



Forest Resources and Technologies (FOREST) Project

Cooperative Agreement Number 118-A-00-00-00119-00

Quarterly Report

January 1, 2002 – March 31, 2002

Submitted to

**United States Agency for International Development
Moscow, Russia**

Submitted by

**Winrock International
Chemonics International Inc.
The Heron Group, LLC**

This report was made possible by a grant from the United States Agency for International Development through the Moscow-funded Forest Resources and Technologies Project.

Table of Contents

I. Introduction..... 3
II. Project Administration..... 4
III. Overall Project..... 4
IV. Four Technical Components..... 5
 A. Fire Prevention..... 5
 B. Pest Management..... 9
 C. Non-Timber Forest Products and Secondary Wood Processing..... 12
 D. Renewable Energy Alternatives/Biomass..... 17
V. Cross Cutting Components..... 20
 A. Forest Policy and Legal Reform..... 20
 B. Applied Forestry Research..... 21
 C. Grants/Loan Program..... 25
 D. Volunteer Program..... 27

Appendices

- Appendix A: FOREST Project Meetings and Contacts
- Appendix B: Trip Reports
- Appendix C: Project Personnel Level of Effort

I. Introduction

Winrock International, in partnership with Chemonics and the Heron Group, was awarded the Forest Resources and Technology (FOREST) Project on July 21, 2000. This five-year project is based in Khabarovsk, Russia and will be implemented July 2000 - July 2005 in the Russia Far East and Siberia. The major goals are to reduce the threat of global climate change and preserve biodiversity by promoting sustainable forest management and preserving Russian forests as a globally important carbon sink and critical habitat for rare and endangered species.

The FOREST project is achieving these goals by focusing on four technical components: forest fire prevention, pest management, non-timber forest products and secondary wood processing, and renewable energy alternatives. In addition to the four primary components, three crosscutting components (forest policy and legal reform; applied forestry research; and a grant/loan program) will support the technical components.

This report covers activities from the third quarter of Year 2 of the FOREST Project - January 1, 2002 to March 31, 2002.

Quarter Highlights

- 200 trained educators on the school-age program and over 150 foresters trained on communication skills and working with the public on forest fire prevention during the quarter.
- 200 copies of a map “Areas of Siberian moth outbreaks in Yenisey Siberia” were presented by the Pest Management Component to directors of Krasnoyarsk Krai Leskhoses during their annual meeting in Krasnoyarsk on March 19th, 2002.
- Investment studies (incorporating both technical and financial aspects) were initiated for the “fast-track” partners JSC “Terneyles,” LLC “Igirma-Tairiku,” and JSC “AK Yeniseyles”. Final studies are expected to be completed by the planned investment conference to be held in June of 2002.
- In February 2002, two WI volunteers and the first Russian volunteer conducted a training on grant application writing for FOREST Project partners. A manual “Effective Grant Application Writing” was delivered to the participants. The following month, the II Grant Cycle was announced and as a result of the training, the number of prequalification applications tripled, and their quality was extremely high compared to those of the I Grant Cycle. FOREST Project Partners realized that by using the knowledge obtained at the training together with the manual, they can write successful grant applications.
- Lidoga Trading, a lumber company based in the Russia Far East, requested assistance in improving the quality of their cut lumber. Their clients complained to the firm that the cut lumber Lidoga was producing was defective due to a severe warping problem. Two Russian

volunteers worked with Lidoga staff to evaluate round log storage, lumber cutting processes, and general saw maintenance. The volunteers recommended how to better store round logs in the future, as well as how to properly cut round logs that have already been stored improperly for several months. Lidoga immediately began processing damaged wood using the new methods and have noticed that the warping problem has been largely solved.

II. Project Administration

Logistics/Staffing

Evgeny Kuzmichev was hired by the FOREST Project to replace Alexander Zabelin as the FOREST Project's new Deputy Project Manager. Dr. Kuzmichev brings to the project significant experience in forestry acquired during his previous work as Deputy Director of the Federal Russian Forest Service.

Konstantin Shkonda and Lydia Paramonova joined the Biomass Component as the new investment and finance specialist and component administrative assistant, respectively. Having worked for the European Bank for Reconstruction and Development (EBRD) in Khabarovsk, Russia as an investment officer and the DalGeo, Russia –Australia Open Joint Stock Co. as Assistant Director on Economic and Financial Matters, Konstantin brings his expertise in finances to the team and will help the Russia FOREST Project achieve its financial project objectives.

For the quarter January 2002-March 2002, the level of effort breaks at **Russian 86%; US is 14%**. For the life of project, the break down is Russian 79% and US 21%.

III. Overall Project

Activities

FOREST Project Manager Craig VanDevelde attended the Regional Initiative Round Table meeting hosted by Jim Wells on January 18th and attended by 12 other NGO representatives. An overview of the program was presented and questions were answered concerning FOREST's past and future plans. Representatives from the Krai Economic Committee and the Krai Department for International Investment also attended.

FOREST Project Manager Craig VanDevelde traveled to Vladivostok on January 15th to meet with US Consulate personnel, Advisory Council members, and local partners.

FOREST Project Manager Craig VanDevelde and new Deputy Program Manager Evgeny Kuzmichev traveled to Krasnoyarsk from January 28th to February 1st to meet with krai administration officials, Advisory Council members, and to attend the Fire Prevention Seminar.

Meetings were held with the Deputy Governor of the Krai, representatives from the Krai Department of Energy, and various NGO's.

The BBC interviewed FOREST Project staff members Craig VanDevelde and Evgeny Kuzmichev on NTFP issues facing the Russia Far East. Interviews were conducted on February 7th and 12th for possible airing in April or May of 2002.

Senior FOREST Project staff members Evgeny Kuzmichev and Nina Danilyuk traveled to Sakhalin from February 11th to the 14th to attend a Component 1 forest fire prevention public awareness event as well as hold meetings with Sakhalin oblast officials and local NGOs.

FOREST Project Manager Craig VanDevelde met with representatives from the McGregor Model Forest Project to discuss areas of potential collaboration. A specific area of interest includes small business support in secondary wood processing and NTFP sectors in the Khabarovsk Krai.

IV. Four Technical Components

A. Component 1 – Fire Prevention

1. Major Activities

- In January, FOREST finalized its fire prevention education program for school-aged children. 5000 copies of the teaching manual and visual aid have been produced and are being distributed. Six training seminars were held this quarter to introduce the materials to more than 116 educators from schools, Ecological/Biological Centers, and Junior Forest Ranger programs. Following this training, informational stands were spontaneously created by organizations of their own accord at the Krai Ecological/Biological Center, at a private school in Khabarovsk, and at the Ilenka Public School using the FOREST Project tip/fact sheets.
- 150 foresters received training to improve communications and outreach skills this quarter in 18 days of training. Participants - including Khabarovsk Krai Forest Personnel Improvement Center Faculty, leshoz directors, foresters, forest engineers, and patrollers - participated in interactive learning activities to hone their public speaking and conflict management skills and further develop their abilities to engage with the public in community activities, and successfully communicate with the public both one-on-one and in community meetings.
- A contract was signed with local NGO "Alliance" to begin their work on a targeted forest fire prevention public awareness campaign aimed at Komsomolsk picnickers and dacha visitors. Alliance plans on creating a six-week long campaign involving schools, junior forest ranger leaders, and seed stores to create an interactive, networked community working together to encourage appropriate fire prevention behavior.
- A contract was signed with NGO "Krechet" to begin work on a targeted fire prevention campaign directed towards hunters in nine areas throughout the Krai. Krechet is basing

their campaign on educational trainings combining a “Father/Son Day,” trainings within schools, and community hunter meetings.

- A new public awareness design (with tiger and bear) has been prepared by Component 1 staff, and is ready for production.
- On February 14 the FOREST Project helped sponsor a 2-day community “Valentine Tram – Love of the Forest” event in Komsomolsk organized by the NGO “Alliance,” Orphanage #4, and School #23. Outreach specialists dressed in the FOREST Project Tiger and Bear costumes traveled throughout the city on a public tram specially-decorated for Valentine’s Day, informing people about fire prevention and distributing educational materials. Approximately 15% of Komsomolsk’s population experienced a unique and educational ride on the “Love of the Forest Tram”.
- On March 27 and 28, the FOREST Project helped to sponsor a two-day community “NGO” event in Khabarovsk organized by the NGO Resource Center. A Tiger and Bear parade marched through the main streets of the city, and forest fire prevention educational materials were handed out to spectators. Alliance then made a presentation to other NGO participants on their fire prevention work, explaining how to use the costumes and FOREST Project materials.
- A specialist has been hired to be based at the FOREST Project office in Yuzhno-Sakhalinsk, and FOREST continues to search for an excellent component representative for the Krasnoyarsk office to facilitate the expansion of component activities in Krasnoyarsk Krai and Sakhalin Oblast.
- A follow-up KAP survey was conducted in Khabarovsk Krai to obtain a “snapshot” of effectiveness of activities to date was (see exciting results under “Findings” below).
- A baseline public opinion survey was conducted in Krasnoyarsk Krai. Data is now being analyzed and reports will be prepared. A similar baseline survey will be conducted in Sakhalin in the next month.

2. Key Issues

- The relationship between C1 and the Federal Forest Research Institute in Krasnoyarsk (Mr. Glavotski’s office) will require continuing attention over the next few months, as they undertake their first contract under the project. The Institute is one of Russia’s leading repositories of knowledge on forest fire protection and therefore, is a logical partner for the FOREST Project. However, early proposals by the Institute did not fit well with component’s objectives and methods. The initial contract can provide a mechanism by which we can explore the potential for future collaboration. Careful attention should be paid to this during the summer of 2002.
- The demands on staff time of the new initiatives in Krasnoyarsk and Sakhalin Island will be substantial. Therefore, careful attention will be needed to integrate new regional specialists into the team, and use them effectively along with existing staff to handle the work load created by four competitive campaign contracts (two general and two targeted) in each of the three regions, journalist competitions, and needed networking activity. Cari Ann VanDevelde has done a good job of carefully identifying concrete tasks to be carried out (in the face of many demands for different types of services and support), but this will remain an important area to monitor.

3. Problems and Findings Based on Work to Date

- First Follow-Up Survey in Khabarovsk Shows High Public Knowledge of FOREST Project Materials!***: Eighty-eight percent of adults in two key cities in Khabarovsk recognize the FOREST Project central fire prevention message “Eight out of ten forest fires are caused by people.” This is one result of the first follow-up survey in March 2002, of 600 randomly selected adults in Khabarovsk’s two largest cities – Khabarovsk and Komsomolsk. The survey also showed 93 percent of adults remember seeing the C1 routine forest fire danger level announcements now carried on TV and radio in the two regions. Concerning two TV “social messages” (public service announcements) that were aired by Gubernia TV in Khabarovsk and also by the state station in Komsomolsk, results showed 33% remembered the one about “green forest/burned forest,” and 22% remembered one of school children discussing what the forest means to them. Radio spot recognition ranged from 10-15%. These results compare well with other communication campaigns in their first years of activity. The TV spots are now being copied for distribution to TV stations in Krasnoyarsk and Sakhalin Island as well as Khabarovsk.

4. Summary of Component 1 Tasks of the Last Quarter

Task	Location	Persons Involved	Status/Results
Task 1: Implement General Awareness Campaign	Initially in Khabarovsk; expand to other regions	Ludmila Liamets Cari Ann VanDevelde Eric Abbott Component 1 Working Group Local research firm ST local consultants	Ongoing – forest fire prevention awareness events held in Khabarovsk and Komsomolsk; terms of reference for general communications activities developed; terms of reference for Competition of Journalists developed. <i>Follow-up survey indicates significant recognition by public of C1 messages.</i>
Task 2: Strengthen Foresters’ Communication Skills and Community Participation	Initially in Khabarovsk; expand to other regions	Dmitry Piven Dan Hilleman Punky McClellan Ministry of Natural Resources In-Service Training Center ST local consultants	Ongoing – 150 foresters received training to improve communications and outreach skills this quarter in 18 days of training.
Task 3: Develop Forest Fire Prevention Curriculum for Schools	Initially in Khabarovsk; expand to other regions	Dmitry Piven Cari Ann VanDevelde Schools Working Group Schools, teachers, environmental programs and clubs ST local consultants	Ongoing – 5000 copies of the teaching manual and visual aid have been produced and are being distributed. Six training seminars were held in Khabarovsk Krai this quarter to introduce the materials to more than 116 educators from schools, Ecological/Biological Centers, and Junior Forest Ranger programs.
Task 4: Develop Campaigns Targeted at Special Groups	Initially in Khabarovsk; expand to other regions	Ludmila Liamets Cari Ann VanDevelde Eric Abbott Local research firm ST local consultants	Ongoing – NGO “Krechet” has been contracted to undertake fire prevention campaign targeting hunters; NGO “Alliance” has been contracted to undertake campaign aimed at picnickers and dacha visitors.

Task	Location	Persons Involved	Status/Results
Task 5: Conduct Public Opinion Polling/Audience Research	Khabarovsk	Ludmila Liamets Eric Abbott Local research firm ST local consultants	Follow up survey completed in Khabarovsk. Baseline survey completed in Krasnoyarsk. Data is being analyzed and reports are being prepared. Baseline survey in Sakhalin to begin in April
Task 6: Production and Distribution of Fact Sheets	Khabarovsk and other regions	Dmitry Piven Cari Ann VanDevelde Punky McClellan Eric Abbott Dan Hilleman Bob Kern Local ST consultants	On-going. 25,000 fact and tip sheets distributed to date.
Task 7: Forest Fire Monitoring	Initially in Khabarovsk; expand to other regions	Dmitry Piven Harry McClellan Far Eastern Dept of Nat Resources - Division of Forest Use and Reforestation Eric Abbott Local ST consultants	On-going.
Task 8: Expanding and Using Contact Groups	Khabarovsk and other regions	Ludmila Liamets Dmitry Piven Oksana Filina Cari Ann VanDevelde John Woods Local ST consultants	On-going. A journalist has been hired to produce a quarterly newsletter. The first edition will be available in May. Survey for C1 contact group members has been developed, to gauge their impressions of C1 activities and solicit more feedback.
Task 9: Forest Rest Area Development	Initially in Khabarovsk; expand to other regions	Winner of FOREST Project grant Far Eastern Dept of Nat Resources - Division of Forest Use and Reforestation Winrock Volunteer(s) Dmitry Piven Harry McClellan	On-going. Rest area development in Khabarovsk currently being done by grant recipients.
Task 10: Formulate a Sustainability Plan	Khabarovsk and other regions	Dmitry Piven Ludmila Liamets Cari Ann VanDevelde John Woods Eric Abbott Dan Hilleman	On-going.

5. Level of Effort

During the quarter (January 1 – March 31, 2002) approximately 412 days or approximately 19 months (22 day/months) were spent on Component 1. See Appendix C for detailed breakdown of persons, activities, and time.

6. Deliverables

- 150 foresters trained
- 116 educators trained
- 5000 copies of education materials produced and currently being distributed
- 4 community events

- 25,000 fact and tip sheets distributed
- 1600 key chains produced
- 5000 notebooks produced

B. Component 2 – Pest Management

1. Major Activities

- Yuri Baranchikov and Evgeny Kuzmichev participated in a conference in Krasnoyarsk on international forest protection projects held on March 27th and 28th. General information on the FOREST Project was provided, and six posters depicting Component 2 activities and results were displayed. The event was planned and organized by the Center of Forest Protection in Krasnoyarsk. Other key personnel attending the conference include Nina Danilyuk, Administrative Director, and Anatoly Tyskalov, Director, Krasnoyarsk FOREST Project Administrative Office. Also in attendance were Carol Pierstorff and Lyudmila Vikhrova from USAID-Moscow.
- A map developed by Component 2 “Areas of Siberian moth outbreaks in Yenisey Siberia” was officially presented to the Directors of Krasnoyarsk Krai Leskhoses during their annual meeting in Krasnoyarsk on March 19th, 2002. Mr. V. Vekshin, Head, Krai Forest Service introduced FOREST Project personnel to the audience, and Yuri Baranchikov and A. Tsykalov presented information on the tasks of the project and the way the map can be used to improve monitoring. Two hundred copies of the map were sent to the forest protection staff of the Krai.
- A draft report on the economics of monitoring forest insect pests was submitted by R. Vartanov and is in review by The Heron Group and others. The report focuses on costs related to sampling larvae of the Siberian moth in Krasnoyarsk Krai and Irkutsk Oblast and use of pheromone traps in Krasnoyarsk Krai. Results will be presented and discussed at the fourth Working Group meeting of Component 2 which will be held on April 5, 2002 in Khabarovsk. A final draft will be presented at the Advisory Council meeting to be held in June in Sakhalin.
- Preparations have been completed for placement of pheromone traps for Year 3. Activities included training key staff from partner Centers for Forest Protection on pheromone trap construction and placement, and GIS operations.
- An agreement with Sukachev Institute was signed on January 31st to develop a Component 2 database and also to develop Siberian moth monitoring maps for the Yenisey-Angara regions of Krasnoyarsk Krai. This work will be completed by June 30, 2002.

2. Key Issues

- A meeting in Krasnoyarsk on March 28th in the Krasnoyarsk Center of Forest Protection generated concern on the part of USAID and project management in regard to several aspects of work in Component 2. Both Winrock and The Heron Group have focused their attention on this matter and believe they have resolved all issues raised, but will continue to monitor the situation.

3. Problems and Findings Based on Work to Date – None

4. Summary of Component 2 Tasks for the Quarter

Task	Location	Persons Involved	Status/Results
i. Planning and Coordination	Khabarovsk Krasnoyarsk and in U.S.	McFadden, Sharov, Baranchikov and Working Group Baranchikov and McFadden	Preparations were completed for a field training session and WG meeting to be held in Khabarovsk on April 4 th and 5 th . Preparation and submission of Work Plans and Budgets for Years 3-5.
ii. Public Awareness	Component wide	Heron Group, Sukhachev Institute, and MNR	Two new series of informational publications are planned and will be published in the next quarter and in year 3.
Delineate Regions of Siberian Forests	Krasnoyarsk Krai; Irkutsk Oblast; Primorskiy Krai	Sukachev Institute, and Centers of Forest Protection, MNR in each area.	Data for production of maps of these areas are being collected. The maps will show habitat quality and areas of potential risk to defoliation by Siberian moth.
iv. Identify Habitat Quality	Krasnoyarsk Krai	Sukachev Institute	Maps of 2 new Leskhozses are being prepared and will depict high risk areas for monitoring
v. Compare Moth Captures in Various Habitats	Krasnoyarsk Krai	Sukachev Institute	Report describing the numerical relationship between moth counts and habitat quality is being developed.
vi. Compare Siberian moth Counts and Larval Density in Krasnoyarsk Krai	Krasnoyarsk Krai	Krasnoyarsk Center of Forest Protection	Component 2 will continue to support use of pheromone traps and the Centers will support work on sampling of larvae
vii. Comparison of Siberian Moth Counts and Larval Density in Irkutsk Oblast	Irkutsk Oblast	Irkutsk Center of Forest Protection and Institute	This work will be continued to see if a threshold for action can be developed in an area where there are high, medium, and low levels of defoliation

Task	Location	Persons Involved	Status/Results
viii. Monitor Siberian Moth in the new regions of Primorskiy and Khabarovsk Krai and in Tomsk	Primorskiy Krai Khabarovsk Krai and Tomsk	Primorskiy Center of Forest Protection; Khabarovsk Center of Forest Protection; Far East Forestry Research Institute Tomsk Center of Forest Protection	Traps will be placed in June of 2002 and removed in late summer to establish base line data for Siberian moth populations in these areas
ix. Pheromone Monitoring of Siberian Moth and Gypsy Moth in Area with Continuous Pest Distribution	Krasnoyarsk Krai; Republic of Khakassia	Sukachev Institute	Traps will be placed in the Spring of 2002 and removed in late summer. This will provide a second year of data for this region.
x. Remote Monitoring and Prognosis of Black Fir Sawyer Beetle	Krasnoyarsk Krai	Krasnoyarsk Center of Forest Protection	Unless we see considerable improvement in this work it will be terminated in June
xi. Data Analysis and Decision Support System	Krasnoyarsk	Sukachev Institute and all Russian partners	A data base has been developed using first year data. The data base will be updated continuously as data become available and will be available to all through the internet
xii. Refine and Maintain Web Site	Krasnoyarsk	Sukachev Institute	Move all data and maps to web site and continue to refine and update site
xiii. Inter-Regional Seminar on Forest Pest Monitoring	Krasnoyarsk Khabarovsk	Sukachev Institute; Ministry of Natural Resources Far East Institute of Forest Management; Sukachev Institute; Ministry of Natural Resources	Meeting held on November 28 th with 77 attendees. Proceedings are being edited and will be published soon. Training and WG meeting to review Year 3 plans to be held in Khabarovsk in early-April, 2002

5. Level of Effort

During the quarter (January-March, 2002), approximately 197 days or 9 person months (22 days/month) were spent on Component 2. See Appendix C for detailed breakdown of persons, activities and time.

6. Deliverables

- Component electronic data base has been developed and is now in use.

- A map developed by Component 2 “Areas of Siberian moth outbreaks in Yenisey Siberia” was produced and distributed.

Publications

- The Russian FOREST Project: First Year Results of Monitoring Siberian Moth and Gypsy Moth
- Populations in Siberia Using Pheromone Traps. Sharov, A., M. W. McFadden, and Yuri Baranchikov. To be published in the Proceedings of the U.S. Department of Agriculture Interagency Research Forum on Gypsy Moth and Other Invasive Species. 2002.

Presentations

- The Russian FOREST Project: First Year Results of Monitoring Siberian Moth and Gypsy Moth Populations in Siberia Using Pheromone Traps. Alexei Sharov, Max McFadden and Yuri Baranchikov. To be published in the Proceedings of the U.S. Department of Agriculture Interagency Research
- Forum on Gypsy Moth and Other Invasive Species. 2002.
- Institute of Animal Ecology and Systematics, Siberian Branch, Russian Academy of Sciences, Novosibirsk. January 16, seminar on the goals and first year results of Component 2 work. Presented by Yuri Baranchikov to 15 participants.
- Novosibirsk Institute of Organic Chemistry, Siberian Branch, Russian Academy of Sciences, Novosibirsk, January 17, seminar on the goals and first year results of Component 2 work. Presented by Yuri Baranchikov to 15 participants.
- Center for Forest Protection of Primorskiy Krai, Vladivostok, January 24, seminar on the goals and first year results of Component 2 work. Presented by Yuri Baranchikov to 9 participants.
- Biological and Pedagogical Institute, Far Eastern Branch, Russian Academy of Sciences, Vladivostok, January 25, seminar on the goals and first year results of Component 2 work. Presented by Yuri Baranchikov to 14 participants.
- Component 2 Coordinator Yuri Baranchikov participated in a conference on International projects on forest protection in Krasnoyarsk Krai in Krasnoyarsk on March 27-28. Six posters depicting Component 2 activities and results were placed on display.

C. Component 3 – Non Timber Forest Products and Secondary Wood Processing

1. Major Activities

- Year Two partners were finalized with the Memoranda of Understanding (MOU) signed with ‘Region 7’ and ‘The Far-Eastern Association of NTFP Processors’ to become official FOREST Project partners for Year 2. Founded in 1999, Region 7 is a sustainable natural resource management organization which represents many aspects of forest use in Khabarovsk Krai – from fishing and hunting to saw-milling. Of the 13 companies that form Region 7’s core membership, five are engaged in NTFP harvesting and processing and constitute more than 30 percent of Region 7’s total operations. Region 7 works cooperatively as different member companies compliment each other and the association

works to ensure that all of its companies keep operating regardless of the season. A major hardship of any NTFP business is the seasonal nature of operation. Members of Region 7 stay active year-round, e.g. hunting mostly takes place in the winter, and in the summer the hunters are contracted to harvest NTFPs. Since the Association's activities follow traditional land management practices to a large extent, it is highly committed to the indigenous people's community development. Region 7's Chair is Mr. Alexander Yermolin. Its Executive Director is Mrs. Antonina Pronina.

The Far Eastern Association of NTFP Producers is a not-for profit organization whose mission is to unite NTFP companies in Khabarovsk and Primorskii Krai to coordinate their sustainable natural resources management practices. The association's program was developed with Pacific Environment Resource Center's assistance and it was approved in June 1995 at an international conference on the practical uses for the RFE phyto resources that was sponsored by the Russian-American EPT Project. The association currently has 30 members that are NTFP harvesting and/or processing companies in the two kraia, as well as major research institutions that are involved in NTFP management and in the development NTFP based products. The Association's Chair is Mr. Andrey Zakharenkov, a leading NTFP expert in the RFE and Siberia, who was instrumental in the establishment of similar associations in Krasnoyarsk and in Buryatia.

- The NTFP Working Group was created and the first meeting was held on March 5 in Khabarovsk. The Group is composed of 13 members, representing the NTFP sector in Krasnoyarsk, Khabarovsk, and Primorski kraia, and Sakhalin oblast, and includes participants from government, NTFP enterprises and associations, the academic sciences and research community, the forest industry, and the business community. Membership includes:
 - Viktor Stepanovich Morogin, Head of Forestry Department of the Timber Industry Administration under Krasnoyarsk Krai Administration;
 - Anna Aleksandrovna Gukova, Leading Expert with the Biodiversity Conservation and Licensing of Nature Conservation Activities Department of the Krasnoyarsk Krai Natural Resources Committee;
 - Vladimir Ivanovich Terentyev, 'Ecovit' Company Manager, the Krasnoyarsk NTFP Association Executive Director;
 - Boris Georgievich Permyakov, Irkutsk Institute of Agriculture, PhD (Biology), Professor, a leading NTFP expert in Siberia
 - Nikolai Alekseevich Starkov, Deputy Head of Department of Consumer Market, Commerce and Services under the Trade and Industry Committee of the Sakhalinskaya oblast Administration;
 - Anatoly Grigoryevich Izmodenov, Ph.D., Biology; has developed and has taught an NTFP course at the Forestry Industry Institute in Khabarovsk, is author of a textbook on NTFPs, and is a leading NTFP expert in the RFE;
 - Andrei Zakharenkov, Far-eastern NTFP Producers' Association Chair, the Far-eastern Forestry Research Institute Expert;
 - Valery Evgenyevich Mysin, 'Forest Products' Company Deputy Manager;
 - Vasily Ivanovich Tolstykh, NTFP Division Head of the Khabarovsk Krai Natural Resources Department;

- Alexander Vasilyevich Abrosimov, Head of Harvesting and Production Department under Primorskiy Krai Administration;
 - Mrs. Antonina Pronina, Executive Director of Region 7 Association;
 - Vladimir Vasilyevich Kudelko, Manager of 'Kur-Urmi Vostok' Company;
 - Vladimir Leopoldovich Koshelev, Manager of 'Amurpbiopharm' Company
- Sakhalin Association of Forest Products Processors developed a strategic plan with the help of Volunteer BJ Shannon when he conducted a three-day strategic planning workshop March 20-22. Association board members received training on how to organize an annual meeting and develop an agenda.
 - The Sakhalin Association of Forest Products Processors held its first annual meeting on March 23, following the above strategic planning workshop. Twenty-two members attended and approved the Association's mission and strategy for the next five years as follows: 'Conservation of Sakhalinskaya oblast's forest wealth, its sustainable management through secondary processing with the application of up-to-date technologies, establishment and development of linkages between the Association's members and new business partners at domestic and international markets'. In addition to implementation of this mission, the Association's major strategic goals include: the continuous identification and assessment of the members' needs and problems; representation and advocacy of members' interests in the government and legislature; provision of qualified services to the Association members on an as needed basis; and establishment of a market of value added forest products on Sakhalin.
 - The Market Survey of SWP production and capacity for Siberia was completed by the All-Russian Scientific Research Institute of Forest and Forestry Mechanization (Moscow) in March. The survey confirmed that the main wood product produced in Krasnoyarsk Krai and Irkutsk oblast is industrial round wood (nearly five times the volume of lumber produced), with exports of round logs double the amount of lumber in 2000. The main constraints to adding value to wood products in the Krasnoyarsk and Irkutsk forest industries are lack of cash assets and lack of possibility to take a credit, lack of information on international markets, high customs duties for finished commodity and for imported equipment, lack of information on foreign investors, and high transportation costs. Because of anticipated future growth in the forest industry throughout Russia, there is little expectation of rebound in the Russia-wide demand for wood products from Krasnoyarsk and Irkutsk, except perhaps in pulp and paper products. The study predicts that a longer scenario (5-10 years) holds growth in domestic and international demand by 1.5- 2 times. The information from this regional market survey will feed into the overview domestic analysis of the RFE and Siberia, and will guide the identification of policy disincentives facing the domestic industry, opportunities for increasing value-added, and building potential linkages with external markets for processed wood products.
 - Hakan Ekstrom, of the Wood Resource International consulting firm, spent three weeks working in Krasnoyarsk, Primorskiy and Khabarovsk kraies and Sakhalin oblast meeting with administration officials and secondary wood processing (SWP) company managers as part of the Component 3 SWP Market Study. Mr. Ekstrom will build on the local consultants' domestic market analyses of SWP sector in the Russia Far East and Siberia to identify international markets for domestically produced value-added forest products.

Based on his meetings, he identified some key policy issues that hamper the expansion of secondary wood processing. They are:

- High export duties on wood products;
 - Existing import duties on sawmilling and wood processing machinery;
 - High transportation tariffs;
 - Lack of market information;
 - Illegal buying of Russian round logs by Chinese middlemen in violation of the Russian legislation.
- Members of the Far-Eastern Wood Processors' Association formed a furniture makers division within the Association after learning about furniture designs and trends at a workshop. FOREST consultant, David Walton, of the Haworth Office Furniture Design and Manufacturing Company (U.S.), presented designs and trends on furniture making in the U.S. and worldwide. The division within the association will consolidate the furniture makers to secure the industry's growth in the region, provide them with design and engineering services, facilitate cooperation between them, provide them with information, facilitate mass production of solid wood furniture, improve industry-related legislation, and help attract investments.
 - Voyage, a glued component manufacturer in Khabarovsk, learned how to acquire funding for the from a qualified bank to begin to market the new products 45 days earlier before all the new equipment is installed, and to establish a detailed marketing strategy to most effectively penetrate new markets. The company was also advised to closely monitor various financial indicators such as currency exchange rates, etc. Volunteers Nicholas Martin assessed the Japanese market demand for finger jointed glued components and Jared Knight helped develop a business plan in February.
 - Syankhimles Company in Krasnoyarsk Krai had Russian volunteer A. Mezentsev assess the quality of the about 6 billion cubic meters of sunk wood in the Sayano-Shushenskoye water storage reservoir and provide recommendations. Mr. Mezentsev found that in addition to the production of charcoal which the company already had started, it is possible to manufacture chips from the raw material stored in the reservoir. The proposal interested the leaders of the company and they are now studying it more closely.
 - An association brochure was completed as a tool to explain the principles and benefits of forming an association and the basic function and organization. The brochure was finalized by FOREST Project staff working with a local design firm. It will be distributed by the FOREST Project to provide information to leaders and members of potential partner associations in Years 3, 4, and 5 of the FOREST project, and to inform other individuals or groups interested in forming an association.

2. Key Issues - None

3. Problems and Findings Based on Work to Date - None

4. Summary of Component 3 Tasks of the Last Quarter

Task	Location	Persons Involved	Status/Results
Working Group formation	Khabarovsk	Andrey Lazarenko, Sergey Golyashov, Lydia Volkova, Vita Milyutina	Completed: SWP Working Group established and held first meeting 11/20/00.

Task	Location	Persons Involved	Status/Results
SWP Market Study In Siberia	Siberia	Sergey Golyashov, Russian partners	Market survey of SWP sector in Siberia completed.
Association Member strengthening	Khabarovsk and Krasnoyarsk kraiss	Sergey Golyashov, Ludmila Khakhaleva, Alexander Zabelin	Consultant assistance to 2 Association members
Association Member strengthening	Khabarovsk, Krasnoyarsk kraiss, Sakhalinskaya oblast	Sergey Golyashov, Ludmila Khakhaleva, Alexander Zabelin	TORs for business consultants for the 11 Association members were prepared
Choosing the Associations for Year 2	Khabarovsk Krai, Sakhalinskaya oblast	Lydia Volkova, Sergey Golyashov	Memorandum of Understanding was signed with the Sakhalin Association, the Far Eastern Wood Processors' Association, the NTFP Assn., Region 7
Support to Associations members, support to Associations	Khabarovsk Krai	Lydia Volkova, Vita Milyutina, Sergey Golyashov, Ludmila Khakhaleva	The conference on furniture industry tendencies has been prepared and held
Association strengthening	Sakhalin	Lydia Volkova, Vita Milyutina,	The seminar on strategic planning was held and assistance rendered on conducting the annual meeting in the Sakhalin Association
Sending the delegations to the trade shows	Khabarovsk Krai, Krasnoyarsk Krai, Sakhalinskaya oblast	Andrey Lazarenko, Sergey Golyashov, Lydia Volkova, Vita Milyutina	Trade shows in Hong Kong and Seattle have been selected

5. Level of Effort

During the quarter (January - March, 2002), approximately 218 days or approximately 10 months (22 day/month) were spent on Component 3. See Appendix C for detailed breakdown of persons, activities and time.

6. Deliverables

- Market Study on Secondary Wood Products in Siberia
- The MOUs with the Sakhalin Forest Products Processors Association and the Far Eastern Wood Processors Association (Khabarovsk) signed
- The Web-site for the Sakhalin Association designed
- Consultative support to two members of the Associations rendered
- The NTFP work group formed, the annual meeting of the work group held
- The brochure on the importance of the Associations prepared

D. Component 4 – Renewable Energy Alternatives/Biomass

1. Major Activities

- The Biomass Component distributed announcements to solicit expressions of interest from 1) Russian organizations interested in preparing investment studies on biomass energy projects and 2) design firms interested in developing biomass energy investment projects at their facilities. The team received nine responses from companies and four responses from design firms (see below). Based on information provided on their financial stability, operational and management capacity, technical capability, and awareness of biomass energy, three of the companies appeared to be more advanced than the others and were designated as “fast-track” companies. Less advanced companies were designated as “slow-track.”

#	Name of Design Firms	Location
1	LLC “Turboblok-service”	Vladivostok
2	LLC Research Institute “Institute of Ecology and Hygiene”	Vladivostok
3	JSC “Irkutsk Research Institute of Forest industry”	Irkutsk
4	LLC “Orgkhimecologia”	S-Petersburg

#	Company Name	Type of facility	Location
First-track companies			
1	JSC “Terneyles”	Cogeneration power plant about 4-5 MW	Settlement Plastun, Terneysk District, Primorski Krai
2	LLC “Igirma-Tairiku”	Boiler house reconstruction – 2 boilers and 6-10 drying kilns	Settlement Novaya Igirma, Nijne-Ilimsk District, Irkutsk Oblast
3	JSC “AK Yeniseyles”	3 cogeneration power plants about 1-2 MW (in 3 enterprises), drying kiln, water boiler 2 Gcal/h	Krasnoyarsk
Slow-track companies			
1	LLC “DeKastriles”	Cogeneration plant about 2 MW	Settlement DeKasrty, Khabarovsk Krai
2	JSC “Yartsevski LPH”	Cogeneration plant about 6 MW	Settlement Zotino, Krasnoyarsk Krai
3	JSC “Shelekhovski LPH”	Cogeneration plant about 2 MW	Settlement Yagodni, Khabarovsk Krai
4	LLC “Voskokribstroy”	4 boilers and 2 drying kilns	Vladivostok, Partizansk
5	City hall of Kazachensko-Leninsk District of Irkutsk Oblast	Cogeneration plant 500 kW	Settlement Ermaki, Kazachinsko-Lensk District, Irkutsk Oblast
6	City hall of Ust-Udinsk District of Irkutsk Oblast	Cogeneration plant 750 kW	Settlement Anosovo, Ust-Udinsk District, Irkutsk Oblast

- Investment studies (incorporating both technical and financial aspects) were initiated for the following “fast-track” companies: JSC “Terneyles,” LLC “Igirma-Tairiku,” and JSC “AK Yeniseyles.” Memorandums of Understanding (MOUs) have been signed with all

three “fast-track” companies. An MOU has also been signed with Terneyles’ design firm – Turboblock Services. MOU’s with Igirma-Tairiku’s design firm – Energomash, and Yeniseyles’ design firm – Orgkhimecologia-Petersburg are in the process of being negotiated. Component 4 members Tatyana Khodos and Konstantin Shkonda have made site visits to all three of these “fast-track” sites (see trip reports). For the six “slow-track” companies, candidates were evaluated as acceptable, but in need of some additional help to strengthen the proposals. Assistance will be provided to help these applicants enhance their profile - through participation in study tours, discussions with consultants, workshops, and other forms of training - to enable them to attract financial support for their projects. The component continues to identify companies interested in biomass energy. Component 4 Team members Tatyana Khodos, Raphael Vartanov, and Konstantin Shkonda are making contacts with companies that did not respond to the solicitations.

- Proposals for Yagodniy and DeKastri were submitted to the U.S.-EcoLinks grants program to support the building of cogeneration and/or dry kiln and boiler projects. Yagodniy passed the first round and is considering continuing onto the second round of the competition. EcoLinks felt that both Yagodniy and DeKastri were strong candidates, but with limited funding, selected Yagodniy. Meanwhile, DeKastri is being considered as a “slow-track” candidate to be funded through the Russia FOREST Project.
- Preparations are being made for the June 11, 2002, financial workshop to take place in Vladivostok, Russia. The objective of the workshop is to identify potential investors and obtain funding to support biomass projects in Siberia and the Russian Far East. The workshop will also make potential investors aware of investment potentials in biomass energy in the region. As the draft agenda currently stands, “fast-track” companies will give presentations on how they developed their investment studies, including problems encountered. Biomass energy expert Thomas Miles will give a presentation on the experience constructing and developing biomass power plants in the U.S. Finance and credit institutions will give presentations on their criteria for financing projects and the essentials of putting together financial packages. The workshop will conclude with a panel discussion where interested company participants can discuss project opportunities with investors.
- Component staff continue to discuss with companies and regional representatives the composition of the Component’s Working Group. The current plan is to invite two representatives – one from Industry and one from Administration - from each of the Russia FOREST Project regions to the Group.
- Russia FOREST Project Grants – Request for Application Round 2. An announcement was placed in early February 2002 on the FOREST Project website requesting applications from interested parties to construct biomass facilities. The deadline for the Round 2 submissions is April 13, 2002.

2. Key Issues

- Securing funding to support both fast and slow-track companies.
- Having the November 2001 biomass energy workshop proceedings and Biomass Energy Market Assessment report edited, translated into Russian and English, and published in time to be distributed at the financial workshop in June 2002.

3. Problems and Findings Based on Work to Date

- After passing the first round of the EcoLinks competition, Yagodniy has been slow in completing the full application for the second round of the competition.
- The Study Tour planned for Year Two was postponed until after the completion of the financial workshop to focus on ensuring that the fast-track candidates complete their investment plans and properly prepare their presentations for the financial workshop.
- Sergey Petrovich Amelguchov, General Director of the All-Russian Research Institute for Fire Protection, Siberian Branch of the Russian Academy of Sciences (VNIPO) in Krasnoyarsk, was unable to respond in time to the component's request for a revision of his paper. His report will not be included in the November 2001 biomass energy workshop proceedings.

4. Summary of Biomass Component Tasks

Task	Location	Persons Involved	Status/Results
Distribute announcements to solicit expressions of interest from 1) Russian organizations interested in preparing investment studies on biomass energy projects and 2) design firms interested in developing biomass energy investment projects at their facilities.	Khabarovsk, Irkutsk, U.S.	Tatyana Khodos, Craig VanDevelde, Lydia Paramonova, John Kadyszewski, Margie Huang, Raphael Vartanov	Completed
Evaluate responses to announcements and select "fast-track" companies.	Khabarovsk, Irkutsk, U.S.	Tatyana Khodos, Craig VanDevelde, John Kadyszewski, Tom Miles, Raphael Vartanov	Completed
Make trip visits to Terneyles, Igirma-Tairiku, and Yeniseyles	Russia	Konstantin Shkonda, Tatyana Khodos	Completed
Sign MOUs with these fast-track companies and their design firms	Russia	Konstantin Shkonda, Tatyana Khodos	In progress
Continue outreach to attract additional companies	Russia	Konstantin Shkonda, Tatyana Khodos, Raphael Vartanov	In progress
Submit first round of U.S.-EcoLinks applications for Yagodniy and DeKastri	US, Russia	John Kadyszewski, Margie Huang, Lydia Paramonova, Thomas Miles, Tatyana Khodos	Completed
Submit RFA announcement for the second round of the Russia FOREST Project grants	US	Thomas Miles, Raphael Vartanov, Margie Huang	Completed
Edit Biomass Energy Market Assessment workshop proceedings	U.S., Russia	Margie Huang, Penny Wilson, Zanegin	In progress
Edit Biomass Energy Market Assessment report	U.S., Russia	John Kadyszewski, Margie Huang, Tatyana Khodos	In progress
Draft agenda for upcoming financial workshop in June 2002.	U.S., Russia	John Kadyzewski, Margie Huang, Konstantin Shkonda	In progress
Draft a list of potential invitees to the June 2002 financial workshop	Russia	Konstantin Shkonda, Raphael Vartanov	In progress
Ask Sergey Petrovich Amelguchov to revise paper submitted to Biomass Energy Market Assessment workshop in November 2001.	US, Russia	John Kadyszewski, Tatyana Khodos	Completed

5. Level of Effort

During the quarter (January-March 2002), approximately 214 days or approximately 10 months (22 day/month) were spent on Component 4. See Appendix C for detailed breakdown of persons, activities and time.

6. Deliverables

- List of responses from questionnaires sent to 1) Russian organizations interested in preparing investment studies on biomass energy projects and 2) design firms interested in developing biomass energy investment projects at their facilities (Appendix A).

V. Cross-Cutting Components

A. Forest Policy and Legal Reform

1. Major Activities

Regional policy and legal issues related to the four technical components were examined in the Russian Far East, Krasnoyarsk Krai and Irkutsk Oblast in accordance with project's conception and work plan. A report on this was prepared.

Working meetings and conferences with bodies of legislative and executive power were held in Moscow, Khabarovsk, Krasnoyarsk and Yuzhno-Sakhalinsk, in which project's tasks in terms of legal base improvement were presented and coordinated.

2. Key Issues

- First stage policy and legal base Gap Analysis was conducted to identify the problems hindering implementation of the project's technical components. A complete report will be finalized next quarter;
- Analysis of the legal base regulating the activities of the main project's components was continued;
- A list of normative acts regulating fire prevention activities of specialized structures was prepared; proposals for improving legal base in these spheres were received;
- Tasks, program, list of reporters and participants were prepared for the workshop "Mechanisms of Forest Policy Implementation in Siberia and in the Russian Far East in Terms of FOREST Project Tasks". The workshop will be held in Khabarovsk on April 16 through 17.

3. Problems and Findings Based on Work to Date

- This component is to address key policies and legal issues that are obstacles to meeting the goals of the project, however, many of the obstacles are economic and not entirely related to forest policy. FOREST proposes to adjust the approach and not conduct a gap analysis and developing a feed back mechanism as a single event (as described in the workplan) but rather as an on-going activity. Initially, each component leader, working group and Advisory Council member will be consulted to provide their analysis of

policies that discourage the project results from being achieved. In addition, FOREST Project benefices will be asked for the ideas on policy problems they face at workshops, meetings, seminars, and other events. For example, discussion of policy issues facing the forest industry sector will be a part of the association meetings.

4. Summary of Component Tasks of the Last Quarter

Task	Location	Persons Involved	Status/Results
Conduct of the workshop	Khabarovsk,	1-4 component leaders, representatives of RF legislative and executive power, subjects of RF, foresters, scientists, non-governmental organizations	Identification of coordinated policy and legal gaps hindering achievement of project's goals
Handing out the forms on improvements of legal base necessary to facilitate the projects activities and their analysis	All regions covered by the project, Moscow	Same	Data of the required legal base improvements
Definitive legal base gaps analysis, identification of normative acts that are crucial for project's tasks achievement, proposals for improving legal base	Khabarovsk, Moscow	Y. Kuzmichev, A. Sheingauz	Proposals for improving legal base, selection of consultants to work on specific documents, start up of work on individual normative acts improvement.

5. Level of Effort – n/a

6. Deliverables

- A presentation was prepared and made at the workshop in Krasnoyarsk;
- Analytical report “Forest Policy and Legal Reform” was prepared;
- Program for workshop “Mechanisms of Forest Policy Implementation in the Russian Far East” was prepared.

B. Applied Forestry Research

1. Major Activities

The Applied Forestry Research Activity focuses on establishing base line carbon data and base line information for the four technical components. There were three main tasks for the carbon component this quarter: 1) Collect remote sensing and forest inventory data for the pest target area in Krasnoyarsk Krai and fire target area in Khabarovsk Krai; 2) Develop a carbon monitoring plan for the remainder of the FOREST project, and; 3) Complete the digital forest/carbon map of Khabarovsk Krai and begin developing a vegetation/carbon map of the pest component's target area near Krasnoyarsk.

The St. Petersburg Forest Ecological Center and the Far Eastern Forestry Research Center collected and summarized forest inventory data for Krasnoyarsk Krai and Khabarovsk Krai, respectively. The V.N. Sukachev Institute of Forest, with support from S. Cherkashin began

developing a digital forest vegetation map of the pest target area near Krasnoyarsk. The Woods Hole Research Center submitted digital vegetation maps for Khabarovsk Krai (see maps below) along with a report on the methodologies they used to develop the maps. These maps provide a fresh review of the vegetation of Khabarovsk Krai and they capture the complexity of the land surface, the variability of its terrain, and forest fire impacts. The work can be repeatedly improved, successively with new data readily available each year; information content might be further increased with additional imagery data of higher resolution. Still, these maps represent the best current understanding of the landcover of Khabarovsk Krai.

Vlady Alexeyev, D. Efremov and S. Cherkashin collected names of scientists to include in a carbon information network for the Russia Far East. This network will help review and comment on reports produced by the carbon working group.

2. Key Issues

- Collecting and summarizing existing forest inventory data and assigning carbon values to vegetation classes on digital maps, and;
- Identifying permanent sample plots for verifying the digital maps.

3. Problems and Findings Based on Work to Date

- The fire target areas in Khabarovsk Krai include Khabarovsk, Komsomolsk . In Krasnoyarsk Krai, the target areas include Krasnoyarsk City, Minusinskii District, Boguchan.

4. Summary of Carbon Component’s Tasks of the Last Quarter

Task	Location	Persons Involved	Status/Results
1. Complete digital forest vegetation map of Khabarovsk Krai	Woods Hole, MA	Woods Hole Research Center: Tom Stone, Peter Schlesinger	Created two versions of a one-kilometer resolution digital map of Khabarovsk territory’s current landcover based on phenology, elevation, and information about recent forest fires (see maps below). The fifty-class landcover map demonstrates the significant complexity of the region’s landcover combined with its high variability in terrain, a component not recognized in any other landcover map of the region. The eight class version of the map shows clearly the relative distribution of simplified forest species complexes (e.g. larch-conifer, spruce-Korean pine) interspersed with areas of non-forested land heavily impacted by human activity in the south, especially along bays, rivers, and other transport corridors. This map minimizes the terrain component to a regional level, showing the general effect of the region’s physical geography on its forest resources. The map highlights the

			<p>growing lack of contiguity in the larch-conifer component, due to fire, logging, and, to a much lesser extent, agriculture.</p> <p>Used 40 NOAA AVHRR LAC (1 km resolution) images provided by Dr. Nikolay Minko, Russian Institute of Solar Terrestrial Physics, Center of Remote Sensing in Irkutsk to help construct the maps.</p> <p>Leveraged TM Landsat data set acquired with other funding to help construct the vegetation maps.</p> <p>Acquired a Habitat Map of Southern Khabarovsk constructed in part by Dr. Dale Miquelle of the Hornocker Wildlife Institute – World Conservation Society and Russian colleagues</p>
2. Develop digital vegetation map of the pest target area near Krasnoyarsk.	Krasnoyarsk	V.N. Sukachev Institute of Forest, S. Cherkashin, V. Alexeyev, Woods Hole Research Center	The V.N. Sukachev Institute of Forest began developing a digital vegetation map of the pest target area around Krasnoyarsk. In support of this work, the Woods Hole Research Center ordered 26 scenes of TM Landsat imagery with coverage of the pest target area. They will process the imagery and then send it by courier to S. Cherkashin.
3. Develop principles of carbon-monitoring plan including carbon methodologies for validating digital vegetation maps of Khabarovsk Krai and Krasnoyarsk Krai.	Krasnoyarsk	V. Alexeyev	Draft report has been submitted and is being reviewed
4. Summarize forest inventory data and estimate phytomass and carbon storage in forest stands of Krasnoyarsk Krai and the pest target area of Krai.	St. Petersburg, Krasnoyarsk	St Petersburg Forest Ecology Center	Draft report has been submitted and is being reviewed.
5. Summarize forest inventory data and estimate phytomass and carbon storage in forest stands of Khabarovsk Krai and the fire target area of Krai.	Khabarovsk	Far Eastern Forestry Research Institute, D. Efremov, V. Alexeyev	Draft report has been submitted and is being reviewed.

5. Level of Effort

During the quarter (January - March, 2002) approximately 41 days or 2 months (22 days/month) were spent on Component 6. See Appendix C for detailed breakdown of persons, activities and time.

6. Deliverables

- Digital vegetation maps of Khabarovsk Krai and a report on the methods used to generate the maps.
- Draft forest and carbon inventories for Krasnoyarsk Krai and Khabarovsk Krai.
- Names and addresses of scientists to include in a carbon information network for the Russia Far East.

Woods Hole Research Center, vegetation maps of Khabarovsk Krai

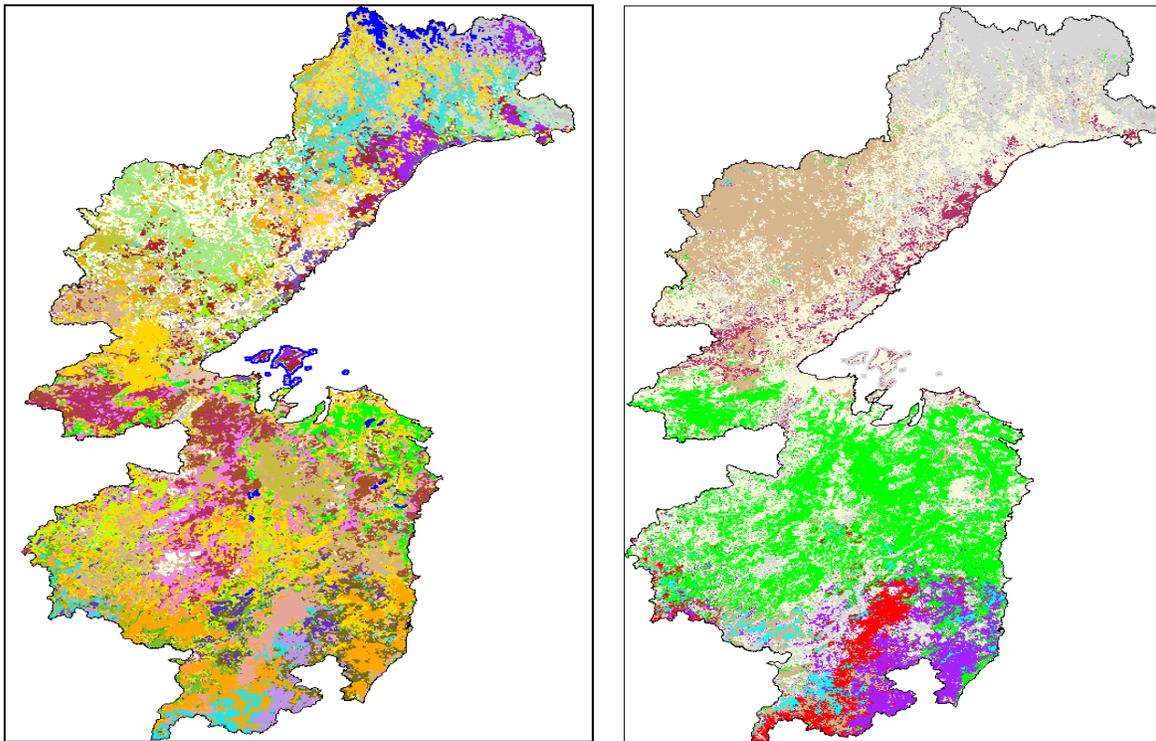


Figure on the left includes color assignments for 50 landcover classes. Figure on the right shows an eight-class version of the figure on the left. Here, non-forest is gray, rocks and outcrops are dark red, open larch is pale yellow, larch is light brown, larch/conifer mix is green, spruce/larch mix is purple, spruce/Korean pine mix is bright red, and larch/birch mix is light blue.

C. Grants/Loan Program

1. Major Activities

Grant Program

- Disbursed first advances to the State Siberian Technological University (Krasnoyarsk) and NGO “Far Eastern Association of Wood Processors” (Khabarovsk). Signed grant agreements with these entities in late December.
- Signed grant agreements for Topic #1 with Far Eastern Forestry Science and Research Institute (Khabarovsk) and Interregional Association of Independent Tour Operators (Khabarovsk).
- Advisory Council members approved grant topics for the second grant cycle in early January.
- Developed RFA on 2nd cycle grant topics. They were shared with the Advisory Council members.
- Created pre-qualification criteria.
- Selected anonymous reviewers for evaluation of grant applications.
- Announced the Second Grant Cycle on February 1st. The Grant topics were advertised in Khabarovsk Krai, Sakhalinskaya Oblast, Primorsky Krai, Krasnoyarsk Krai, Irkutsk Oblast.
- Completed the grant applications prequalification receiving process February 22nd. Received 30 applications from Khabarovsk Krai, Krasnoyarsk Krai, Primorsky Krai, Sakhalinskaya Oblast, Irkutsk Oblast.
- One Russian and two US volunteers conducted a training program “Effective Writing for Grant Proposals”. Eighty-six participants learned how to write grant proposals. They have conducted three two-day training seminars for potential grantees in Khabarovsk, Krasnoyarsk and Yuzhno-Sakhalinsk.
- Grant awardees, the Far Eastern Forestry Science and Research Institute (Khabarovsk) and the Interregional Association of Independent Tour Operators (Khabarovsk), began activities upon signing their agreements in January.
- Completed grant application prequalification evaluation process March 4th. Received 30 applications and 25 potential grantees were invited to work on full grant applications.
- Conducted three training seminars for potential grantees on full grant applications: the first took place in Khabarovsk on March 14th, the second in Yuzhno-Sakhalinsk on March 19th, the third in Krasnoyarsk on March 25th.
- Visited 13 leskholzes in the middle of March. This is a part of the Emergency Grant monitoring process. The site evaluators determined that all equipment purchased with grant funding could be accounted for, was stored properly, and was being used for only those purposes as outlined in the grant agreement. Equipment recipients expressed their thanks and noted that the equipment would prove useful during the upcoming fire season.
- The Grant Component and Component #1 provided an interactive seminar to Khabarovsk Krai Forestry Managers on How to Prepare the Grant Application.
- Developed the Grants Management Databas. It was created in order to track the grantees, grants, results and financial transactions. This will help to monitor and operate the grants program.

Loan Program

- Alexei Erokhin visited Winrock International, Headquarters, Arkansas. The purpose of the trip was to start the development of a business plan, which will be presented to USAID describing the FOREST Project Loan Component for their approval.
- Loan Program Composing Team (from Winrock and FOREST Project) wrote the first draft of a business plan.
- Loan Program Composing Team prepared the outline of the Loan Procedures Manual.

2. Key Issues - None**3. Problems and Findings Based on Work to Date - None****4. Summary of Component 7 Tasks of the Last Quarter**

Task	Location	Persons Involved	Status/Results
1. Design Loan Program. Sub-task: Select the Financial Institutions and make the review of the Loan Programs provided in the Russian Far East and Siberia.	Khabarovsk	Craig VanDevelde, Nina Danilyuk, Alexei Erokhin, Andrei Dudko – Russian Consultant.	Details and Russia specifics for potential lending schemes/programs were subjects to clarify in order to finalize the Executive Summary.
2. Design Loan Program. Sub-task: The process of designing the Loan Program	Morrilton, Khabarovsk	Craig VanDevelde, Erin Hughes, Dan Gudahl, Nina Danilyuk, Alexei Erokhin, Andrei Dudko – Russian Consultant	The first draft of a business plan was written. Outline of the Loan Procedures Manual was prepared.
3. Administer Grant Program. Sub-task: Management of Prequalification of Grant Applicants	Khabarovsk	Nina Danilyuk, Alexei Erokhin, Elena Begunkova, Tatyana Vorotyntseva, Component Leaders.	1. Prequalification questionnaire distributed. 2. Prequalification applications received. 3. Prequalification Applications reviewed and evaluated.
4. Administer Grant Program. Sub-task: Requesting, Reviewing and Approving Full Grant Proposals	Khabarovsk Krasnoyarsk Yuzhno-Sakhalinsk	Nina Danilyuk, Alexei Erokhin, Elena Begunkova, Tatyana Vorotyntseva, Elena Begunkova, Component Leaders, Anonymous Experts, Krasnoyarsk and Yuzhno-Sakhalinsk Representative Offices Staff.	1. All the necessary information on Full Grant Applications distributed. 2. Trainings on completing Full Grant Application provided.
5. Training for Grant Applicants. Sub-task: Training conduction.	Khabarovsk, Krasnoyarsk, Yuzhno-Sakhalinsk	Nina Danilyuk, Alexei Erokhin, Elena Begunkova, Tatyana Vorotyntseva	1. Training for pre-qualified applicants on Full Grant Applications writing took place.
6. Administer Grant Program. Sub-task: Development of Grant Agreement	Khabarovsk, Krasnoyarsk, Morrilton	Ron Hubbard, Craig VanDevelde, Nina Danilyuk, Alexei Erokhin, Elena Begunkova, Tatyana	1. Grant Agreements signed and approved. 2. Assistance provided in sending the Grant Agreements to

		Vorotyntseva.	the Grantees.
7. Administer Grant Program. Sub-task: Disbursement	Khabarovsk	Katya Mironova, Tatyana Vorotyntseva	1. Assisted in providing the advance payment to a grantee. 2. Maintained the record of advances, disbursements and reconciliations from applicants. 3. Maintained the record of advances balance for each grant. Assisted in submitting the wire request to the HQ.
8. Administer Grant Program. Sub-task: Reporting and Monitoring	Khabarovsk, 11 Leskholzes of Khabarovsk Krai	Grant Component Staff	1. Grantee Reporting System managed. 2. Documentation of the expenses checked. 3. Monitoring of the grantees' activities managed. 4. The receipt of information from applicants managed. 5. Site visits to the grantees organized.
Task	Location	Persons Involved	Status/Results
9. Develop Grants Management Database	Khabarovsk	Grant Component Staff	Database was developed, tested and finalized.

5. Level of Effort

During the quarter (January-March 2002) approximately 192 days or approximately 9 months (22 day/month) were spent on Component 7. See Appendix C for detailed breakdown of persons, activities and time.

6. Deliverables

- Manual on Effective Grant Application Writing
- Grants Management Database

D. Volunteer Program

1. Major Activities

Within the reporting period, twenty-six Scopes of Work were developed at the request of the component leaders, 18 volunteers (6 of them Russian) completed 17 assignments.

Component 1:

Alliance, a partner organizing fire prevention campaigns under the guidance of Component 1, increased their leadership skills when **David Pearce** provided Alliance with a two-day seminar. His valuable, timely, and easy-to-use knowledge on leadership, creative thinking and team development was well received. As a result of the training, Alliance received funding for a six-week general awareness campaign in Komsomolsk to be implemented in April and May of 2002. Aspects of the training include public outreach on the preparation of camp fires and how to properly extinguish them.

The Forest Information Training Center, FOREST Project's long-term partner, developed and updated the educational materials on *Reforestation and Plantation Establishment* and on *Forest Utilization* with the assistance of volunteer **John Helms**, Professor Emeritus of University of California, Berkley (and former dean of the School of Forestry) The materials will enhance the professional level of the participants and consequently raise the level of management on the leskhoz. Mr. Helms also worked on the methodology of the training courses to ensure ease of presentation and a positive learning experience.

Carol Singer assisted in developing a community event at one of the local schools for an Anti-Fire Educational School-Age Program launched by Component1 of the FOREST Project. The event was designed as a "Show" program with a quiz show that summarizes fire prevention knowledge received through education. In addition, she developed an event itinerary, an overall fundraising brochure, an event day planning guide and 150 questions for the Quiz Show.

Component 2:

Julie Franklin successfully completed the assignment on public education campaign strategies. The assignment was conducted via email. Julie analyzed and presented material based on the experience of similar programs/campaigns in the U.S. She also developed the manual "Building a Public Education Campaign". The manual demonstrates strategies and tactics in campaign building. On her own initiative, Ms. Franklin gathered a number of educational samples and a video that will help in implementing the developed tactics and methods.

Component 3:

The Krasnoyarsk Non-Timber Forest Products Association (KA NPL) updated the association's Strategic Plan with the help of **Randy Dickey**. He advised on expanding the association's activity and assisted in the search of potential US partners and customers for the association members and their products.

Voyage Company LTD, a furniture making company of Khabarovsk, learned about marketing, developed a strong and concise business plan on the production of edge-glued panels and developed three different strategies for penetrating the market and for securing financing to launch a new project with the help of **Nicholas Martin** and **Jared Knight**.

Volunteer **David Gribble** assisted the Far-Eastern Association of Secondary Wood Processors in developing a business plan for the Forest Resource Information Center.

The Sakhalin Forest Product Processor's Association developed a Strategic Plan and Year One Activity Plan with the help of **BJ Shannon**. Mr. Shannon provided a 3-day workshop for 17 member organizations on strategic planning. As a result of the workshop, an outline of the Association Strategic plan was developed; the foundation of the Year 1 events and specific activities were identified

Sayanchimles learned about new uses for wood resources submerged as a result of the construction of a hydroelectric station with the assistance of Russian Volunteer **A. Mezentsev**.

worked with. Sayanchimles is considering using the wood for chip production for chipboards. Utilization of submerged wood will considerably improve the ecological situation of the region, provide additional job opportunities and expand the business activity of the company.

A. Dudko, a Russian volunteer assisted the newly established Russian Far East Association of NTFP Processors in developing their strategies and Year 1 activity plan. The association identified a clear vision and key points of their future activity.

Component 4:

C. Humphrey worked over the economic feasibility for a small cogeneration plant in the north of the Khabarovsk region.

Component 7:

WI Volunteers **Aaltje van Zoelen**, **Erik Erlandsen**, and a Russian Volunteer **Zoya V. Golyavieva**, conducted the seminar/training on “Effective Grant Application Writing.” The seminars were conducted in Khabarovsk, Yuzhno-Sakhalinsk and Krasnoyarsk. The primary goal of the seminar was to teach participants effective approaches and methods in writing strong and competitive grant applications. A comprehensive and detailed manual was compiled by the volunteers and presented to the FOREST Project Grant Component.

A. Dudko assisted Component 7 in developing the concept of sustainable mechanisms for profitable activities of the Loan Program.

2. Key Issues - None

3. Problems and Findings Based on Work to Date

The chief difficulty discovered was related to identifying the concrete problems existing within the client organizations. A new approach to identify and offer solutions to client-based problems was implemented. When appropriate, additional assignments and volunteer experts are requested. This systematic and thorough approach to meeting the client’s needs has proven to be effective.

Russian Volunteer Expert Andrei Dudko raised a number of problems while developing the strategies for the Far-Eastern Association of Forest Products Processors. He identified three potential problems of the Association addressed by the Volunteer Program resources:

- Development of a fundraising policy for the purpose of self-financing
- Development of an appropriate corporate image of the organization
- Development of management structure

According to these recommendations, and upon the client’s request, two new assignments were developed. The assignments were geared toward assisting the Association with the development of a fundraising program and with the registration of technical conditions of the specific non-timber forest products. Two more assignments are currently being developed addressing Corporate Image Development and Management Structure Development.

4. Summary of Component 8 Tasks of the Last Quarter - n/a

5. Level of Effort

During the quarter (January-March 2002) approximately 197 days or approximately 9 months (22 day/month) were spent on Component 8. See Appendix C for detailed breakdown of persons, activities and time.

6. Deliverables

- Methods for building public education campaigns for Component 2.
- Educational material on *Reforestation and Plantation Establishment* for the Forest Information Training Center.
- Educational material on *Forest Utilization* reviewed and updated. Methods of delivering the material worked out.
- Developed a community event at Ilyinka school (Khabarovsk), for an Anti-Fire Educational School-Age Program. Prepared a fundraising brochure and identified fundraising strategies.
- Developed strategies for two associations.
- Developed a detailed business plan to launch a new project on production of edge-glued panels.
- Identified key points for the Forest Resource Information Center Feasibility evaluation on the utilization of the submerged wood and made recommendations.
- Produced manual on “Effective Grant Application Writing”.