

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

Quarterly Report
Year 2 - Quarter 5
For April - June 2006

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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; **completed**
- 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; **completed**
- Revise curriculum as needed after the first training session; **completed**
- Create a Canadian study tour opportunity for key senior Russian instructors in spring 2006; **completed**
- 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; **initiated**
- Spring 2007 a final mission to Russia will occur to review the use of training and to help enhance the curriculum; **planning initiated**
- **An additional all female wood frame study tour to Canada will be undertaken;**
- 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; **dropped**
- Communications efforts will occur throughout the work plan cycle; the internet will be used for distributing awareness of the project and presentations will be made to interested parties; **commenced**
- Gender equity efforts and sustainability efforts made on behalf of the Russian partners in wood framed training implementation will be monitored and reported; **initiated**
- 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 an 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 planning 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.

Third Quarter Results: The mission by 2 Canadian instructors' to Khabarovsk successfully completed several objectives:

The wood frame demonstration house was completed. While it turned out successfully, difficulties were encountered: the pre-prepared foundation was constructed to incorrect dimensions; lumber was not planed to correct dimensions; materials frequently arrived late; hands tools were of poor quality. The experienced Canadian instructors were able to find ways around all the problems and the building was near complete when they left in mid-November. The senior instructor broke his ankle while in Russia, but stayed and persevered through the mission. While the project had challenges, Russian senior officials were pleased with the progress.

As well, the cut-away demonstration was completed for future training exercises. The groups were split in two, one Canadian instructor taught theory, while the other taught practice. Theory and practice for all aspects of wood frame building were transferred.

The Canadian instructors were particularly impressed with the level of participation by women, and by the enthusiastic embrace of the new methods.

Many Russian visitors came to view continued to come and visit the demonstration house including several active building contractors. While in Russia the wood frame instructors met with several krai officials and business leaders to discuss the future of their housing industry.

Tools and teaching literature were officially transferred to the DPPE.

In mid-November Dr. Dovzhko officially decreed and delegated responsibility for adopting the training into the state curriculum.

Several promising candidates were identified for further training and communication with DPPE about who to bring to Canada for study tours was commenced.

Fourth Quarter Results: Planning for spring 2006 mission by Russian wood framed instructors commenced. A draft itinerary was prepared and selection of trainees was completed. A review of

the wood framed work plan was undertaken and minor changes planned for the fall of 2006. Training records for the wood framed component were completed: 33 instructors were trained, 8 of which were female.

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Fifth Quarter Results: The main activity of this quarter was in support of a study tour for leading wood frame personnel in the Khabarovsk educational system. The tour took place between June 4 and June 23 and the delegation spent 19 days in BC viewing numerous aspects of Canadian wood-framed construction. Dr. Fedor Dovzhko, the senior administrator with the DPPE and four key Russian wood framed instructors were brought to Canada to see first-hand how wood framed construction is practiced. Sergey Izmaylov, Oleg Prikhodenko, Sergey Loginoov, Alexey Popov were the senior instructors, and Igor Snitski came as interpreter for the wood frame group. They toured CNC's teaching facilities, and a provincial articulation meeting, attended seminars with City building inspection staff, visited residential constructions sites, millwork manufacturers and suppliers, rural and suburban subdivision developments, prefabricated home plants, log builders, building materials and tool supply outlets, and sawmills with kiln drying facilities. The group were impressed and gained a sound understanding of the context for wood framed construction and a better idea if the challenges they will face introducing this technology into the Russian Far East.

Dr. Dovzhko attended a de-briefing session with project staff Mary Ann Tierney and Rick Heathman and demonstrated a very good understanding of the challenges that they will face introducing this type of construction. In particular, he asked for assistance in getting precise architectural designs, with detailed plumbing, electrical and heating diagrams. As well he showed a very good understanding of the challenges posed by Russia's central water heating methods as that relates to other types of Canadian heating such as gas, oil or electricity. He also was particularly interested in the concepts of rural housing with remote electrical servicing, individual water wells and sewage treatment (ponds and septic tanks).

Based on what they saw, the group also made arrangements to purchase wood framed tools for outfitting the schools in Khabarovsk. They also planned the fall activities for further instruction in Russia.

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.**
- 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; **completed**
- A joint teaching session in Russia will occur in spring 2006 to demonstrate Canadian teaching methods and assist instructors to design teaching plans; **completed**
- **In fall 2006 teaching sessions will occur at the Academy for Civil Servants and the teacher training at the DPPE Methodological Center will be reviewed; initiated**
- 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; **ongoing**

- Gender equity efforts and sustainability efforts made on behalf of the Russian partners in wood framed training implementation will be monitored and reported; **initiated**
- 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.

Third Quarter Results: In November the Canadian business instructor completed preparations for a mission to Khabarovsk and traveled to Khabarovsk to undertake the first phase of the BNG training program. All basic aspects of business were taught in a condensed 3 week, hands-on demonstration of a start-up business: concept development; market research, business licensing, financial planning; sales, cash-flow and revenue forecasting; service cost/price analysis; collateral and lending;

presentations, business peer and banking panel review. The course was greeted with great enthusiasm and had excellent reviews by the participants.

The students developed a business plan for a day care and received high praise by the guest speakers representing local government, municipality, banks and businesses. The guest speakers proved to be very useful and valuable as they underscored the idea that ordinary people can run their own small business. Bank representatives introduced the students to “reefs that are under the surface” of banking system.

The course helped to eliminate gaps in the instructor’s knowledge, arrange it in a systematic order and what was most valuable, taught them how to do business planning and market research practically. But what amazed all the students was the interactive way the subject was delivered. Since all of them are teachers they found this style of instruction most exciting and unusual. There were 18 female participants in the course.

Selection of Canadian study tour participants was completed later in the quarter and invitations were extended through the Canadian embassy in Moscow to start the visa application process. Business study tour program development was commenced and travel arrangements were initiated.

Fourth Quarter Results: Training records were completed: 18 females were trained in Russia in the 3rd quarter and 2 senior instructors and 1 senior administrator were brought to Canada for advanced training and exposure to Canadian business support infrastructure.

In February, 2006 2 senior teachers from the Krai, representing Komsomolsk on Amur and Khabarovsk (Elena Yurchenko and Tatiana Scorodulia) and a senior administrator from the Department of Primary Professional Education (Nadezdha Schelkun) travelled to Canada to learn more about ways in which economic development agencies can support and foster entrepreneurship at the post secondary level.

Accompanied by CNC business instructor/trainer, Russian visitors visited with CNC; Community Futures Development Corporation; BNG (Canada) classroom; Innovation Resource Center; Rotary; National Research Council; Aboriginal Business Development Association; Export North; Senior High School Trades Programs; Initiatives Prince George; Prince George Tourism and more.

The first phase of integration of BNG (Russia) methodology into the Russian curriculum took place throughout March 2006. Instead of just training commerce and business students the BNG was introduced into 7 vocational subject areas. BNG is delivered as a 72-hour (9 full days) component for all graduating students (18 years old) in business and 7 trades areas. Eight of the fifteen teachers were tasked with the delivery of BNG. Teachers submitted reports to the DPPE and were translated and passed on to the CNC business component team for feedback and support.

In March-April, 2006 CNC business instructor and CNC Instructional Skills Workshop (ISW) instructor traveled to Khabarovsk to continue working with 15 technical institution-level instructors in entrepreneurial instructional development theory and methods.

The group was split into two, with half of the group working with the CNC business instructor and half of the group working with the ISW instructor. The group working with the Business instructor taught in teams of two under the direction of the CNC instructor to a group of students from their student population. Meanwhile, the other group worked with the ISW instructor to explore experiential teaching techniques and theory. After seven days, the groups switched and repeated the process.

This training resulted in BNG delivery to 27 graduating students, in addition to strengthening and deepening the training of our 15 instructors.

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Fifth Quarter Results: The business component made plans and travel arrangements for the fall. Arrangements were made for Glenda Shaw to travel to Khabarovsk in late August to teach a compressed version of BNG to Academy of Public Servant instructors for purposes of exposure to Canadian experiential teaching methodology in business.

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 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;

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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;
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; **completed**
- Evaluation of results of pilot project;
- Final mission to Russia to observe Russian trainees in the presentation of course materials; **completed.**
- 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.

Third Quarter Results: Final touches to the governance curriculum were made. Draft course outlines were developed for 'Civil Society, Local Government and Economic Development in Rural and Remote Communities' and 'Local Government Finance'. The outlines were translated and transferred to the Academy of Civil Servants for their consideration and feedback. The modules of the courses have been distributed among the leading experts that make up the workgroup.

Plans for the winter study tour were commenced, invitations were extended to the Academy of Public Servants, and travel plans were completed.

UNBC instructors also developed and implemented a local governance study tour for Khabarovsk Deputy Governor Alexander Levental and delegation under CIDA's GAEP program.

Fourth Quarter Results: Fourth quarter governance component activities were largely focused around the planning and delivering a Canadian mission by four senior governance instructors from the Academy of Public Servants of the Far East. The instructors were exposed to all major components of local and regional governance, these included: UNBC's Community Development Institute; City Hall and all aspects of local government responsibilities and BC's system of local government management and regulation; local economic development corporations. They were also exposed to a City Council budget discussion, a meeting of the Prince George Chamber of Commerce, a meeting of the Prince George Rotary Club and the local tourism agency. As well city councilors and administrators spoke to them about the role of local government in commerce and economic development, and local government service delivery. Regional and national governance structures were also investigated, including the North Central Municipal Association, Union of BC Municipalities and the Federation of Canadian Municipalities. The group traveled to the small villages of McBride and Valemount where they met senior administrators and elected officials to learn about small village operations and economic development activities. In addition the group was given a seminar by the local school district superintendent to discuss school district operations and relationships to municipal governance. The group also spent considerable time providing input into the development of course structures to be delivered by Canadians in Khabarovsk in the spring and attended a gender equity seminar.

Plans were completed for a mission to Khabarovsk to deliver two courses in local government at the Academy. These courses will be delivered by Gary Wilson and Bill Kennedy in May 2006. The Canadian and Russian teams will also begin work on a course book outlining the Canadian and Russian experiences in local government. During their mission to Khabarovsk, the Canadian participants will visit with local government officials to discuss issues pertaining to local government, economic development and finance, and civic engagement.

Year 2

Fifth Quarter Results:

The main activities in this quarter involved preparing for and delivering the training courses at the Far Eastern Academy for Public Service. Both Canadian governance instructors spent two weeks in Khabarovsk (May 13-May 26) and two days in Moscow (May 27-28). In Khabarovsk, they met with the Canadian Ambassador to the Russian Federation, the Rt Hon. Christopher Westdal and his delegation from Moscow. During the first week, they delivered a series of lectures on Canadian local government to faculty and students at the Academy of Public Servants, as well as lectures to officials with the Khabarovsk City government and at the Academy's Retraining and Upgrading Facility. In the second week, they delivered the same lectures to officials in the Khabarovsk Raion (District) and the Bikin Raion in the southern part of the krai. These lectures were considered part of the Academy's upgrading and retraining programs for local government officials and faculty, and all the people who attended received special certificates. In all, the training sessions went extremely well. A total of 75 faculty 124 local government administrators (70 female, 54 male) received the training. Both the faculty and students at the Academy, and the local government officials were very interested in the Canadian experience and asked many questions. They also held a number of meetings with colleagues at the Academy (Dr. Nikolai Gorbunov (Rector of the Academy), Dr. Ludmilla Gorbunova (Deputy Rector), Dr. Olga Polivaeva (Head of the Finance Department), Dr. Tatyana Lukasevich (Finance Department) and Dr. Olga Usoltseva (Head of the Academy's Retraining and Upgrading Institute) to discuss the dissemination of information from the lectures and future collaboration.

On the way back to Canada, they stopped in Moscow and met with Vera Smorchkova, the Director of Northern Programs at the Central Academy for Public Service to discuss future collaboration in the area of local and regional governance training in the Russian Federation.

The courses delivered by Bill Kennedy and Gary Wilson each consisted of 5 separate modules. Bill's course on Local Government Finance covered the following topics:

- revenue generation and intergovernmental transfers
- budgeting and planning
- preparing, monitoring and evaluating budgets
- infrastructure and land-use regulation
- property taxation and borrowing

Gary's course on Local Government and Community Development covered the following topics:

- local government in Canada (overview)
- democracy, civil society and healthy communities
- local government and economic development
- community consultation and participation
- higher education and community development

Both courses covered topics of particular interest to Russian academics and local government practitioners. If the current reform process to the system of local government in Russia is to succeed, it is absolutely critical that local government officials have training in transparent and administratively sound financial practices. Furthermore, it is important that local governments involve citizens and other stakeholders in the political process. The courses that were delivered in Khabarovsk provided an overview of the Canadian experience in both of these important areas of governance.

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; **completed**
- Identify a gender equity coordinator/ contact in each of the Russian partner institutions; **delayed**
- Investigate existing data regarding gender data for Khabarovsk in order to establish a base line for performance measurement; **initiated**

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- Prepare information for Russian partners to present background on gender equity, obstacles, opportunities and time related objectives; **completed**
 - Provide tools for Canadian partners for evaluation and reporting on gender; **commenced**
 - **Conduct gender equity interviews with key Russian partner staff; planned**
 - Arrange a workshop and provide gender equity training and discussions with Canadian partners before teaching begins; **completed**
 - Assist Russian partners to develop a plan for gender equity sustainability in the three main program areas; **initiated**
 - 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.

Third Quarter Results: Correspondence and representations to Dr. Dovzhko resulted in permission being granted for further work in gender program development in the DPPE. Research questions related to determination of gender status in wood frame, business and local government within Russia were created. Discussions of the role of gender capacity building within the project occurred and activities to further develop the program were reviewed with the Gender adviser.

Fourth Quarter Results: Gender activities in the fourth quarter were largely oriented toward preparing and delivering a gender seminar for the Local Governance and Business study tour participants. The seminar included discussions on: What is gender?, obstacles to gender discussions, importance of including gender, CIDA's guiding principles, capacity building, partner perspectives, and areas for further work. The seminar was generally well received by all participants. Academy of Public Servants instructors were very quick to pick-up and adopt the concepts, whereas the DPPE were somewhat more reserved. After the seminar was successfully completed the gender instructor from partner UNBC resigned her role in the project due to time constraints created by core responsibilities in her department including International program chair and other demands.

Year 2

Fifth Quarter Results: A new gender specialist was hired for completion of projects activities. Paula Davies, train the trainer instructor from CNC, has agreed to undertake further steps in the gender equity subject area. Arrangements were made for Paula to return to Khabarovsk in the fall and conduct a train the trainer workshop for senior pedagogical instructors in the DPPE. At that time she will also further our understanding of the gender equity issues in Khabarovsk and the RFE through interviewing key staff at the DPPE and the krai administration. On return to Canada Paula will hold seminars with Canadian partners to build capacity for further work in Russia.

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; **ongoing**.
- 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; **ongoing**
- The Canadian office in Khabarovsk will be used as a springboard for Canadian business development and to communicate to Russian partners; **ongoing**

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- 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 co-ordinated 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.

Third Quarter Results: In October, visa requirements and travel arrangements were made for the business instructors' mission to Khabarovsk. Second quarter project reporting was completed. A pre-audit discussion review took considerable time to resolve and results were transferred to project partners and Russian employees.

In December, a program review was coordinated. Work was commenced to bring Russians to Canada for study tours in winter 2006. As part of that program review, a funding review was conducted and a reallocation of budget elements was approved enabling 2 additional Russian participants to come to Canada. Dr. Theodor Dovzhko and Nadezda Shelkun, the two most senior administrators of the DPPE will now be part of the study tours. This will assist the rapid development and momentum for the business and wood framed housing curriculum within the Khabarovsk state technical system and enhance relationships between the respective Canadian and Russian education institutions.

Fourth Quarter Results: Project Management participated in the Canadian study tours by the senior Russian instructors through assistance with logistics and assistance in preparing and coordinating and officiating the tours. Visa requirements and travel arrangements were coordinated for tours by business, train-the-trainer and local governance instructors. As well, a slide show was completed for the use by the business component in presenting its accomplishments to members of the community and other international travelers.

Third quarter review was completed and data was gathered for training records reporting.

A mid-term review of the work plan was initiated and additional projects were identified and reviewed by the Russian partners.

As well, work was commenced in the local economic development sector to gain interest in this and other international project to have them consider international development as an opportunity worth pursuing in response to forthcoming changes in the northern BC regional economy.

Year 2

Fifth Quarter Results: Project Management participated in the wood framed study tours through assistance with travel, advice on finances and direct attendance at presentations.

As well, a budget review meeting was conducted with Canadian partners. Due to cost savings it was agreed to request approval for additional works to be planned within the existing allotments. Additional items planned are: a further all-female wood framed study tour for 4 Russian women to Canada (spring of 06), an additional allotment of tools to be purchased for the DPPE to enable a fourth school to participate effectively, an additional mission to Russia by business staff to deliver a BNG course to the Academy of Public Servants, program evaluation for BNG training, an additional train-the-trainer mission combined with further gender equity work, and changes to the project management budget. Prior to leaving the post, Adrian Walraven obtained approval for these items on July 11, 2006.

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.

Third Quarter Results: The Russian Project Manager spent most of the 3rd quarter translating for and assisting the wood frame component instructors. In November, he participated in a wood frame curriculum development conference in Komsomolsk and was successful in convincing the developers to include the wood frame training as a single large module in the curriculum (as opposed to dispersing it in parts throughout the DPPE carpentry training). After the wood frame instructors left Khabarovsk, the Manager assisted the business instructor mission and undertook a series of administrative matters such as training record keeping, in-kind partner contribution tracking and visa preparation and travel arrangements.

Fourth Quarter Results: The Russian Project Manager accompanied the governance study tour participants to Canada as interpreter. Organization of visa and travel preparation, translation of training materials and other materials related to the study tours took considerable time. Upon return to Russia the Manager assisted the study tour participants in presenting the findings of the tours to teachers and professors and with other matters. Four wood frame senior instructors were prepared for traveling to Canada on a wood frame study tour. Individuals from Khabarovsk, Komsomolsk, Chegdomyn and Elban were selected. Dr. Dovzhko from the DPPE will be coming as senior administrator as well. These will be the leading schools for introducing the wood frame building technique to the Russian Far East. Methodological recommendations for mock up house construction were developed and sent out to the respective schools. Komsomolsk has already built their mock up house. Curriculum adjustments have also been made in the carpentry program to accommodate this style of construction.

Several schools have already adopted the business planning techniques and their reports on procedures and achievements were translated and forwarded to Canadian business component trainers. As well, the lecture topics for the May mission by governance instructors were translated, and discussed with krai officials as well.

The Russian Manager also spent time making arrangements and translations for the April missions to Russia by BNG and train-the-trainer instructors.

Year 2

Fifth Quarter Results: This was a very busy quarter for Russian project management. Assistance required for the BNG and train the trainer workshops went well into the mid of April. Translation services were provided by the manager at the Academy of Civil Servants. It is noteworthy that the Academy made a tremendous job hosting the Canadian governance specialists and made all necessary arrangements for making their trip a success. In June the Russian manager went to Canada as wood frame interpreter accompanying DPPE carpentry instructors to receive further training and expand their knowledge on wood frame houses construction.

A report of project activity was prepared for the Krai Governor.

The Russian Manager participated heavily in all programs and reports the following:

1. Wood frame construction: a) DPPE has already provided training to 171 graduate students from 9 schools having introduced a 36 hour module on wood frame house construction into their program. These schools have been able to complete mock-up houses in their shops.

b) 7 vocational schools have prepared documentation to provide training to adult population on wood frame houses construction at evening courses.

c) On the 12th of May the Canadian Ambassador in Russia Mr. Christopher Westdal visited the Canadian house at school #3. He was accompanied by the Khabarovsk Krai vice Governor Mr. Levintal. During the tour of the school facilities Mr. Westdal and Embassy officers were shown the new class where training will take place, the tools and the teaching aids provided by the Canadian partners. Mr. Levintal, Mr. Dovzhko and training participants made presentations to the Ambassador who was very excited to see high quality work and gave high appraisal of the Project's efforts. In his speech he stressed that this modest and affordable house is exactly the house that most Russians need at this period of development.

d) A group of four school instructors have been selected for the Canadian tour visited Canada from the 4th to the 25th of June. Mr. Dovzhko, the Head of DPPE headed the group during the first ten days of the tour. The participants were able to visit development areas, construction sites, mills and facilities producing parts for houses as well as mobile homes manufacturing facility. They were also introduced to the work of building inspectors. The participants took a sufficient

number of pictures, took videos and received a wealth of information. Besides this they were supplied with extra CDs and literature that they will use when teaching.

e) School # 3 received an order to build three Canadian houses. Currently they are negotiating the house designers and make an estimate on the cost of the construction.

2. Business: a) Ten schools have already provided BNG training in the amount of 72 hours to 250 graduate students. Some of the business plans developed by the students found practical application. b) On the 26th of March Instructional Techniques and Issues workshop and BNG training of school teachers began and went well into the middle of April. Altogether 18 teachers were trained in western teaching methodology. As for the BNG course the two groups of teachers experienced their new skills with two student groups, while the Canadian instructor observed their classes and provided valuable remarks, comments and suggestions to improve teaching.

3. Governance: The Canadian Ambassador visited the Academy of Civil Servants on the 12th of May. He met with the Rector of the Academy, his deputies and the tour participants that made a study tour to Canada in February. They exchanged ideas on the progress of the program. They both stressed the importance of the training provided by Canadian experts to the municipal officials. b) Two Canadian instructors visited Khabarovsk krai from the 13th to the 27th of May. They conducted a series of seminars on Civil Society, Public Participation and Local Governments as well as Municipal Budgeting and Finance. The lectures were delivered to the Academy faculty, students and students of the Retraining Institute. The Canadians visited Khabarovsk City Hall, Khabarovsk and Bikin municipal regional districts.

The lectures were attended by:

Academy faculty - 75 persons

Students of the State and Municipal Management Department - 43 students

Students of the Retraining Institute - 15 students

Administration officers of Khabarovsk municipal regional district - 27 officers

Heads of Municipalities of Khabarovsk municipal regional district - 27 officers

Municipal officers of Bikin municipal regional district - 109 officers.

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 (pre-approved by Adrian) \$1,810

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

Third Quarter Results:

Overall the project continues to be under budget to date. The majority of this is due to savings in airfares and use of lower priced accommodation in Russia. In addition, the wood frame component still has over \$30,000 to spend in supplying materials and supplies for the course in Russia.

It should be noted that supplies were not budgeted as a separate item originally; however, they have been found to be a necessary minor expense in most components.

Specific variances for the quarter are as follows:

Wood Frame:

Instructor salaries – curriculum preparations	(\$1,419)
Airfares – timing: budgeted prev quarter	(\$160)
Instructor Salaries - fewer days, lower rate	\$12,336

Supplies – timing: budgeted earlier in project (\$3,210.)

Business:

Instructor salaries - fewer days, lower rate \$5,175
Senior Instructor - timing (\$2,446)
Supplies - not budgeted, but necessary (\$183)

Governance:

Instructor salaries – curriculum prep timing issue (\$567)
Airlines - timing issue, budgeted next quarter (\$709)

Administration:

Project management (\$5,780)

(project took longer to get started than anticipate and there was additional work required to ensure partners were comfortable with their roles. In addition the gender equity area and the initial audit review prep and subsequent re-training took significant time)

Gender Awareness - timing (\$615)
Financials/accounting Canada - timing (1,871)
Financials/accounting (Russia) (\$995)

(majority of this overage is loss on foreign exchange – some currency in Khabarovsk bank is held in US dollars and they have declined significantly in value against Cdn \$)

Summary: Over-all we are comfortably under budget by about \$105,000. Of this we expect that an additional \$45,000 will be spent as planned. Approximately \$60,000 will be identified for re-allocation as part of the work plan review concurrent with the fourth quarter review.

Fourth Quarter Variance Report:

Wood Frame: Wood frame was under budget by \$1,026 (\$9,494 v/s \$10,520). The major variances were timing issues with the budgeted work on the web not beginning yet, offset by airfares that were budgeted in the next quarter.

Business: BNG was under by \$3,861 (\$51,479 v/s \$55,340). Major variances were reduced costs for accommodation and interpretation on the Canadian tour being slightly offset by higher than forecast instructor time in the quarter.

Governance: Governance was virtually right on budget. Savings in travel and hotels on the Canadian tour were offset by slightly higher than forecast instructor time and airfares to Russia that were budgeted in the next quarter.

Administration: Admin was significantly under with Russian office costs under due to costs expensed in a previous quarter. We continue to be under our estimated costs for interpretation and transportation in Russia. As well, some gender equity work has been delayed until later quarters. Also the costs of the Russian manager on the Canadian tour were under due to airfare, hotel and per diem savings.

Variance Summary: Over-all we are comfortably under budget by \$125,768. We will plan to do some extra work over the final year to build further capacity into the Russian institutional system. These additions will follow in a work plan with revisited cost estimates.

Year 2 Fifth Quarter Variance Report

Wood Frame: Wood frame was substantially under budget by \$16,917 (\$49,023 v/s \$65,940). The major variances were savings realized during the training tour by Russian instructors to Canada. Additional savings were in the timing of work on the web project (expected to get ramped up in quarter 6).

Business: This component was under by \$25,637 (\$11,298 v/s \$36,935). Major variances were reduced costs for instructor time (billed in last quarter) and substantial savings in per diems, accommodation and interpretation during the Russian training session in Khabarovsk. As well, the web work is not starting in a big way until next quarter.

Governance: Governance was way under budget by \$17,603 (\$9,687 v/s \$27,290). While \$3,600 is due to the delay in web development (next quarter), the majority is due to late billings for instructor time on the Khabarovsk tour. This amount will be offset next quarter with higher billings.

Administration: Admin was significantly under by \$14,363 (\$24,487 v/s \$38,850). The Canadian project management costs are higher (as noted in the previously submitted overview of the second year). We continue to be under our estimated costs for interpretation and transportation in Russia. As well, gender equity has been delayed until the next quarter. The costs of the Russian Director of the Technical School on the Canadian tour were under due to airfare, hotel and per diem savings.

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**

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

Quarter 4: January 1 to March 31, 2006

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

Quarter 5: April 1 to June 30, 2006

- Conduct Canadian study tour by Russian wood frame instructors; **completed**

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- Post curriculum and wood frame training information on the web; **initiated**
 - Second business training mission to Russia for joint teaching session; **completed**
 - Governance mission to Russia to present course and teaching materials on pilot basis; **completed**
 - Advisory committee meeting if required; **completed**
 - Quarterly reporting; **completed**

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;
- **BNG short course at Academy of Civil Servants**
- 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;
- Evaluation of results of pilot project for governance training;
- **Additional train-the-trainer session at DPPE**
- 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;
- **Evaluation of results for BNG training**
- 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;
- Female wood frame study tour;
- Review gender and sustainability efforts of Russian partners;

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- Annual and quarterly reporting;
 - Final financial report preparation;
 - Final project report preparation.