

Swedish Support to the Forestry Sector in Latvia

Kurt Boström

**Department for Central and
Eastern Europe**

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**Sida Evaluation 96/15
Department for Central
and Eastern Europe**

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Sida Evaluation 96/15

Commissioned by Sida, Department for Central and Eastern Europe.

Printed in Stockholm, Sweden

ISBN 91-586-7368-7

ISSN 1401-0402

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EXECUTIVE SUMMARY

1. Swedish support to the forestry sector in Latvia began in 1992. So far 11 different projects have been approved, at a total amount of around 13 MSEK. The projects have been financed by BITS and Sida-Öst and the Latvian counterpart agency for all projects has been State Forest Service under the Ministry of Agriculture.

In addition to the projects, SwedeCorp has carried out export marketing projects within the concept "Advantage Balticum", where, among others, the wooden sector has been selected as a priority sector. Within the project "Swedish Baltic Corps" Swedish experts have been posted at wood producing companies. There has also been some cooperation at company level in the wood utilization sector within the "Start-East" programme.

2. The main project has been the Latvia Forestry Sector Master Plan (LFSMP). All other projects can be said to be connected, in one way or another, to the Master Plan. The forestry projects can be grouped together as follows:

Master Plan	Master Plan project (LFSMP) with the associated projects Roundwood Measurement and Advice on Financing of Industrial Projects. All implemented by Swedforest International. Projects completed.
Policy and Training	Four projects implemented by National Board of Forestry. Projects completed.
Satellite Inventory	Under implementation by Satellitbild, Sweden, with State Institute of Forest Inventory under State Forest Service as counterpart. Project on-going until Dec/97.
Pulp mill study.	Prefeasibility study for green field pulpmill implemented by Jaakko Pöyry Consulting. Field work completed and draft final report presented in June/96.
Other projects	- Assistance in evaluating bids. Short project completed in June/93. - Training literature. Project will be completed in Dec/96.

3. The main project, the LFSMP, was prepared during the period Oct/92-Apr/93 by EBRD, BITS and Latvian authorities. The TOR were finalized 14/4/93 and sent out for bidding to four Swedish consultancy companies. On 25/5/93 the bids were analysed in Riga and the successful bidder, Swedforest International, was selected by Latvia to implement the project. Contract negotiations between Swedforest and State Forest Service took place in Riga 28-29/6/93 and project field work started 6/10/93 with the arrival in Riga of the Team Leader and the Economist.

4. The Forest Policy and Training project was initiated before the Master Plan project started and for some time the LFSMP and the policy project were running parallel and working in good cooperation. Both projects benefitted from each others experiences.
5. Other donors and international credit institutions (including WB, EBRD, GTZ and Finnida) were implementing projects in the forestry sector during the same period as the Swedish support was given. Good cooperation was maintained with these projects.
6. The projects were implemented at a proper period of the general development towards a market economy in Latvia. The forestry sector plays an important role in this development in many respects; as a utilizer of one of the main natural resources, as a contributor to the national economy, as an export earner and as a job creator.
7. The achievements of the projects have been good, and have generally been according to the Terms of Reference. The Latvian partners have shown great interest for successful implementation.
8. The results and proposals from LFSMP has got increasing importance in Latvian forestry sector development. The final report is now widely used, both in the local administration and in the international donor community, as a base document for development. Almost all new projects proposals have originated from the ideas expressed in LFSMP.
9. The recruitment of top level experts as consultants, rather than more practical oriented persons, was a correct decision. The interest on the Latvian side was focussed on discussing systems approach. Technical problems would be easier to solve later, once the overall strategic problems had been solved.
10. Operational questions and day-to-day problems in the forestry administration slowed down the work on strategic problems, especially during the first part of LFSMP.
11. The LFSMP never became the national project that was intended. A Task Force was nominated, but did not function in the way it was intended. The Task Force was meant to be a group that would guide the project work and coordinate the efforts in the forestry sector with the general development ideas in the country.
12. A more detailed analysis, before the start of the LFSMP, of the needs, interests and available resources in the country could have resulted in more efficient implementation. This could have been achieved by extending the inception period from 2 months to 6-8 months. Such extension would have resulted in better understanding by the consultants of the situation

in Latvia, better planning of consultancy inputs and better understanding on the local side of the objectives and potentials of a sector master plan.

13. The work in the policy project had an immediate effect on forest legislation. Otherwise proposals for institutional changes were not directly implemented. The projects, however, initiated discussions in the administration on these questions and changes, suitable for the Latvian environment, are likely to be implemented at a later stage. Proposals about technical changes were more easily accepted.

14. The projects were not designed to have any direct impacts on the equality between men and women. It would not have been relevant to include such issues in the type of sector planning projects that were evaluated. The LFSMP is, however, only the first step in a process for development of the forestry sector and through the LFSMP the ground has been prepared for including gender issues in future projects.

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1. Project background

Swedish assistance to the forestry sector in Latvia began in 1992. Since then a total of 11 different projects have been decided by BITS and Sida at a total amount of about SEK 13 million. The overall objective of the assistance has been to strengthen the capacity at the Ministerial level (State Forest Service under the Ministry of Agriculture) for policy making and preparation of new legislation. The main project has been the Forestry Sector Master Plan (LFSMP), for which the initial allocation was given in June 1993 and which presented its draft final report in December 1994. The other projects can all be said to be connected to and complementary to the Master Plan, in one way or another. Most of the projects are now completed, but three projects are still ongoing in June 1996. A summary of the projects, the allocated money and the status of the projects, is found on the following page.

The projects can be grouped together as follows:

Master Plan	Master Plan project with the associated projects Roundwood Measurement and Advice on Financing of Industrial Projects. All implemented by Swedforest International. Projects completed.
Policy and Training	Four projects implemented by National Board of Forestry. Projects completed.
Satellite Inventory	Under implementation by Satellitbild with State Institute of Forest Inventory under State Forest Service as counterpart. Project on-going until Dec/97.
Pulp mill study.	Prefeasibility study for green field pulpmill implemented by Jaakko Pöyry Consulting. Field work completed and draft final report presented in June/96.
Other projects	- Assistance in evaluating bids. Short project completed in June/93. - Training literature. Project will be completed in Dec/96.

The counterpart for all cooperation projects has been State Forest Service. Since the re-organization of the Latvian administration in 1993, the State Forest Service is under the Ministry of Agriculture.

In addition to the 11 projects, assistance to the forestry sector has been given through other channels. SwedeCorp has carried out export marketing projects within the concept of "Advantage Balticum" where the wooden sector has been selected, among others, as a priority sector. Within the project "Swedish Baltic Corps" Swedish experts have been posted at wood producing companies. Also within the "Start-East" programme there has been some cooperation at company level in the wood utilization sector.

Summary of BITS/Sida forestry projects in Latvia from 1992

BITS/Sida No.	Project Title	Amount, SEK	Implemented by	Project Status
<u>Main project:</u> LVA 0541	Latvia Forestry Sector Master Plan (LFSMP)	4 552 000	Swedforest International	Project identified Oct/92. TOR presented Apr/93. Consultancy company for implementation selected by Latvia 25/5/93. Field work started 6/10/93. Draft Final report Dec/94. Final version Jan/95. Project terminated.
<u>Complementary projects:</u> LVA 0321	Training in forestry and policy	841 000	National Board of Forestry (with Agric. Univ. and Forest Service)	Two courses in Sweden for Latvian officers during 1992. The project is completed.
LVA 0461	Policy making and legislation	590 000	National Board of Forestry	Project implemented 1993-94. Several courses and seminars in Latvia. In total seven reports were presented by the three projects (0461, 0462 and 0463). All three projects are terminated.
LVA 0462	Policy making and legislation	160 000	National Board of Forestry	See project LVA 0461, above.
LVA 0463	Legislation and strategy making	100 000	National Board of Forestry	See project LVA 0461, above. Through the project 0463 the Forest policy report 3B could be prepared: "A Calculation of the Potential Cut in the Latvian Forests".
LVA 0542	Assistance to evaluate tender	62 000	KB Forestry Consulting	Assistance June/93 for evaluation of tenders for implementation of LFSMP. Assistance coordinated with EBRD.
LVA 0671	Roundwood measurement	1 030 000	Swedforest International	Separate project initiated by LFSMP. Final report presented Jan/95.
LVA 0821	Advice on financing of industrial projects	228 000	Swedforest International	Project initiated by LFSMP and EBRD. Project terminated.
LVA 0911	Inventory of forests by satellite photo	2 551 700	Satellitbild	Field activities started Jan/96. By June/96 all equipment ordered and delivered. Implementation according to plans. Project planned to terminate Dec/97.
Öst7/95	Pre-feasibi. of pulp mill	2 500 000	Jaakko Pöyry Consulting	Green field pulp mill study. Report to be presented June/96.
Öst82/96	Training literature for forest workers	291 000	Strömquist Forestry Consulting AB	Ongoing. Mainly translation of instruction books. Follows plan and expected to be fully completed by end/96

The first direct assistance to the forestry sector in Latvia was a training project (LVA 0321) which included two courses in Sweden for 16 officials from the Latvian forestry sector. The objective was to give basic information about economy, law and management in a market economy. The courses were arranged by the National Board of Forestry with cooperation from the Agricultural University and the Swedish Forest Service. The final report for the courses was submitted in January 1993 and indicated that the course participants were satisfied with the contents and implementation of the courses.

In December 1992 BITS decided to further assist in the development of the forestry sector in Latvia, this time in the field of forest policy (LVA 0461). The project was implemented by the National Board of Forestry and consisted of a series of seminars, workshops and case studies. In April 1993 an additional amount of SEK 160 000 (LVA 0462) was allocated. As a complement to these projects a new allocation of SEK 100 000 (LVA 0463) was made in January 1994 for development of computer based models for calculation of potential cuts.

The three projects mentioned above were implemented by the National Board of Forestry and are now completed. The following seven reports were published by the projects:

1. Forestry and Forest Policy in Latvia (April 1994)
By Arvids Ozols and Börje Falk
2. Case Studies on Latvian and Swedish Forestry (1994)
3. Forest Policy and Legislation (April 1994)
By Arvids Ozols and Börje Falk
- 3A. Report on Forest Inventory and Management Planning (April 1994)
By Sven A Svensson
- 3B. A Calculation of the Potential Cut in the Latvian Forests (March 1994)
By Björn Merckell and Erik Sollander
- 3C1. Naturvård/Skogsbruk i Lettland (Nature Conservation/Forestry in Latvia) (1994)
By Rolf Pettersson and Stefan Bleckert
- 3C2. Swamp Forests and Woodland Key-Habitats in Latvia (Report from a study tour in Latvia 1993)
By Michael Norén, Sven G. Nilsson, Lennart Rudqvist and Tomas Hallingbäck

The Roundwood Measurement project (LVA 0671) and the project on Advice on Financing of Industrial Projects (LVA 0821) were both identified during the Master Plan process and proposed as separate projects. The project on financing had a strong support from EBRD in its privatization initiatives.

The project "Inventory of Forest by Satellite Photo" (LVA 0911) was discussed for a long time. It became operational in January 1996 and will continue until December 1997 with

Satellitbild as implementing agency. The project is proceeding according to plans and both parties expressed great satisfaction with the work being done so far. Five Latvian foresters have received training in Kiruna and all equipment has been delivered and is installed at the State Institute of Forest Inventory in Salaspils.

The pre-feasibility study on a green field pulp mill (Öst 7/95) has been completed and a draft report has already been received and translated at State Forest Service. The project will be discussed in Riga in June 1996.

One part of the project "Training Literature for Forestry Workers" (Öst 82/96) deals with translation of a Swedish handbook on power saws into Latvian. That part is completed. The second part of the project is expected to be completed before the end of 1996, which is according to the plan.

The small project "Assistance to Evaluate Tender" (LVA 0542) was given to KB Forestry Consulting AB to assist the Latvian administration in evaluating the proposals from the four consultancy companies that submitted bids for implementation of the LFSMP. The work was carried out during a visit to Riga in June 1993 together with a representative from EBRD. It was considered necessary to give this assistance to Latvia, since the Latvian administration lacked experience in international competitive bidding. This project is not further evaluated in this report.

2. Project description

The following description is focussed on the Master Plan, which was the central project in the forestry assistance.

The overall objective for the LFSMP was to prepare a strategy and master plan for the forestry sector that could promote the strategic and economic development of the forest industry sector and an appropriate forest management regime. When the initial discussions about LFSMP started, Latvia had recently gained independence and a decision had been taken to transform the economy into a market economy system. The country had, however, no experience of market economy and the contacts with western countries and economies were very limited. Within the forestry sector there were no national plans how the three main components (forestry, industry and market) should be managed and linked together to provide optimum benefits to the country and its population. The LFSMP was prepared with these concepts in mind.

There were two underlying ideas that guided the work with formulation of the TOR. Firstly, the project, which would have a duration of one year, should be the first step in a process which would continue within the Latvian administration after the termination of the LFSMP. The LFSMP should, thus, mainly be a period of identification and establishing of priorities for formulation of strategies and future activities.

The second idea was that the Master Plan should be a national project with all sectors of the society, including private interests and NGO's, being represented. This would be achieved through a Steering Committee, in the TOR called "Task Force". Since about half of the land area in Latvia is covered with forests and since wood and wood products are dominating the

export trade, the development of the forestry sector was considered to be a national concern. It was, thus, essential that the development in the forestry sector would be in line with the national development plans. The forestry sector, with its considerable contribution to the national economy, could at the same time be instrumental in the general development in Latvia.

A set of immediate objectives for forestry development were identified during the preparation of the TOR for LFSMP. Some of them could be covered by LFSMP, while others were expected to be dealt with by the Forest Policy project.

The following objectives were expected to be covered by the Forest Policy project:

- recommend policies and programmes to increase the forest resources and availability of wood
- recommend measures to assess the present and future raw material availability
- identify the training needs

The objectives to be covered by LFSMP were:

- (i) recommend institutional arrangements for economically sound and environmentally sustainable management of forest resources and forest industries
- (ii) identify needs and programmes for the modernization of industries that have development potential and promote forest product enterprise development
- (iii) identify measures and programmes to promote and establish forest industries with a competitive domestic and export potential
- (iv) identify measures and programmes to strengthen and promote international marketing of Latvian forest products
- (v) identify measures and formulate programmes to increase profitability and strengthen the financial management and condition of forest-based industries
- (vi) propose and evaluate alternative mechanisms for long-term financing to restructure and to promote growth and development in the sector

The term "privatization" was not included in the TOR for the LFSMP, although the concept was in line with the project ideas. Activities in such direction could be included in some of the points, mainly in objectives (ii) and (v). "Privatization" was introduced by EBRD, which was the agency responsible for the technical monitoring. During the implementation EBRD raised several ideas regarding privatization, some of which could be addressed within the project frame. In order to meet some of the other objectives a separate project "Advice on Financing of Industrial Projects" was formulated and accepted by BITS for financing.

The following dates refer to LFSMP:

Oct/92-Apr/93	Discussions between BITS, EBRD and Latvia. Identification of project components and formulation of project document.
14/4/93	TOR presented to Latvian authorities
14/5/93	Four Swedish consultancy groups submitted proposals for implementing the project. Copies given to Latvian representatives in Stockholm.
25/5/93	Meeting in Riga to analyse the proposals and select consultant. Swedforest was selected by Latvia.
28-29/6/93	Contract negotiations in Riga between Swedforest (Consultant) and representatives from Latvia (Client). Tentative starting date 16/8/93. Contract signed between Consultant and Client together with Minutes of Negotiations.
6/10/93	Field work started.
End Oct/93	Inception report presented.
April/94	Mid-term report presented.
Dec/94	Draft Final report presented.
Jan-Mar/95	Seminars and presentation of final report in Latvia.
April/95	Summary of final report presented in Latvian and English.

3. Evaluation methodology

As the first step in the evaluation a careful study was made of information available at Sida-Öst regarding the projects. The desk study was followed by interviews with persons and institutions both in Sweden and Latvia, who had been connected to LFSMP and other forestry projects financed from Sweden. A list of the persons met is included in **Appendix 2**. The attention was focussed on the LFSMP.

The Consultant had an advantage regarding the central LFSMP project, since he had been connected to the project for a long time. The first contacts with the Latvian side were during the formulation of the TOR in late 1992 and continued with technical monitoring of the implementation as consultant to EBRD. This familiarity with the Latvian situation and Latvian forestry personnel greatly facilitated the contacts in Latvia during the evaluation and free and open discussions could be held. The consultant's opinion is that the Latvian partners openly

and unbiased discussed both pros and cons of the projects and also indicated areas where improvements could have been made. The Latvians also accepted fully that the LFSMP was *a Latvian undertaking*, that the Project Director was responsible for the project and that the Latvia project team would be assisted by a group of international consultants in the implementation.

In the discussions the achievements and results were compared with the objectives for the projects with due attention to the TOR for the evaluation.

4. Findings

4.1 General During the visit to Latvia in-depth discussions were held with the Latvian partners about the projects and their impact in Latvia. All points, also the critical ones, were discussed and commented on by the Latvians.

The overall impression is that the Latvian side is satisfied with the projects. The opinion is that the projects have been working well and that the results have been according to the objectives. The contacts with foreign experts in Latvia and abroad and the exposure to other conditions during the study tours has benefitted the Latvian society in general and the forestry sector in specific.

It is also a general impression that technical proposals made by the projects were accepted and also implemented. Proposals for institutional changes were also discussed, but only in a few cases were they implemented. It is, however, obvious that the project proposals continue to be discussed in the administration and that solutions suitable to the Latvian situation can be expected in the future. In this respect the projects can be said to have been successful, since they have initiated a process within the administration.

Aid coordination at the national level is handled by the Unit for Coordination of Foreign Technical Aid in the Ministry of Finance. The unit has very high regard for proposals in the forestry sector coming from State Forest Service and take it for granted that the project ideas originate in the LFSMP.

4.2 Master Plan project The acceptance of the ideas and proposals presented in the LFSMP seems to have increased over time. The Final Report is now considered a base document and is frequently referred to as a guideline for the development in the forestry sector. All new project proposals can be referred back to ideas expressed in the LFSMP reports. A summary of the Final Report (25 pages in the English version) was published both in Latvian and English and a total of 500 copies were said to have been distributed. The English version was most sought after. Even if all copies are not read, the number of copies printed indicates that there is a wide interest for forest development.

The Consultant, who has had the privilege of following the LFSMP during a long period, noted that there has been a change of attitude to the project over time. During the implementation and at the time of presenting the Final Report, the local interest seemed to lack the type of enthusiasm that would lead to a successful project. The opinions of the Consultant

were expressed to both parties during several visits to Latvia and also in travel reports. The Consultant was therefore especially pleased to find that the attitude in the administration to the LFSMP and other forestry projects and to the specialists that were involved in the implementation now was very positive. The LFSMP had, thus, achieved one of the basic project ideas of long term effect. Some of the negative results or expectations still remain, however, and they are mentioned below.

The other basic project idea, to create a national project, did not materialize. Through the creation of a Task Force, which would consist of representatives from the concerned Ministries and from private interests, should a national consensus be obtained. Instead of being regarded as a project for foresters, the project should be of national interest with the forestry sector development coordinated with other sectors in the country. It was not possible to obtain the national consensus that was anticipated in the TOR. The Latvian side did not see the necessity of cooperation at the Ministerial level and the Task Force (Task Force members were actually nominated towards the end of the project) never functioned as intended. One contributing factor could be that the LFSMP was implemented during a period of big administrative changes in Latvia.

The forest policy project had similar experience. The proposal of forming a "Forest Policy Committee" has not been implemented. With better preparation it is possible that a functioning system for a Task Force (Steering Committee) could have been drawn up. The period when the forestry projects were implemented was probably not the right time in the Latvian development process to include a Task Force. The State Forest Service is, however, working on the idea and some form of coordinating committee for forestry sector development is likely to emerge.

When the results are compared to the objectives it can be said that the project achieved all six objectives mentioned in the TOR (see page 6), although to a varying degree. The project should "recommend", "identify" and "propose" needs and programmes, which was also done. It would, however, have been a better achievement if more of the proposals also could have been implemented, but that was not within the mandate of the project and resources were also lacking. The long term effects of the proposals became evident after the termination of the project.

A long discussion was held with the State Forest Service to analyze if the project could have been designed in another way to have a better impact. There was no question on the Latvian side about the necessity of having a strategic plan for the forestry sector prepared and the timing of the implementation was also, in their opinion, more or less correct. The Consultant agrees to these opinions. During the implementation of the forestry projects Latvia was in a period of change from a state planned economy to a market economy and openings to western societies were necessary and well received.

The projects were also right in recruiting consultants that were highly qualified in their respective fields, rather than persons that could work more on the practical side. The Latvians were more interested to start with a systems approach to the problems. Latvian foresters generally have a good basic education, but lack exposure to western ideas and experience in problem solving under market economy conditions. Once the fundamental issues and structures have been discussed and a suitable approach has been decided, the ideas can in most cases be implemented locally with little or no foreign assistance. Latvian foresters have good

technical knowledge in implementing projects, but assistance is required on structural issues.

A discussion on possible changes in the design is included under section 6, Lessons learned, below.

The contacts with other forestry sector projects were very good.

Environmental affairs are handled at a high level in the administration and a separate Ministry of Environmental Protection and Regional Development was established after the termination of LFSMP. Previously environmental matters had been dealt with by an Environmental Protection Committee. The Environmental Ministry expressed that they had good working relations with State Forest Service and that they considered the final report from LFSMP very useful in their work.

The forestry projects all had an administrative character and were thus neutral to gender issues. The main objective of the LFSMP was to prepare a strategy and master plan for the forestry sector and it would not have been relevant to include issues of equality between men and women in that work. The master plan is, however, only the first step in a development process and when the projects proposed are being implemented, it is assumed that gender issues will be addressed.

The **positive** results of the LFSMP can be summarized as follows:

- external and internal overview of the forestry situation, made in an objective way
- the final report is used as guideline for forestry development
- most new projects based on ideas expressed in the Master Plan
- increased technical knowledge among forestry staff at all levels
- increased awareness of the forestry situations in areas external to forestry
- contributed to open discussions about forestry problems
- opened contacts between different local forestry groups and between other projects in the forestry sector
- facilitated international thinking and opened international contacts
- the policy project had an immediate effect on forest legislation

The **negative** results (or **less positive**), can be summarized as follows:

- the project never became a national project

- not enough influence on the Government during its implementation
- not enough penetration of the private sector
- non-wood forest products were not covered

4.3 Forest Policy project The projects in this group had a good response on the Latvian side. The proposals also had an immediate effect on forest legislation. Several follow-up projects were proposed, one of which, on Forest Extension, now is under preparation in State Forest Service.

4.4 Pulp Mill project The pre-feasibility study for a green field pulpmill started field work in Jan/96 and the final report is presented in June/96. A discussion about the project will be held in Riga late June/96. The project proposed two alternatives, one mill with a capacity of 300 000 tons per year and one with 600 000 tons per year. The investment for the bigger mill, which is the most economical alternative, is very high and a foreign partner (partners) will be required for most of the investment capital. It is now more a political question if the mill should be built. The project proposes that a Pilot Company is formed to deal with all further details about pulp production in Latvia.

The Swedish project team had a positive experience of the cooperation with Latvian experts during the implementation of the project.

5. Conclusions and recommendations

The impact in Latvia of the forestry projects financed from Sweden has been great. The interest in Latvia for LFSMP seem to have increased after the project terminated. The final report (the 25 page Summary) is now considered, both inside the administration and among other donors, as a standard document for forestry development and almost all projects proposed have their roots in the Master Plan.

As an example can be mentioned the newly started Phare project on assistance to the forest owners association. This project expects to be supplemented by a new Swedish project on forest extension, which is presently under re-formulation at State Forest Service.

Forestry is a suitable sector for assistance from Sweden. The forest conditions in Latvia are similar to those in middle Sweden and Swedish experience and ideas can easily be adapted for Latvia. Swedish forestry experts can also be used as discussion partners outside formal projects.

An example of areas in the forestry sector in Latvia that could be subject to future assistance are listed below. Most of the items are suitable for Swedish assistance, but each project proposal has to be assessed before any decision can be taken.

- Forestry extension (project proposal presently under re-formulation at State Forest Service)
- Labour safety (high on the priority list in Latvia)
- Activities at State level that can facilitate restructuring of the sawmill industry (EBRD and Latvian Investment Bank are discussing establishment of one middle size sawmill)
- Follow-up activities on State level of the pulp mill pre-feasibility study
- Organizational studies of the forest administration

6. Lessons learned

It is obvious that a project like the LFSMP needs a very thorough preparation. It is especially important that it is well understood and accepted locally. The LFSMP was the first sector project to be implemented in Latvia after independence and there was no local experience neither in planning nor in implementation of assistance projects and how to utilize the available project resources in an optimal way.

A better result would probably have been achieved if more resources had been spent on project preparation in order to analyse the situation and to make priorities. The absorbing capacity of the local administration should also be more looked into, since the layer of qualified personnel is thin and if too many officers are engaged in projects, the day-to-day matters will suffer. One way that could be considered for similar projects in the future is to have a longer inception period, say 6-8 months, during which the Team Leader and an economist/administrator on site analyse the situation and draw up a detailed work programme. This would lead to a programme that would be more suited to the local conditions. Such an approach would somewhat delay the implementation, but not a great deal. On the other hand the client would receive a project that was more suited to his needs and the activities could be implemented faster since the local side would be better prepared.

It is also essential to have a full administrative and national backing for a sector development project. More emphasis should be put on forming a functioning steering committee that could guide the work of a project in the interest on the nation and ensure that the project is in line with the national development strategies.

More emphasis could also have been put on non-wood forest products, NWFP. The importance of NWFP, especially to small forest owners, could have been better explained. Almost half of the forest area will be re-privatized and there is likely to be over 100 000 new forest owners, most of them with a very small forest area. These forest owners could benefit from the extra income and the job opportunities NWFP could offer.



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Diarienummer

EVALUATION - FORESTRY SECTOR IN LATVIA

TERMS OF REFERENCE

1. Background

Since 1992 BITS has supported several project within the forestry sector, see list below, in total about 13 MSEK. A project of major importance was the production of a Master Plan for the Forestry Sector to serve as a guideline in policy making and investment plans.

SwedeCorp has carried out export marketing projects within the concept "Advantage Balticum", where among others the wooden sector has been selected as a priority sector. Within the project "Swedish Baltic Corps" Swedish experts have been posted at wood producing companies. Also within the Start-East programme there has been a few company cooperations in the wooden sector.

2. Objective of the activities

An overall objective has been to strengthen the capacity at Ministerial level for policy making and preparation of new legislations where the Master Plan should be an important tool on how Latvia could benefit from the forestry sector in a sustainable way.

The objective of the Master Plan according to the Terms of References was to prepare a strategy and master plan for the forestry sector that aimed to promote the strategic and economic development of the forest industry sector and an appropriate forest management regime. The strategy should be sustainable, environmentally sound, provide for optimal use of forest resources, form an integral part of the national development strategy, contribute to Latvia's development objectives including accelerated economic growth, and generally be beneficial to Latvia and its population. The plan should comprise recommendations for policy and regulatory reform, institutional restructuring and strengthening, investment programs in forest infrastructure, and programs and finance mechanism to develop existing forest industry enterprises and encourage and support private investment in forest industry enterprises.

3. Purpose of the evaluation

The purpose of the evaluation is to investigate whether the Master Plan - Strategies for Development of the Latvian Forestry Sector - has served its purpose as a tool for improved efficiency in the use of the forestry resources in Latvia and how other projects are related. Bottlenecks shall also be identified, if any.

4. Scope of Work

The assignment aims at an evaluation of:

- * *achievements, performance and results* in relation to the objectives in the Terms of Reference for the Master Plan
- * the *relevance, strategic and practical importance* of such a document for the Latvian recipients
- * its *impact on planning, policy making, projects evaluations* of relevant Latvian parts
- * its *interrelation with other projects* both Swedish financed and others
- * its *long term effects and strategic impact* on use of the forestry resources
- * its *impact on environmental issues*
- * possible *impact on equality between men and women*

The assignment shall also include an *analysis* of possible *deviations* from the objectives set in the Terms of References and other relevant *bottlenecks* in the enabling environment for an efficient use of the Master Plan as well as *cost-effectiveness* of this kind of assistance.

Which *conclusions and recommendations* can be drawn for possible future project in the forestry sector?

5. Method of Work

Go through relevant BITS/Sida documentation. Although the main project is the Master Plan, other related projects (see list below) have to be considered as well which is facilitated by the fact that the Latvian counterpart to a large extent is the same, namely Forestry Department, Ministry of Agriculture.

To assess the practical impact of the Master Plan, interviews have to be carried out with such institutions as e.g. Latvian Investment Bank, Privatisation Agency, EBRD representative in Riga, Latvian Association of Wood Processing Entrepreneurs and Exporters, in addition to Mr. Ozols and other representatives of the Forestry Department. The Swedish Embassy shall also be consulted.

If needed, interpreters shall be hired.

The work shall be started as soon as possible and a draft shall be ready on June 13 at the latest, at that date consultations with local counterparts shall have taken place and their viewpoints shall be included in the draft report.

The person(s) taking part in the evaluation shall have relevant knowledge of forestry matters as well as knowledge about the situation in Latvia.

6. Reporting

Report shall be written in English in three copies. A draft shall be presented not later than June 13 including comments from the Latvian and Swedish counterparts.

The final report shall be outlined in accordance with Evaluation Report - Sida's Standardized Format (Annex 3, Evaluation Manual for Sida) with a comprehensive summary of conclusions and recommendations. A separate summary shall be produced in accordance with the outline in "Sida Evaluations Newsletter: Instructions for Evaluations Managers and Consultants", as well as a completed form of "Sida Evaluations Data Worksheet".

7. Time Schedule

The evaluation shall be carried out during the period April-June 1996 with desk research and maximum 5 days study in Latvia.

A draft report shall be presented not later than June 13, 1996, including viewpoints from relevant counterparts in Latvia.

8. Undertakings

The Consultant will be responsible for practical arrangements in conjunction with the mission to Latvia and other visits. Sida will make available or cause to make available all written material (reports, project preparation documents, project completion reports, etc.) deemed to be of relevance to the evaluation exercise by the Consultant and Sida.

9. List of projects to be evaluated

Main project

LVA 0541 Master Plan	SEK 4 552 000
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Complementary projects

LVA 0321 Training in forestry and policy	SEK 841 000
LVA 0461 Policy making and legislation	SEK 590 000
LVA 0462 Policy making and legislation	SEK 160 000
LVA 0463 Legislation and strategy making	SEK 100 000
LVA 0542 Assistance to evaluate tender	SEK 62 000
LVA 0671 Roundwood measurement	SEK 1 030 000
LVA 0821 Advice on financing of ind. projects	SEK 228 000

LVA 0911 Inventory of forest by satellite photo	SEK 2 551 700
Öst7/95 Pre-feasibility paper pulp mill	SEK 2 500 000
Öst 82/96 Training literature for forestry workers	SEK 291 000
TOTAL	SEK 12905 700

Persons met during visit to Latvia 2-7 June 1996.

State Forest Service: Arvids Ozols, State Minister of Forests
 Arnis Skulte, Director, Department of Forest Utilization Development
 Tomass Kotovich, Foreign Affairs Coordinator
 Andris Burgelis, Head of Information Division
 Dr. Voldemars Skrupskis, Head of Woodworking Department
 Stanislavs Sarsuns, Department of Timber Export and Marketing

Others: Harry Landau, First Secretary, Swedish Embassy
 Andrejs Cunskins, President, Latvian Timber Harvesting Association
 Cedrics Grikis, President, Latvian Association of Wood Processing
 Entrepreneurs and Exporters
 Eriks Zakis, President, Latvian Forest Owners Association
 Dr. Mrs. Skaidrite Albertina, Head of Rural Innovation Centre
 Aigars Stockenbergs, Director, World Bank/European Union Project
 Management Unit (in Ministry of Agriculture)
 Dr. Valdis Avotins, Head of Information Department, Latvian
 Development Agency
 Andrejs Tiknuss, Director of Privatization Process, Privatization
 Agency
 Gunars Zarins, Privatization Agency
 Ainars Alsnis, Privatization Agency
 Madis Sipols, Chief Engineer, Forest Inventory Institute, Salaspils
 Mrs. Anita Smilgaja, Forest Inventory Institute, Salaspils
 Peteris Zilgalvis, Regional Environmental Specialist, WB Regional
 Mission Baltic Countries
 Guntars Levans, Associate Banker, EBRD Riga Office
 Mrs. Gita Rutina, State Secretary, Ministry of Environmental
 Protection and Regional Development
 Mrs. Kerstin Lindström, Resident Advisor, Latvian Investment Bank
 Ms. Gunta Ceplevica, Coordination of Foreign Technical Assistance,
 Ministry of Finance
 Manfred Faller, GTZ (previously resident GTZ project manager)
 Dr. Heikki Vesikallio, PHARE Project Manager (previously consultant
 in Master Plan project)

Persons interviewed in Sweden:

Leif Strömquist, Team Leader, LFSMP (interviewed in Minsk, Belarus)
 Börje Falk, County Chief Forester, Team Leader Forest Policy Project
 Johan Mjöberg, Jaakko Pöyry Consulting, Team Leader, Pulp and
 Paper Pre-feasibility Project (draft report presented in June/96)
 Hans Rasch, Satellitbild, Solna office (on telephone)

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- 95/1 Educação Ambiental em Moçambique. Kajsa Pehrsson
Department for Democracy and Social Development
- 95/2 Agitators, Incubators, Advisers - What Roles for the EPU's? Joel Samoff
Department for Research Cooperation
- 95/3 Swedish African Museum Programme (SAMP). Leo Kenny, Beata Kasale
Department for Democracy and Social Development
- 95/4 Evaluation of the Establishing of the Bank of Namibia 1990-1995. Jon A. Solheim, Peter Winai
Department for Democracy and Social Development
- 96/1 The Beira-Gothenburg Twinning Programme. Arne Heileman, Lennart Peck
The report is also available in Portuguese
Department for Democracy and Social Development
- 96/2 Debt Management. (Kenya) Kari Nars
Department for Democracy and Social Development
- 96/3 Telecommunications - A Swedish Contribution to Development. Lars Rylander, Ulf Rundin et al
Department for Infrastructure and Economic Cooperation
- 96/4 Biotechnology Project: Applied Biocatalysis. Karl Schügerl
Department for Research Cooperation
- 96/5 Democratic Development and Human Rights in Ethiopia. Christian Åhlund
Department for East and West Africa
- 96/6 Estruturação do Sistema Nacional de Gestão de Recursos Humanos. Júlio Nabais, Eva-Marie Skogsberg, Louise Helling
Department for Democracy and Social Development
- 96/7 Avaliação do Apoio Sueco ao Sector da Educação na Guiné Bissau 1992-1996. Marcella Ballara, Sinesio Bacchetto, Ahmed Dawelbeit, Julieta M Barbosa, Börje Wallberg
Department for Democracy and Social Development
- 96/8 Konvertering av rysk militärindustri. Maria Lindqvist, Göran Reitberger, Börje Svensson
Department for Central and Eastern Europe
- 96/9 Building Research Capacity in Ethiopia. E W Thulstrup, M Fekadu, A Negewo
Department for Research Cooperation
- 96/10 Rural village water supply programme - Botswana. Jan Valdelin, David Browne, Elsie Alexander, Kristina Boman, Marie Grönvall, Imelda Molokomme, Gunnar Settergren
Department for Natural Resources and the Environment
- 96/11 UNICEF's programme for water and sanitation in central America - Facing new challenges and opportunities. Jan Valdelin, Charlotta Adelstål, Ron Sawyer, Rosa Núnes, Xiomara del Torres, Daniel Gubler
Department for Natural Resources and the Environment
- 96/12 Cooperative Environment Programme - Asian Institute of Technology/Sida, 1993-1996. Thomas Malmqvist, Börje Wallberg
Department for Democracy and Social Development
- 96/13 Forest Sector Development Programme - Lithuania-Sweden. Mårten Bendz
Department for Central and Eastern Europe
- 96/14 Twinning Programmes With Local Authorities in Poland, Estonia, Latvia and Lithuania. Håkan Falk, Börje Wallberg
Department for Central and Eastern Europe



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