- Foreign exchange losses (financials/accounting) were high due to strength in \$Cdn vs \$US (we hold \$US in Russian bank) \$595
- Supplies budget is over largely due to laptop computer purchased for the Russian project manager (preapproved by Adrian) \$1,810

Total for project this quarter - under spent by \$62,656.

KEY MILESTONES/EVENTS BY QUARTER

Quarter 1: March 22 to June 30, 2005

- Inception mission participation by all Canadian instructors and project leaders; **completed**
- Completion of assessments and mission reports; **completed**
- Work plan preparation for all components and gender equity; **completed**
- Written agreements in place with Russian and Canadian partners; **completed**
- Orderly start-up training and information provision; **completed**
- Press release and announcements; **completed**
- Advisory committee meeting if required; **completed**
- Quarterly reporting. **completed.**

Quarter 2: July 1 to September 30, 2005

- Curriculum adaptation and development commenced for all components; **completed for wood frame and business; underway for governance.**
- Preparation of travel plans for fall missions; **completed.**
- Preparation of site and foundation for demo building; tools and materials ordered; **completed.**
- Communications activities; website update commenced; **initiated**
- Gender information transferred; **deferred**
- Project documentation;
- Advisory committee meeting if required; **completed.**
- Quarterly reporting; **completed.**

Quarter 3: October 1 to December 31, 2005

- Mission by two Canadian wood-frame instructors; theory and practical training commenced;

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- Cut-away teaching aid and demo house constructed;
 - Delivery of entrepreneurial training (BNG) course to DPPE staff;
 - Draft outline of Governance course outline and content prepared and reviewed;
 - Arrange for study tours in Canada by two business and three governance instructors;
 - Gender base-line information obtained;
 - Advisory Committee meeting if required;
 - Quarterly reporting.

Quarter 4: January 1 to March 31, 2006

- Revise wood frame curriculum;
- Arrange for study tour by two Wood frame instructors
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- Conduct Canadian study tour for two business instructors;
- Conduct Canadian study tour for three Russian governance instructors from ACS;
- Gender plan prepared by Russian;
- Gender workshops for study tours in Canada and workshop in Russia;
- Commence web development work for all components;
- Mid-term review of project work plan and budgets;
- Annual and quarterly reporting.

Quarter 5: April 1 to June 30, 2006

- Conduct Canadian study tour by Russian wood frame instructors;
- Post curriculum and wood frame training information on the web;
- Second business training mission to Russia for joint teaching session;
- Governance mission to Russia to present course and teaching materials on pilot basis;
- Advisory committee meeting if required;
- Quarterly reporting.

Quarter 6: July 1 to September 31, 2006

- No wood frame activity anticipated;
- Curriculum development and refinement for governance and business;
- Preparations for train-the-trainer session;
- Production of final version of course materials and teaching materials for governance training;
- Advisory committee meeting if required;
- Quarterly reporting.

Quarter 7: October 1 to December 31, 2006

- Mission to Russia to audit wood frame classes and assist with instructional techniques;
- Mission to Russia for business trainers to finalize and hand-off curriculum;

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- Evaluation of results of pilot project for governance training;
 - Advisory committee meeting if required;
 - Quarterly reporting.

Quarter 8: January 1 to March 31, 2007

- Mission to Russia to audit wood frame classes and assist with instructional techniques;
- Mission to Russia to observe Russian governance trainers and complete transfer of course materials;
- Generic training session for train-the-trainer for all participating Russian instructors;
- Advisory committee meeting if required;
- Component final reports;
- Quarterly reporting.

Quarter 9: April 1 to June 30, 2007

- Final mission to Russia by project management and financial staff to close out the project;
- Review gender and sustainability efforts of Russian partners;
- Annual and quarterly reporting;
- Final financial report preparation;
- Final project report preparation.