



May 26, 2006

Natalia Usoltseva
CTO
USAID
19/23 Novinsky Bulvar
Moscow 121099, Russia

Re: Closeout of Grant # 118-G-00-04-00036

Dear Ms. Usoltseva,

Please find enclosed the closeout report for both the American Business Center and the Russian American Pacific Partnership under Grant # 118-G-00-04-00036. The report includes the narrative report as well as the necessary financial documentation.

Please let me know if you have any questions or need additional information.

Sincerely,

Carol Viperman
President



Narrative Performance Report

On the Activities of the

**American Business Center® Yuzhno-Sakhalinsk
And the Russian American Pacific Partnership**

**April 2004 – March 2006
(With no cost extension through April 2006)**

(Closeout of Grant # 118-G-00-04-00036)

Submitted to: USAID/Russia

Submitted by: Foundation for Russian American Economic Cooperation

Administrative Data:

1. *Grant number:* 1118-G-00-04-00036
2. *Name and Address of the Center:* ABC Yuzhno-Sakhalinsk
Sakhincentr
32 Kommunisticheskii prospekt, #517A
Yuzhno-Sakhalinsk, RUSSIA 693000
3. *Name of Project Director:* Carol Vipperman, President
Foundation for Russian American
Economic Cooperation

The following narrative report is submitted to USAID in compliance with closeout obligations under Grant # 118-G-00-04-00036. The report covers the activities of the American Business Center (ABC) for the period of April 1, 2004 through March 31, 2006 (extended through April 30, 2006) and the Russian American Pacific Partnership (RAPP) amended to the grant for the period of May 1, 2005 through March 31, 2006 with activity-specific narrative report included at the end of this report.

Program Goals and Objectives

The following areas were the major functions of the ABC:

1. **Market Facilitation Support Services to Foreign Companies:** The ABC provided support to companies either currently doing business or interested in entering the Sakhalin region, and thereby promoted the development of trade and cooperation in all economic sectors.
2. **Administrative Support for USG Technical Assistance Programs:** The office served as a local base for the Regional Initiative Coordinator and other programs of U.S. Government technical assistance, providing a central location, facilities, communications and office support, personnel and purchasing, tax and other legal registration, as well as other administrative services.
3. **Support for US Government Functions:** Provided information and assistance to US Government in Russia and the US, covering commercial, political and other regional developments. Maintain contacts with oil developers, regional administration, US companies and the local Russian business community to obtain such information.
4. **Outreach to Russian Firms:** Provided assistance to Russian firms in approaching potential partners and sources of financing for joint US-Russian business projects.

Over the period of this grant, the ABC has successfully met these objectives with strong results

Program Highlights

In this section, we provide a sampling of the types of activities and results achieved in each of the objective areas over the reporting period.

Market Facilitation Support Services to U.S. and Third Country Companies

Over the reporting period, the ABC provided business support services to hundreds of U.S., Russian, and third country companies. The following are representative examples of the types of assistance the ABC provided:

- **The Sakhalin Petroleum Club:** The ABC organized and supported monthly meetings of the Sakhalin Petroleum Club (SPC) in Yuzhno. The club was organized by the ABC to

support communication, information, business networking and community outreach by foreign and Russian firms and support the development of Russian SMEs. The club now has over 43 members and continues to grow. Following its goals the Sakhalin Petroleum Club (SPC) is gradually expanding its activities and outreach. As part of its monthly meetings to foster Russian and foreign business relations, important issues of interest to the business community were discussed, including security, contract tendering improvements and work permits.

In addition, the SPC aims at supporting the local community. In the end of August 2005 the SPC held a major outreach event. The SPC sponsored a barbeque for fifty three children from the Lastochka Orphanage. Special actors were employed to entertain the children with various games and competitions. Also SPC members generously donated goods and services to the orphanage, including a new computer class, kitchen furniture set with all kitchen utensils, a big modern refrigerator, sets of furniture and carpets for living rooms and a big TV set. All in all donations exceeded \$25,000 in value. This type of activity is expected to foster development of corporate civic involvement by the Sakhalin business community into the future by providing an effective mechanism.

- **Language Training:** The ABC developed and continues to provide Russian language courses for foreign workers on Sakhalin. The Center has received good feedback from its clients and support from the Sakhalin Administration. The Administration is concerned about the lack of Russian instruction in the area, while the demand for English speaking knowledge among Russian workers is very high in foreign companies. Although the commercial element of this activity for the ABC is important, it is also of note that the ABC supported cross-cultural communication and understanding.
- **KIDSAVE INTERNATIONAL:** The aim of "KIDS AID" in Russia is to help orphan children to find new parents. The ABC is providing all necessary support to help this organization to be successful on Sakhalin. On the company's request the ABC provided an office space, access to Internet and the office equipment to the representative of this company who is doing her best to make positive things happen for kids without families.
- **CHEVRON TEXACO:** The ABC concluded a contract with Chevron Texaco for representation services. The ABC represented Chevron Texaco interests with the local tax authorities, at the Pension and Social funds, compiles and submits monthly reports, provides information on changes in the business environment, performs various representative functions that help Chevron Texaco to stay in the market and remain current on developments in the Sakhalin Region.
- **FRANKS OILFIELD SERVICES, LTD:** The ABC provided office space and office equipment to the company as well as consulting to its representative on Sakhalin business operations. The company provided a bid for a tender for the Sakhalin I project. The ABC administrative support helps the company expand its operations on Sakhalin.
- **NOVA TECHNOLOGY:** Nova Technology is a leading provider of comprehensive IT Service Management (ITSM). Headquartered in Columbia, MD, Nova Technology has

rented an office space in the ABC. The company was provided with access to Internet and office equipment, administrative assistance and support, as is provided to all ABC tenants. The ABC Director worked with Nova Tech during their visit and provided information on local Russian companies Nova could partner with.

- **ANCON Beton:** ANCON Beton Pty Ltd is the leading Australian and Asian consultancy specializing in advanced concrete technology. ANCON Beton has been provided with office space by the ABC. The ABC hopes that having opened its office in Yuzhno-Sakhalinsk the company will succeed in providing services in concrete technology and construction techniques to projects on Sakhalin Island and in Far East Russia.
- **Newspaper Direct** The ABC launched Newspaper Direct, a news service where clients can receive newspapers from international locales, directly on the island. The ABC has several permanent subscribers for foreign international newspapers. Also newspapers are sold out on individual requests. The ABC actively promoted the service of NewspaperDirect to the Sakhalin market.
- **LYNDEN INTERNATIONAL:** Lynden, originally located in the ABC, monthly applied for help and assistance from the ABC. Lynden has established a permanent presence on Sakhalin and is a strong member of the local business community.
- **ARCTIC EQUIPMENT:** This Canadian company working on Sakhalin applied to the ABC for qualified services of an interpreter at the State Registration Chamber, and for help with translation of legal documents.
- **AATA INTERNATIONAL:** This consultant company, headquartered in New York, specializes in international management and permitting for natural resource development projects. Representatives of the company always contacted ABC whenever they came to Sakhalin for a variety of services.
- **Washington Group International:** An international project-engineering firm was working on obtaining their second oil and gas support service contract on Sakhalin. They relied on the ABC for critical consultation services, as well as for corporate registration and accounting information. WGI made the ABC its base of operations, utilizing computer and internet access, telecommunications facilities and other administrative services. WGI is now a major contractor on Sakhalin with permanent offices employing scores of Sakhalin citizens in their technical and administrative divisions.
- **Geocon Services:** The company is involved in seismic services to the oil and gas industry. The ABC provided integrated services to the company's representative that made his visit to Sakhalin possible and helped it to be highly productive. Services included letter of invitation processing, an apartment search, airport pick up, an ABC cubicle with Internet access and phone lines, secretarial assistance, interpretation, meetings arrangement, transportation etc. The ABC also provided the company's representative with information on the annual oil and gas exhibition on Sakhalin and helped with setting up a GEOCON showcase at the exhibition.

- **Raytheon:** The ABC provided organizational support facilitating the visit of George Connell, Vice-president of Raytheon Technical Services Company to Sakhalin. The ABC provided business consultation making up the list of companies for Mr. Connell to meet with, worked out the business schedule for a week, composed and sent out official letters. ABC also organized a reception, worked out the list of invitees, composed and sent out letters of invitation, searched for an interpreter and provided full escort during the visit of the Company's Vice-president. Information on entertainment and sightseeing in Yuzhno-Sakhalinsk was prepared and by the ABC too.
- **Waukesha Alaska Corporation:** The ABC provided secretarial assistance to the representative of the company, equipment for photocopying, laser printing, and computers with access to Internet. The company continues to work on their project to build two warehouses and associated facilities in Yuzhno-Sakhalinsk of estimated value about \$2.5 million.
- **Universal Sodexho:** The ABC provided this company information and consulting on local international companies and joint ventures, as well as assistance with recruiting office personnel.
- **General Dynamics Telecommunication Systems:** The ABC provided consulting on finding a Russian partner, the local Sakhalin investment climate and the telecommunications industry. For ongoing support, the ABC assisted a representative of this company in resume selection for an accountant and a driver position, arranged a registration in OVIR and border passes to De Kastri and to Sovetskaya Gavan.
- **Amur Machinery (Authorized Caterpillar Dealer):** The ABC provided assistance with compiling resumes for open positions in the company's Yuzhno-Sakhalinsk office, and made introductions to a local Sakhalin lease-finance company.
- **The Canadian Business Association in Russia (CBAR) and Club France:** The ABC provided support to the Canadian-French Trade Mission to Sakhalin that was held in June 2004. Logistical support, organizing business meetings and receptions, interpreting were the services provided by the ABC to the trade mission.
- **Seacor Marine Sakhalin:** this is one of the companies that have been using the ABC support since their first step on Sakhalin. The ABC provided consulting services to the company, arranged letters of invitations and visas, set up the representatives of the company in the ABC office with an access to Internet, phone and fax lines, support during the period of their legal registration of the company, helped them with interpreting, translating documents and arranging business meetings. Later on, thanks to the ABC advocacy, the company was provided with a separate office in Sakhincentr. Now they have a contract with Sakhalin Energy and carry out a successful business on Sakhalin.

In addition to business service support to individual companies, the ABC provided support of events such as the environmental seminar held in Alaska and Sakhalin-Alaska Working Group initiatives. This support helped to facilitate and promote cooperation between the two regions, further joint projects, and increase connections between Sakhalin and Alaska.

Another role the ABC played in market facilitation support was to monitor general regional issues that could have an impact on businesses. For example, the ABC was asked by the Sakhalin business community to research developments on regional border zone legislation. The ABC continued to issue informational bulletins as new developments on this issue occurred.

Administrative Support for USG Technical Assistance Programs

During this period, the ABC successfully supported numerous US Government Technical Assistance Programs operating on Sakhalin, including: Regional Initiative, U.S. RFE Partnership Activity, Research Triangle Institute, Washington Sakhalin Law Enforcement Partnership, Forest Project, Sakhalin Alaska Working Group, Russian American Pacific Partnership, Alaska Russia Center, Eurasia Foundation, Mercy Corps, CLEAR-PAC, International Development Centers (Nuclear Cities Initiative), National Council on Economic Education and International City/County Management Association (ICMA) in Washington, D.C.. These programs relied on the ABC for services such as office space and administrative support, regional information and contacts, organizational assistance, information distribution, and other customized support. The most important value the ABC provided to these programs was the ability to initially establish operations and initiate programs quickly (and in some cases continue operation over the long term), and the ability to navigate the Sakhalin political scene.

The Regional Initiative (RI) and the U.S. RFE Partnership Activity have been two of the ABC's most long-standing tenants. This co-location has been beneficial to all three of the programs and has resulted in cooperation that has increased results for each of the programs at different times. For example, the organization Podrostok on Sakhalin, one of the U.S. RFE Partnership Activity's recipients of technical assistance grants, originally approached the RI for assistance in finding an American partner. RI referred Podrostok to the U.S. RFE Partnership Activity who helped broker a partnership with Kidsave International. The partnership ultimately submitted a proposal for funding which was awarded. The benefit that comes from cooperation between the RI and ABC was the ongoing information sharing and idea exchange.

The International Development Centers (IDC), a program of the US Department of Energy (NCI/IDC) have relied on the ABC to arrange the visits of the IDC directors trying to link the technical and scientific capabilities of scientists and production facilities in the closed nuclear cities in Russia (Snezhinsk and Zheleznogorsk) with the oil and gas market on Sakhalin. The ABC provided business consultation regarding Sakhalin companies to meet with, interpretation, office facilities (conference room), hotel reservations and transportation services.

Support for US Government Functions

The objective of Support for US Government Functions has been an area which the ABC has demonstrated abilities and gave a high priority to over the period of the grant. The ABC provided

support with contextual information regarding the commercial and political environment on Sakhalin to visiting State Department delegations, the State Department mission to Russia and direct dialogue with State Department Washington officers. The Department of Energy, Diplomatic Security, Consular Affairs and USAID have also received support from the ABC.

Following are specific examples of the support the ABC has been asked to provide to US Government agencies and officials:

- Distribution of US Consulate General, Vladivostok informational messages to American business community for providing consular services.
- Hosted US Consulate General representatives traveling to Yuzhno-Sakhalinsk. Provided them with the ABC conference room for meetings with American citizens, access to the Internet, phone lines and with all necessary information on Sakhalin, Sakhalin oblast Administration, oil and gas companies, arranging meetings with Sakhalin officials and providing hotel and transportation reservations.
- Information gathering and updates on border zone issues related to difficulties foreigners were having obtaining passes to enter the restricted frontier territory in Sakhalin.

Outreach to Russian Firms

For the majority of the reporting period, business services were provided to Russian companies free of charge. Companies in the Sakhalin business community were in the initial stages of developing their capacity to be attractive partners for foreign commercial interests, and for the most part, did not have the capacity to pay for business services. As more and more Sakhalin companies are partnered with international companies on oil and gas contracts, it was expected that they would recognize the benefits of a business and consulting center and would have a greater ability to pay for those services. A number of Russian companies paid for informational services of the ABC including "Consolidated list of services" and "Oil and Gas Directory". "Oil and Gas Directory" – informational bulletin on Russian and foreign companies operating on Sakhalin was issued by the ABC annually. Consolidated list of services was updated every half of a year and all new companies registered on Sakhalin were included in this list. Russian companies: "AmurCor, LLC", "Troyka travel", "Promsystem" and some others purchased the lists. A Russian company, based in Moscow, "Law Invest" used the ABC services every time when they came to Yuzhno-Sakhalinsk and paid for meetings arrangements, airport pick up, hotel and driver reservations. Some Russian companies rented our equipment and paid for these services: "DAVS" agency, "I-technologies", etc. The following represents the types of business support services the ABC provided to Russian, primarily Sakhalin, firms:

- Consulting and mentoring to the Sakhalin Association of Business People on Advocacy for local businesses and strategic goals for the organization.
- Consulting to Russian employment agencies on how to participate in increased recruitment activities on Sakhalin.

- Consulting to a wide variety of Russian firms working with infrastructure development on how to participate in tenders for the oil and gas projects.
- The ABC facilitated a partnership for the Binom Company, initially by providing information on the company's facilities including warehouses and land in Yuzhno-Sakhalinsk to a construction company, Sakhwest. This resulted in negotiations to form a joint venture between these two companies with a view to develop the land owned by Binom and offer it to one of the projects operators. During the early part of the relationship, the ABC continued to provide a great deal of cross-cultural mentoring and support to keep the venture together.
- The ABC mentored a Russian company, Starco, in its attempt to expand its operations and to develop a more positive PR image. The company has had problems with its relations with fishing operations in the past and wanted to reformulate itself to be a better prospective partner to the western business community.
- The ABC was constructive in assisting several local companies with EcoLinks grant opportunities. For example, the ABC assisted Kristal Company in finding a U.S. business partner and applying for a Quick Response Award, which was awarded. The ABC also assisted Kristal in applying for a \$50,000 Challenge Grant.
- The ABC consulted with EnergoStroy, a medium-sized Russian construction company, on finding a foreign partner to supply (lease) small to medium construction equipment.
- Meetings with Dolinsk Mayor and City Duma Deputies. The ABC director toured the SakhalinAutoTrans factory, the Ugolzavodsk building materials factory, and the Bikov Construction Department -- a large construction company. His goal was to understand and gather information for what companies are up to in Dolinsk, what kind of capacity, facilities and expertise they have, and how open they and the administration are to foreign investment and strategic business relationships. The goal of this activity is to refer US and other foreign companies to Dolinsk to develop joint ventures and business relationships with local Russian companies.

In addition to outreach and services the ABC provided to the Sakhalin business community, it also supported the international activities of Sakhalin administration departments. These departments were provided services free of charge, as the ABC viewed its support of these activities as part of its role in the economic development of the region. Examples of the types of support the ABC was requested to provide are:

- The ABC coordinated the official trip of the head of the Dept. of Foreign Economic Relations to Alaska to sign a Trilateral Environmental Agreement between Alaska, Sakhalin and Hokkaido; this agreement also drafted and facilitated with ABC assistance.
- The ABC organized travel for a delegation of four Sakhalin natural resource and environmental protection officials to Anchorage for the International "Oil & Ice" conference (oil spill response under Arctic conditions, including field trip to North

Slope). The trip was financed through the Alaska Dept of Community and Economic Development.

- The ABC organized travel for a delegation of four Sakhalin officials, including Duma representatives, to Anchorage for an Advisory Board meeting of the Sakhalin Development Agency and to visit the Alaska Permanent Fund. The trip was financed through the Alaska Dept of Community and Economic Development, via a USAID grant.

Final Summary and Comments about Future Direction

The ABC was originally established by the US Department of Commerce and when transferred to USAID continued to utilize the same service format, with some modifications as to client base. The ABC provided temporary and long-term office space, logistical assistance, market consultation and assistance with an Expat Director overseeing the operations. Over time the mandate was expanded to include more support to the US government and technical assistance providers. Although FRAEC believes that the ABC was successful in fulfilling its programmatic mandate over ten years and has had three very successful ABC Directors at its helm, it found that the service format/template was unsustainable absent USG funding. In order to continue the Business Center activity, FRAEC had to cut costs. The existing office the ABC occupied for ten years and supporting an Expat Director on Sakhalin were not sustainable without US government funding. Therefore effective March 2006, FRAEC moved its office to a smaller space within the existing building and appointed a Russian director, with stepped-up oversight from FRAEC headquarters. FRAEC rationalized the sublease office tenancy revenues to better cover the actual overhead of the Center. The result is the new Business Center on Sakhalin is now nominally sustainable. FRAEC will monitor the Center's performance closely with the intention to carry on the important work of the ABC over the past ten years through its new FRAEC Business Center. FRAEC appreciates the long-standing support of the US government, and in particular the support of USAID, over the life of this grant. The American Business Center has contributed greatly to the region's growth and to international companies and organizations working on Sakhalin while serving the US government's interests. We are optimistic that the FRAEC Business Center will continue as a valuable legacy of the ABC so long as there is market demand for our service activities on Sakhalin.

Russian American Pacific Partnership (RAPP) Amended to Grant # 118-G-00-04-00036 from May 1, 2005

Program Summary:

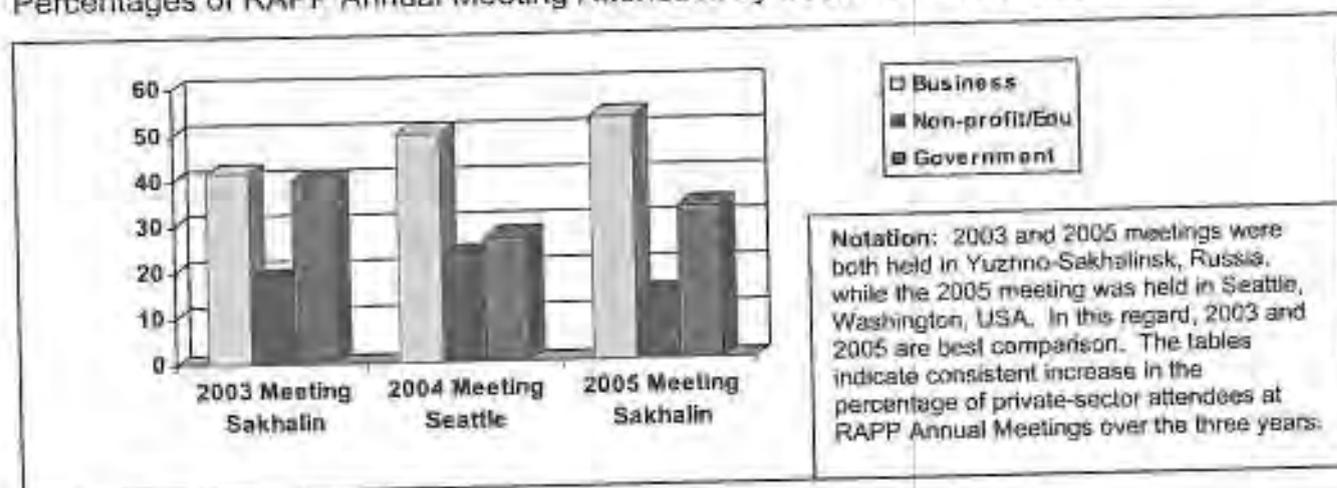
In 1994 the U.S. and Russian governments proposed the U.S. West Coast – Russian Far East Ad-Hoc Working Group (from 2002 known as RAPP) as a bi-national economic forum to support the natural basis for commerce between the respective Pacific regions of our two countries. RAPP has been an effective cross-cutting initiative in the USAID portfolio. The RAPP received USAID funding as amendment to FRAEC grant or cooperative agreements from July 2003 through this period funding ending March 2006. Beginning May 1, 2005 and through March 31, 2006, USAID funding for the RAPP activity was amended to Grant # 118-G-00-04-00036.

RAPP provided the U.S. government and its agencies critical access to Russian regional government and vital practical regional business perspectives improving the quality of the broader business and policy dialogue between the two nations. RAPP, perhaps more than any other activity, has been a model of collaboration between the eastern Russian subject regions and the western U.S. with impacts on the national bilateral dialogue.

In the assessment of the Sakhalin Committee for International and Interregional Economic Relations in January 2006, "RAPP is the most active of U.S.-Russia bilateral forums and the only such forum event in the Committee's planning for the Governor for 2006". According to Minister German Gref in his letter to the 10th RAPP meeting in September 2005, "(RAPP) has demonstrated itself to be an effective mechanism for Russian-American business cooperation, uniting regional and federal political entities, business leaders, and non-governmental organizations from the Russian Federation and the United States. ... I wish the Russian American Pacific Partnership every success in the future for fruitful cooperation between our two countries."

Holding its first annual meeting in 1995, the RAPP remains the preeminent forum for the public and private sectors in advancing regional and business development, region-to-region and business relationships between the Western U.S. and the Russian East. The RAPP has gained momentum over the past three years and continues to attract between 200 and 300 participants at its annual meetings and generates impressive private-sector fundraising support. The RAPP succeeded to increase non-government and private-sector attendance at its annual meeting with fully two-thirds "non-government" attendance in 2005.

Percentages of RAPP Annual Meeting Attendees by Sector Affiliation 2003-2005



RAPP's Financial Performance and Sustainability:

A critical measure of RAPP is the in-kind and match funding which reflects the constituent "support" or "buy-in". RAPP has impressive match, be it cash or in-kind, and programmatic value delivered relative to funding received has always been impressive. In 2005, RAPP delivered a 200 percent match of USG funding with a total activity "value" over \$450,000 against the USAID funding provision of \$150,000. Understanding an end to the Cooperative Agreement funding, RAPP ramped-up its private-sector financial sponsorship fundraising

activities in 2005. In the impressive 2005 match was the physical receipt of \$75,241 as cash discretionary (unrestricted) "program sponsorship" from an impressive list of international corporate sponsors.

The 2005 RAPP program sponsors (all cash donation receipts in 2005) were:

Exxon-Neftegaz Limited:	\$15,000.
Sakhalin Energy Investment Company:	\$10,000.
ZAO "Sakhalin Projects" (Rosneft):	\$7,000.
Ernst & Young (CIS):	\$6,941.
BP Exploration:	\$6,000.
Vneshtorgbank (Khabarovsk):	\$5,300.
Anonymous sponsor*:	\$5,000.
FOSS Maritime Company:	\$5,000.
Deloitte (Mscw):	\$5,000.
Deltaleasing (Vladivostok):	\$3,000.
Port of Olympia (WA):	\$3,000.
Port of Tacoma (WA):	\$1,500.
Sakhalin Machinery (CAT):	\$1,000.
Bellingham C.S./Talbot Investment:	\$1,000.
Port of Seattle (WA):	\$500.
Total cash sponsorships receipts 2005:	\$75,241.

* Anonymous sponsor asked not to be identified publicly.

Of the sponsorship cash funds received, \$32,241 was received directly from Russian legal entities in Russia, accounting for 42.8 percent of the total fundraising. While several were "Russian offices" of international or western firms such as Deloitte, Ernst & Young, others were wholly Russian corporate entities such as Vneshtorgbank and JSC Sakhalin Projects. RAPP is particularly pleased with its 2005 success in attracting strong Russian-source sponsorship fundraising support.

The Regional Administration significant underwriting of many expenses at the 10th annual meeting on Sakhalin (in-kind match for accounting purposes), allowed FRAEC to allocate most of the 2005 RAPP sponsorship revenues to RAPP program's continuation in 2006. RAPP's 2005 private-sector fundraising was a full 100 percent increase over 2004 fundraising reflective of the continued relevance of the forum to the business sector constituents. In fact, RAPP more than doubled its private-sector fundraising each of the past three years.

Year:	Sponsorship receipts:	Classification:
2003	\$18,000	Meeting/event specific
2004	\$37,000	Meeting/event specific
2005	\$75,000	General Program support, unrestricted
2006	\$75,000 (nominal target)	General Program support, unrestricted

Among the greatest achievements over the period was RAPP's demonstrating its trajectory to transition to private-sector-based funding while preserving relevance for its broad constituents.

Without the tremendous increase in private-source voluntary sponsorships provided RAPP the activity would not have been able to continue. Per RAPP's 2005 sustainability plan, all the private-sector program sponsorships received in 2005 were successfully carried-over into 2006. In fact, the actual carry-over of match funds to 2006 included a modest carry-over from 2004 for a total carry-over of \$76,696.18.

Other 2005 Program Deliverables:

In 2005, RAPP delivered on its programmatic, logistical and financial criteria achieving the following:

1. Held its 10th anniversary annual meeting in Yuzhno-Sakhalinsk, Russia with 250 attendees representing seven Russian East subject regions, eight U.S. states, federal entities from Moscow, Washington D.C. with the U.S. Consulate in Vladivostok, and from six third-party nations. Strength of attendance at the meeting was quite good and improved from either 2003 or 2004.
2. Increased private-sector attendance at the meeting with a full two-thirds of attendees from non-government entities - private companies, NGOs and academia. The meeting attracted a significant number of private-sector first-time participants to the RAPP providing new and practical business perspectives.
3. Departed from its traditional "industry sector" breakout session model and initiated in its place the broad thematic approach to the break-out sessions. The new format allowed RAPP to bring in new session moderators and infuse new ideas to the policy dialogue. This was a critical a positive outcome from the meeting and allows us new flexibility in selecting thematic topics and break-out session moderators at future RAPP meetings.
4. Strengthened working relationship with the Sakhalin Regional Administration host as well as with the Russian Federation Ministry of Economic Development and Trade (MEDT). The meeting organization went very smoothly with excellent cooperation and trust established between the U.S. Secretariat of RAPP and the Sakhalin Region Committee of Foreign and Interregional Economic Relations. The coordination with MEDT was strengthened and has elevated RAPP's profile and significance as a bilateral forum.
5. Produced and delivered hard-copy and electronic Summary Reports of the annual meeting to all attendees.

Continuation in 2006 and Beyond:

We are targeting a conservative \$75,000 in new 2006 fundraising targeted for receipt in mid-2006. RAPP has doubled its fundraising cash receipts in each of the past three years, and we believe our 2006 target to equal 2005 receipts is more than realistic. RAPP already has indications from three renewing sponsors exceeding \$20,000 or roughly 25% of our 2006 target. The 2005 sponsorship carry-over funds represent about half of RAPP's 2006 operating budget (not including the annual meeting attendance fee program revenues to cover associated direct meeting expenses). Balancing RAPP's fundraising with its broad-based constituent interests requires constant consideration. RAPP has thus far maintained a balanced "honest broker" reputation affording open policy dialogue between countries and regions and the wide range of interests to the forum. We appreciate the support by our sponsors of RAPP's mission and the need for such a balanced "inclusive" dialogue.

As long as there remains interest among our key-constituents and sponsors to support the RAPP, FRAEC will continue and build upon the activity to serve the mandate and mission of this important bilateral interregional engagement. The Russian east remains a region of acute development need that provides the United States unique opportunities. We appreciate the support provided this activity under USAID under Grant # 118-G-00-04-00036 which we herewith close-out. We thank the U.S. government for their support provided from this forum's inception. We look forward to our continued constructive collaboration with USAID and its implementing partners and the U.S. Mission to Russia on RAPP activities and annual meetings over the coming years.