

Support to the Development of Civil Aviation Administration in the Baltic States

Per Johan Svenningsson

**Department for Central and
Eastern Europe**

Support to the Development of Civil Aviation Administration in the Baltic States

Per Johan Svenningsson

**Sida Evaluation 96/36
Department for Central
and Eastern Europe**

Authors: Per Johan Svenningsson

The views and interpretations expressed in this report are those of the authors and should not be attributed to the Swedish International Development Cooperation Agency, Sida

Sida Evaluation 96/36

Commissioned by Sida, Department for Central and Eastern Europe,

Copyright: Sida and the author

Printed in Stockholm, Sweden

ISBN 91 586 7415 2

ISSN 1401-0402

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: S-105 25 Stockholm, Sweden. Office: Sveavägen 20, Stockholm

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

Telegram: sida stockholm. Telex: 11450 sida sthlm. Postgiro: 1 56 34-9

Homepage: <http://www.sida.se>

0	Executive Summary
1	Introduction
2	Civil aviation development in the Baltics 1991-96
3	Conclusions and recommendations
Annex I	Terms of Reference
Annex II	Aviation projects supported by BITS/Sida
Annex III	Persons contacted for the evaluation

Executive Summary

Background

The development of national aviation structures has been similar, although not identical, in each of the three Baltic states. After independence, each country inherited its part of the Soviet Aeroflot system, including airline, airports and air traffic services. The overwhelming majority of the key personnel were Russian nationals, and still remain so. There were no civil aviation authorities nor safety inspectorates in the Aeroflot package, as these functions had previously been handled centrally in Soviet. It was necessary in each country to quickly separate the airline part from the other functions and set up a system for air traffic services, airports and air safety regulation in accordance with western standards. This came at a time when the traffic experienced a sharp drop, as suddenly the internal Soviet travel collapsed. The traffic has gone up again, especially the long distance overflights that now use previously unavailable corridors.

Financed by BITS, the Swedish aviation consultant company Swedavia (a subsidiary of the Swedish Civil Aviation Administration) worked together with the newly organised authorities from the very start. The initial help covered language training, basic civil aviation seminars, drafting of civil aviation acts etc.

After the initial phase, the co-operation has become more oriented towards the longer term issues. The projects are no longer as similar in each country as they were at start, but are adapted to the individual conditions in each case.

In Estonia the main emphasis has been on the rehabilitation and upgrade of the Tallinn airport, the development and consolidation of the air traffic services which now is handled by a separate state agency and on the training of air traffic controllers at the newly organised Tartu Aviation College.

In Latvia the airport and the air traffic services, both organised as independent state enterprises, have also been main recipients of the support. No national aviation training institute has been supported.

In Lithuania, the support has been more limited and not covered the airport nor treated the air traffic services with the same detail as in the two other countries. The reason for this limitation is mainly to be found in internal Lithuanian affairs.

The situation as of today is that in all three countries, the civil aviation structures are in place and function sufficiently well. To a large degree, the previous Soviet air traffic practices have been changed into western standards. There are differences however, in Lithuania the change into a western air traffic system has not been completed. All-in-all, the aviation system and administrations in the Baltic states have in a remarkably short time been

established as nationally independent and fully capable of managing the once again growing sector of civil air transport.

The financial situation is quite different between the civil aviation administrations in the three states. In principle, the income from overflight, especially the long distance traffic, and landing charges should be enough to cover the cost. It depends however very much on how the financial flow is organised. In Latvia, the independent aviation enterprises receive the charges directly and thus have a financially sound situation. In Estonia, the air traffic agency still is budget financed and the government controls the charges. In Lithuania, the situation is complicated by the geographically related fact that a large part of the overflight charges are never really paid.

The Swedavia projects

The way in which Swedavia has carried out its obligations must be seen as an excellent example of development cooperation. From the beginning, the attitude has been that the recipients should really participate in the process. Swedavia should work together with their Baltic counterparts, not do all the job for them. This has been commented upon by several from the recipient side, who have compared Swedavia favourably in this respect with other consultants in the business.

Another important factor is the gradual and systematic upgrading in the level of the cooperation. At first, basic things including English language training were important. Then came a phase in which the needs for improvements were analyzed and defined. Then a third phase with implementation of the needed improvements. All very systematic and well appreciated by the recipients.

We have now a situation in which Swedavia is firmly established on Baltic soil as an aviation consultant and representative counterpart of the Swedish CAA. A situation which will remain useful to the Baltic states as well as to Sweden for years to come.

Final recommendations

In general terms, an important conclusion is that there is no clear need for a substantial expansion of the air navigation services or airports in the Baltic states. Modernization, yes, but the volume will for the foreseeable time remain well below what was handled during the Soviet days.

A specific and highly political issue is the nationality of the air traffic controllers. Almost all were russians at the time of independence, and most still are. The absolute majority are neither citizens nor speak the language of the country where they work. This is discussed in the respective countries, and compared with the situation in Sweden and other western states where air

traffic controllers have security controlled positions and have to be national citizens.

Another issue of substantial political importance is the definition of air space, the FIR boundaries. The T-shaped Riga FIR is the only one with a common border with Sweden. To fly from Lithuania or Estonia you have to pass through Latvian air space before reaching Sweden. This is under discussion and clearly an important issue. Sweden, and especially Sida has no reason to take any initiative in this matter, but the situation should be acknowledged and monitored.

Sida has every reason to consider the aviation cooperation as successful. The three Baltic states have in just a few years gone from being totally dependant on the Moscow controlled Aeroflot system to nationally independent and by western standards acceptable civil aviation systems.

There are still many needs that have to be met in the aviation sector in the Baltics, but most can be handled within the financial resources that aviation generates by itself. Thus, it is important to support the policy of financially independent civil aviation systems in the Baltic countries, and not be misled by lack of resources caused by political deficiencies. Insisting on a correct policy will be the best help the civil aviation can get for the future.

In some areas there may still be a need for Sida to apply financial support. The Lithuanian civil aviation system is less developed than in the other two countries and needs further support to complete the transformation into a western system. Aviation safety, aviation security and aviation search and rescue in all of the Baltic states are fields of great importance, also to Sweden from a neighbourhood perspective, that may still need outside technical and financial support.

1. Introduction

The civil aviation sector in the Baltic states, specifically civil aviation administrations, air navigation services and to some degree airports, has been an important recipient of Swedish assistance since 1991. The accumulated support was approximately 19 MSEK by the end of 1995.

In accordance with Sida's policy of regular evaluations, but also as a contribution to the development of Sida's strategy for continued co-operation with the countries involved, it was decided in April 1996 to make an evaluation of the civil aviation support since its start, including an assessment of the need for further support to this specific sector.

The evaluation has been carried out through site visits to the main recipients in the three countries as well as extensive discussions with Swedavia, the Swedish counterpart in the co-operation. In accordance with the Terms of Reference, a brief background description of the civil aviation situation is given for each country but no complete sectorial analysis. The main emphasis is on the impact and effectiveness of the Swedish assistance, and the justification for continued Sida support.

As the general aviation situation in 1991 was very similar in the three countries, and as several features in the development since then have been almost identical, including the way in which Swedavia has operated, the report contains at first a general description of and comments on the aviation development and support in general and then individual chapters for each country, including specifics on each project. Finally, some general as well as country specific recommendations are given.

2. Civil aviation development in the Baltics 1991-96

2.1 The development of national structures

The situation in 1991 was almost identical in the three countries. The previous Soviet Aeroflot system in each state, which included airline, airports and air navigation services, was to be taken over by the newly re-established national governments. There was a desire in each country to meet western standards for civil aviation structures, which of course meant that the airline part had to be completely separated from the other functions. It was early decided by BITS not to get involved in the airline restructuring.

The other components could fairly easily be set up as national entities, at least when it came to airports and air navigation services. These had functioned also under the Aeroflot system and the infrastructure and physical equipment, although not up to western standards and partly in a bad state, remained intact. The establishment of civil aviation administrations, including air safety inspectorates, required the build-up from scratch of new national institutions. Also the government/ministerial component required a totally new organisation.

The legal basis for the civil aviation administration, the aviation legislation, had to be drafted and put through the parliamentary procedure. The countries also had to join ICAO and other international aviation organisations and conventions.

In all the three countries, existing staff from the Aeroflot system automatically entered into the new aviation organisations. A common feature was, and is that the absolute majority of the air traffic controllers are Russian nationals. Still, very few of the staff in the air navigation services are citizens or speak the language of the country in which they now work. This reflects the strategic importance of air traffic control under the Soviet rule.

After varying time, new aviation legislation has now been adopted in each Baltic state. The organisational and managerial turbulence has partly been considerable regarding the aviation institutions, but things seem to have settled during the last year.

The airspace organisation and the working methods of the air navigation services have in Estonia and Latvia been changed from the previous Soviet style into a Western system, while they still remain basically the same as before in Lithuania. Equipment for the ANS has been or will soon be fully modernised and upgraded in all three countries.

The major airports, in the three capitals, are fully operational. Tallinn and Riga have undergone major rehabilitation, and Tallinn will even be upgraded to Cat II. There is no capacity problem at any of the airports for the foreseeable future, traffic is still well below Soviet times.

There is a severe crisis for the smaller airports, however, that have lost most if not all of their traffic. Tartu, for instance, used to have scheduled flights to several places in Russia, Belarus, Ukraine, Latvia etc. Now there are no scheduled flights at all. The governments are fully aware of the problems with the smaller airports, and it seems likely that only the three capital airports will remain state enterprises.

All-in-all, the national civil aviation structures in the Baltic states have developed surprisingly fast into sufficiently well functioning systems. This is also shown by a few key factors.

- * The increase in international air traffic over Baltic airspace, mainly overflights to the Far East from Western Europe, has been very strong. The international airlines trust and rely on the Baltic air navigation services.

- * The airports in the Baltic capitals have a sufficient technical, safety and security standard to attract western airlines. The capacity will for years to come be more than sufficient, as the previously dominating traffic to destinations in the Soviet Union has virtually disappeared.

* There has not been any serious accident involving scheduled air traffic within the Baltic states since independence was re-established.

* The income from overflight and landing charges should be sufficient to cover the cost for the civil aviation administrations, air navigation services and airports in each of the Baltic states. At least if civil aviation does get paid from all foreign airlines and can keep the income within the sector.

2.2 Swedavia's activities

The Swedish assistance through Swedavia was almost identical in each country for the first years. It started with very basic training in western aviation policy, help in drafting aviation legislation, training of air traffic controllers and other key personnel in aviation English, study visits to Sweden, management advice, supply of basic aviation documents etc.

The second phase, that started in 1993, was again similar in all three countries. It should be noted, however, that there have been very few activities including all the participating countries. The co-operation has been parallel, not a joint exercise. The contents of the second phase included support to the development of civil aviation administrations, needs assessment and a Master Plan for the air navigation services, aviation security programme development, study visits and seminars for managers/experts and some ad hoc consultancy support.

After the first two phases, the assistance has become less parallel. Depending on national priorities and development strategies, each country has requested a different package. In both Estonia and Latvia, the airport rehabilitation has been a major component. Estonia has also received support to the continued development of the civil aviation administration and to training of air traffic controllers, whereas Latvia has received support to modernise its air traffic control system. Lithuania has not received any further support after phase two, mainly due to internal reorganisations and technical developments.

It is obvious that the assistance came at the right time and through the right channels. The build-up of national aviation structures would most likely not have been so fast and relatively easy without the early support from Swedavia. For the three countries, Sweden is for geographical reasons the most logical western contact. This has also been clearly demonstrated by the fact that BITS/Swedavia has been the most important supplier of technical aviation assistance to the three countries since 1991.

The approach was from the start that the three countries should do as much as possible on their own, using Swedavia's advice and expertise where needed. It was almost never the case that Swedavia should do the whole job for the Baltic states, they did it with them. This has been mentioned in all three countries and can easily be identified from the way projects have been structured. According to aviation officials in the recipient countries, Swedavia

has been much better in this respect than other aviation consultants that have been active in the area.

It is also interesting to note that all three countries have engaged Swedavia as consultants also outside the BITS/Sida sponsored assistance. Partly within other donor/loan programmes but also as commercial contracts paid entirely by the recipient institution (e.g. using overflight charges).

With a few minor exceptions, the relations between Swedavia and the aviation institutions in the Baltic states seem to have developed very well and a good "neighbour" contact has evolved. It is very likely, and of course also logical from the geographical situation, that this neighbourly co-operation will continue and that Sweden/Swedavia will remain the most important western contact for the Baltic aviation authorities for the foreseeable future.

2.3 Estonia

The Estonian civil aviation organisation has changed somewhat during the years of co-operation, as in the other countries, but now comprises of the following components:

The Ministry of Transport has the political responsibility for aviation, with the Civil Aviation Administration as its main organ. The CAA has units for flight safety and aviation policy.

Air navigation services are handled by a separate state agency, Estonian ANS. Until early 1996 the ANS was a part of CAA but this changed very recently, in fact just before the evaluation visit took place. The main problem remains, however, that the overflight charges do not go directly to the air traffic services. The newly formed ANS will still have to apply for funds from the state budget.

This is a major problem, and a situation that may not be compatible with Estonia's international civil aviation commitments. According to these, the overflight charges are to go back to the air traffic services and are not to be seen as a general government income.

Estonian Airports, including Tallinn, K rdla, Kuressaare, P rnu and Tartu- lenuurme airports, is a separate state enterprise since the split of Aeroflot. The other airports, e.g. Tartu-Raadi, Haapsalu, Viljandi etc., do not belong to this enterprise.

The Swedavia projects have covered all three institutions and also the Tartu Aviation College training of air traffic controllers. Four projects have been formally concluded - the two first phases of general support and two projects connected with the rehabilitation of Tallinn airport. Two additional projects are in execution, one regarding the establishment of the civil aviation administration and one regarding ATC training and upgrading of Tallinn airport to Cat II.

The first two projects were carried out according to plan, they were the first aviation assistance that Estonia received and are highly praised by the Estonians. The intended services such as training, documentation, proposals for legislation etc. have all been provided and put to use by the recipients. There are no major items left unattended and there are no indications of any problems with neither quality of services nor way of work.

The activities included under the first two projects were highly justified and relevant and were definitely of strategic importance to Estonia's civil aviation development.

The following two projects, related to the Tallinn airport, have also been carried out in a fully appropriate way. The actual rehabilitation work was funded by EBRD, while BITS supplied procurement and supervision support through Swedavia. The airport was reintroduced as a Cat I airport in January, 1996, and will probably be upgraded to Cat II in 1997.

Swedavia has had some disagreements with the airport authority. The recommendation from Swedavia was to keep the airport as a Cat I, but the Estonians insisted on upgrading to Cat II which EBRD accepted. Swedavia thereafter has worked wholeheartedly in the still ongoing project to make the upgrade as efficiently as possible.

There are some comments from the airport authority that Swedavia staff did not always understand that things could not be done in Estonia like Swedavia were used to do in Sweden. These were minor problems, however, without any remaining hard feelings.

The airport rehabilitation assistance was also highly justified and relevant. The Tallinn airport had been in a dismal state in 1991 and only emergency repair had kept it open.

The final two projects are still in execution. The advice to the civil aviation administration, including air navigation services, is a central activity. The ANS agency is presently taking possession of its new ATC centre and tower, located across the runway from the old facility. With this new facility, based in principle on the Master Plan, Estonian ANS will have state-of-the-art equipment and be fully capable of managing its regular tasks, although outside expertise may still be required for some special needs.

The latest project including Tartu Aviation College and the Cat II upgrade is a mix of two things, of which the Cat II upgrade was commented upon previously.

The TAC has operated two years, 13 ATC students graduated in 1995 and 14 will graduate in 1996. In addition to this, TAC has also co-ordinated pilot training, recruited airport personnel, started training of aviation engineers and

carried out aviation English training. Most of the 1995 ATC graduates now work in Estonian aviation.

The co-operation with Sida/BITS has only been in air traffic control. The support to TAC has been carried out in an almost exemplary way, using Swedavia staff only when necessary and emphasising training of the trainers. The problem is, however, that there is no sustainable demand for such numbers of graduates. With the closing down of the smaller airports, the modernising of ANS' facilities and considering the large number of controllers that were working in Estonia under the Aeroflot system, there is a surplus of controllers in the country rather than a need for lots of new graduates.

Thus, the TAC activities have been carried out in a good way but may not be long-term justifiable. It is only relevant to train lots of controllers if Estonia will embark on a policy of "nationalisation" of the air navigation services, i.e. if controllers will be required to be citizens and fluent in the Estonian language. Such a policy shift does not seem imminent, however. The best way of utilising the equipment and experts that are now available for ATC training may be to integrate them with the ANS organisation and use it for continued training and refreshments/updates. This would mean that Tartu has to be abandoned but that the investment made so far will be useful also on a continuous basis.

The technical assistance that Estonia receives in aviation comes mainly from Sweden, Norway and Finland, as well as multilateral programmes such as Phare. Contacts are also established with France, Germany and a few other countries.

The Airport enterprise and the ANS agency will most likely be able to take care of themselves hereafter. They will need to constantly maintain and gradually upgrade their capacity and capabilities, but as soon as they get full access to the income they generate this should not be a problem.

The CAA, including the safety inspectorate, is a much weaker organisation without proper funding. Air safety, as well as the search and rescue that falls under ANS, are matters that have to be treated very seriously, even though they do not generate immediate income.

2.4 Latvia

The Latvian organisation has been stable for some years now, and include the following:

The Ministry of Transport has the political responsibility for aviation through its Aviation Department, with the Civil Aviation Administration as its main organ. The CAA's responsibility is primarily flight safety but it also has some role to oversee the other aviation bodies.

Air navigation services are handled by a separate state enterprise, LGS, that was created at the very beginning of the split of Aeroflot.

The Riga airport is also a separate state enterprise since the split of Aeroflot. The smaller airports do not belong to this entity any more, they have been taken over by the municipalities.

As Riga was an important centre for aviation matters in the USSR, several aviation education institutes also exist in Latvia. The foremost is the Riga Aviation University. Swedavia has not had any co-operation with these institutes.

The initial project, phase one, has been formally concluded together with a smaller project on plans for the modernisation of Riga airport, while the phase two project together with a project on ATC technical modernisation and project management support for the airport rehabilitation were still not formally closed at the time of the evaluation.

The first project was carried out according to plan, The intended results in terms of training, documentation etc. have all been provided and put to use by the recipients. The draft aviation legislation was considered but not really used, a Latvian draft based on the Soviet Act had already been elaborated. There are no major items left unattended and there are no indications of any problems with neither quality of services nor way of work. The activities included under the first project are also highly justified and relevant and were definitely of strategic importance to Latvia's civil aviation development.

The projects on Riga airport rehabilitation have been similar to those in Estonia. Also in Riga did EBRD finance the actual rehabilitation work, whereas Swedavia has assisted with planning and project management.

Swedavia did, as in Tallinn, advise that Cat I should be maintained for a possible future upgrade to Cat II. Furthermore, Swedavia did advise against an extension of the runway that the Latvian authorities requested. Such a runway extension has never been an issue in Tallinn. There will not be any upgrade nor any runway extension with the present EBRD loan. This has obviously created bad feelings in Latvia, even though it is difficult to justify the extension and upgrade on commercial grounds. At both the CAA and the airport authority, as well as some of the other places, critical comments were made about Swedavia's advice to hold back. It was clearly said by the Latvians, however, that the work done by Swedavia regarding the airport was well appreciated.

The airport rehabilitation is now completed and full Cat I capability has been kept. This work was necessary and the BITS support highly relevant. The airport now claims it has sufficient knowledge to manage planning and procurement on its own, no direct work with Swedavia has been going on for the last year.

The co-operation with LGS seems to have been more close and have resulted in deeper relations than with the other two institutions. LGS has since 1991 gradually modernised and upgraded its entire physical structure, based on the needs assessment and Master Plan that was elaborated in co-operation with Swedavia. Some items are still under implementation, but essentially the basic facility is completely new under an old shell. Even the offices have been totally renovated and redesigned.

The BITS projects have supported this process, but LGS has paid most of the cost with its own funds. A total of 20 MUSD has been spent so far, basically all of it cash payments coming out of LGS' annual income of 15 MUSD in overflight charges. LGS is also contracting Swedavia for training purposes when necessary, using its own funds. It is obvious that LGS has been very successful and manages its activities in an efficient way. The support through Swedavia has been useful as an initial activity to assist LGS during the first steps to integrate with the western world, but now LGS is perfectly capable of managing its own business.

Sweden has been the main provider of technical aviation assistance to Latvia but there is also co-operation with other countries, mainly Norway, Netherlands and the UK, and international organs. In aviation security the airport authority has worked with UK, USA and Israel.

The Latvian aviation institutions are quite capable and already have a sound financing system. It does not seem urgent to continue with technical support, the needs will most likely be covered by the Latvian institutions using their own resources.

2.5 Lithuania

The Lithuanian situation is the one that has taken the longest to settle. In May 1996, the Aviation Act was finally adopted by parliament. The Swedavia draft did after many detours at the end form the basis for the Lithuanian legislation. The present organisation looks as follows:

The Ministry of Transport has the political responsibility for aviation through its Aviation Department, with the Civil Aviation Directorate as its main organ. The CAD will in principle be responsible for the management of the entire civil aviation sector.

Air navigation services were previously handled by a separate state enterprise, VSVT, that was created at the very beginning of the split of Aeroflot, but are now integrated in the CAD.

The Vilnius airport is still a separate state enterprise but may fall under CAD's responsibility in future. The smaller airports are still state enterprises but may become municipal.

An Aviation Institute exists as a unit under Vilnius Technical University. This institute is, as in the other two countries, independent from the aviation authorities but closely related to them. It is located at the main airport and has taken over the former Aeroflot training facilities including several older aircraft simulators.

The initial project, phase one, has been formally concluded together with a small project on safety audit of Lithuanian Airlines. Also in Lithuania did the first project work out very well and has been executed in a completely satisfactory way.

The main difference compared with Estonia and Latvia, and probably also the main reason why no additional project has been decided after phase two, is the early purchase of an advanced air traffic control system by the VSVT, the former air navigation services of Lithuania.

The system, which was delivered by the French Thompson company under a commercial contract with fully commercial financing, is installed and operational and the most advanced of its kind in the Baltics. As the purchase of the system was decided at a very early stage, the needs assessment and the development of a Master Plan for the Lithuanian air navigation services were deleted from the Swedavia project at Lithuanian request.

Thus, there have been very limited activities regarding ANS matters in the co-operation. Due to this, there is a disbalance between the advanced state of the technical equipment and the technical know-how and working methods. Nor have there been any activities regarding the airport, as the situation was not quite as critical as in Tallinn and Riga. The bulk of the co-operation has been directed towards legislation, organisation/management and rules and requirements for civil aviation.

It was stated very clear and direct from several of the Lithuanian representatives that the somewhat slow and limited co-operation was not to blame on BITS or Swedavia. The reason was to be found in internal Lithuanian affairs.

The co-operation that has taken place has been relevant and well carried out. There seem to be no problem areas nor any shortcomings in the relations between Swedavia and CAD. The only complaint about Sweden that was mentioned was that there should have been more co-operation.

Lithuania has technical aviation co-operation with Sweden and Phare and commercial aviation relations with France and Germany.

Also the Lithuanian aviation institutions should in principle be able to handle their own business using the income they generate. There is some confusion, however, to what degree the French connection is putting too much of a financial burden on CAD. At least the air traffic controllers complain that they would have preferred if parts of the Thompson money had been used to

increase their salaries instead. It is also quite clear that Lithuania still needs some technical co-operation to upgrade its ANS capabilities.

3 Conclusions and recommendations

3.1 General conclusions

The most important conclusion regarding the actual situation in Baltic civil aviation is that the initial difficulties have been overcome and that the three countries broadly speaking already have sufficiently well functioning institutions. The much lower local traffic intensity compared to the previous Soviet times also means that there is no need for any major increase in capacity for years to come. The much higher international overflight traffic intensity, such traffic hardly existed before, does however mean that the capacity according to international standards have to increase.

Of great importance is the income that civil aviation generates from overflight and landing charges. These charges must be destined directly to the aviation institutions, as in Latvia, and not enter the state budgets or otherwise be manipulated.

The aviation co-operation with Sweden is natural and important to all the Baltic states. Latvia and Lithuania both have Sweden as their closest western neighbour. Estonia attaches equal importance to Finland and Sweden. The links with Swedavia/Luftfartsverket will remain and will continue to grow into regular neighbour co-operation such as between Luftfartsverket and its counterparts in the other Nordic countries. It is encouraging that Baltic representatives already have participated at Nordic aviation meetings.

A specific and highly political issue is the nationality of the air traffic controllers. The absolute majority are neither citizens nor speak the language of the country where they work. This is discussed in the respective countries, and compared with the situation in Sweden and other western states where air traffic controllers have security controlled positions and have to be national citizens.

There are some ambitions to increase the percentage of national citizens in the air traffic controls and also to impose rules to speak the national language. There is also one case so far, Lithuania, in which national air force officers work in the same control centre as the civil, Russian speaking controllers.

Another issue of substantial political importance is the definition of air space, the FIR boundaries. The T-shaped Riga FIR is the only one with a common border with Sweden. To fly from Lithuania or Estonia you have to pass through Latvian air space before reaching Sweden. This is under discussion and clearly an important issue. It also means that as long as Sweden has no common air space border with Estonia and Lithuania, we will only have limited day to day interaction with them and no search and rescue agreements.

Sweden, and especially Sida has no reason to take any initiative in this matter, but the situation should be acknowledged and monitored and Swedish advice and "mediation" might be of value.

3.2 The BITS/Sida projects

The way in which Swedavia has carried out its obligations is in many ways an excellent example of development co-operation. From the beginning, the attitude has been that the recipients should really participate in the process. Swedavia should work together with their Baltic counterparts, not do all the job for them. An attitude of mutual respect has developed.

Another important factor is the gradual and systematic upgrading in the level of the co-operation. At first, basic things including English language training were important. Then came a phase in which the needs for improvements were analysed and defined. Then a third phase with implementation of the needed improvements. All very systematic and well appreciated by the recipients.

Sida has every reason to consider the aviation co-operation as successful. The three Baltic states have in just a few years gone from being totally dependant on the Moscow controlled Aeroflot system to nationally independent and by western standards acceptable civil aviation systems.

There are a few shortcomings in the way the projects have been defined and managed, however. The reporting has not been systematic nor frequent. BITS/Sida has not required regular progress reports and Swedavia has not felt any need to produce such documents except in a few cases.

This may be related to the traditional BITS way of work, nevertheless it should have been preferable if Swedavia had written at least semi-annual progress reports giving the project status and the general situation in the aviation field in each country.

Swedavia has commented on the long lead times for the projects and the need to continuously adjust them to the real situation. This is of course a very general problem, that affects all co-operation agreements. With a very fast and dynamic development such as in aviation, the problem is however accentuated. It is easy to understand and agree with Swedavia that a better way of co-operation is to have general objectives laid out but not every detail defined when the project decision is made. The exact contents should be formulated within the project as work proceeds, jointly by the consultant, the recipient and the donor agency.

The financial reporting, the invoicing, from Swedavia is a mess. There are large numbers of small invoices, sometimes just for a few hours of work. Swedavia should be required to apply a different method, with quarterly invoices of a more comprehensive nature. The present invoicing gives no good overview and puts unnecessary burden on Sida.

The other aspect of the finances, the cost efficiency of the co-operation, is not much to say about. Swedavia has normal fee levels, and the amount of time spent on each activity does seem quite reasonable. The amount of money that BITS spent on the crucial first two phases, approximately 9 MSEK, was a very cheap price to pay considering the impact it had on the setting-up of the new civil aviation institutions in the Baltic states. There is no way to make a detailed cost-benefit analysis of this, suffice it to say that without a well functioning aviation system, the countries would have been in tremendous difficulties.

Finally, it cannot be avoided to comment on the situation in the recipient countries. The amount of political, organisational and personnel changes, as well as bureaucratic infighting has been considerable in the aviation arena. This may have been unavoidable, but it has clearly caused delays and difficulties for the co-operation. It is fortunate that there have been good people in each of the countries, that somehow have remained in the business and that Swedavia have had the possibility to maintain their contacts with.

3.3 Future aviation assistance?

There is an inherent dilemma in technical assistance. Projects and sectors that function well lead to a lesser need for further assistance, even though the participants often wish to continue their co-operation. This is the general situation in the aviation assistance to the Baltic states. The successful development, which to a certain degree has been achieved by help of the Swedavia assistance, has led to a situation in which it is hard to justify any major further assistance.

The airports and partly also the air navigation services do not really require substantial development assistance any longer. They are, at least in their environment, technically fairly strong institutions. In the cases where they have direct access to their income, they are also financially strong. Sida's money may well be more urgently needed in other areas.

It is however very important that the co-operation with Sweden continues. If Sida reduces its aviation support, and some other country or organisation steps in with donor funds, then this could have the negative effect that the relation with Swedavia/Luftfartsverket is severely reduced. Also the Baltic countries opt for the free lunch, i.e. will prefer donated projects if there is a choice. That would probably not be in the long term interest of neither the Baltic states nor Sweden. Sida should closely monitor this situation.

There are a few areas in which continued assistance can be justified. First, it must be mentioned that there is still a need for some technical co-operation with Lithuania. The special circumstances in Lithuania has led to a situation in which that country is lagging behind its neighbours. This will clearly not be acceptable.

The safety inspectorates and the search and rescue services are perhaps the best examples. There is reason to believe that these do not get sufficient attention and resources. Sida should consider projects in both these fields, probably in a broader perspective looking at transportation safety and search and rescue as a whole. There are already tendencies in the Baltic states to co-ordinate air and maritime search and rescue, as we have done in Sweden. It should also be considered to increase the regional co-operation in safety as well as search and rescue.

The strong relation between search and rescue, and also air security matters, and the security related support that is administered by the Swedish Foreign Ministry, that previously was called sovereignty support, is obvious. The new level of Baltic Sea co-operation, with Sweden as a lead country, may also bring new opportunities for co-operation in civil aviation.

Finally, the area of training and education in aviation matters, especially air traffic control, is of certain interest. There are ambitions in all three countries to develop such institutes, and Sida/Swedavia have been supporting certain activities. There are some justifications for national capacity in aviation training but there is also a clear danger for over-capacity, and Sida should be very careful when assessing new proposals.

A special case is the possibility for joint ventures between Sweden, one or several Baltic states and countries in the FSU. Such training programmes may well be of significant importance not only to aviation but also as a component in the broader perspective of improving stability and co-operation in the region.

Discussions are under way between Swedavia and some of the Baltic ANS organisations, as well as between Swedavia and potential partners in FSU. The demand on Sida may not be large, but could be crucial in order to get such multilateral joint ventures off the ground. It might be a very wise and strategically important decision to make.

Annex I - Terms of Reference

Background

BITS has been providing support to the development of civil aviation administration in Estonia, Latvia and Lithuania (the Baltic States) since 1991. By the end of 1995, this support had come to comprise 14 projects at a total cost of approximately SEK 19 million. A complete list of projects is found here below.

The recipient of this aid has been the Ministries of Transport in the respective countries. The projects have mainly involved institution building activities, including staff training in areas such as international air control systems, airport modernization, legislation and relations between civil aviation authorities and ministries. Safety audits of Estonian Air and Lithuanian Airlines have also been carried out.

In view of the large number of projects to the development of civil aviation administration in the Baltic States, Sida has decided to undertake a review and evaluation of the achievements to date and to identify whether any motives for continued assistance to the sector are at hand. To undertake this evaluation, Sida intends to recruit an independent consultant (the Consultant). These terms of reference will guide the work to be performed by the Consultant.

Purpose

The purpose of the evaluation exercise is to evaluate the relevance, results, cost-effectiveness, sustainability and effects of the support so far provided to the development of civil aviation administration in the Baltic States, and identify major issues with respect to project definition and implementation.

Scope of work

The scope of work will include, but will not necessarily be limited to, the following:

1. A brief background description for each country concerning civil aviation administration, comprising i.a. the current institutional structure, current legal framework, other donor's support etc;
2. Identify the role played by BITS/Sida's support within the overall development of the civil aviation administration in the three countries with regard to institutions as well as from an air safety viewpoint;
3. Review each of the projects funded so far by BITS/Sida, identify their specific roles, their objectives, and any performance indicators specified

for the projects. Assess the project against these roles, objectives and performance indicators; and

4. Identify major issues with regard to the execution of the BITS/Sida support, the manner in which it has been implemented both with respect to the provision of technical assistance services and the arrangements and absorptive capacity on the sides of the recipient countries including the efficiency of the concerned institutions in the Baltic States and in Sweden.

Method of work and reporting

To collect the required material, the Consultant will initially visit Swedavia in Norrköping, who has been the lead consultant for all the consultancy services provided to date. He will then visit Riga, Vilnius and Tallinn for approximately 10 days for fact finding. The visits should be made before 15 May 1996.

Within 10 working days from the end of the visit to each of the capital cities, the Consultant will submit first draft reports to each counterpart in the respective countries and to Swedavia for their review. After having received the counterpart's and Swedavia's comments, draft final reports for each country will be submitted within five working days to Sida. In addition to this, a comprehensive draft report should be presented, comprising the conclusive assessment by the Consultant regarding the support to civil aviation administration in the Baltic States. A final report, including findings for each country and conclusive assessment, is estimated to be presented no later than 20 June 1996.

All reports should be written in English. The report should follow the model and the guidelines described in Annex A.

Undertakings

The Consultant will be responsible for practical arrangements in conjunction with the missions to the Baltic States 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 Consultants and Sida.

Annex II - List of projects to be evaluated

Completed projects:

Estonia

EST0291 SEK 1 160 000 Decision 91-10-07
Assistance to the establishment of a national civil aviation authority.

EST0292 SEK 1 889 000 Decision 93-01-27
Assistance to the establishment of a national civil aviation authority.

EST0781 SEK 331 000 Decision 93-05-06
Procurement support in connection with rehabilitation of Tallinn Airport.

EST0782 SEK 850 000 Decision 93-06-30
Support to supervision in implementation to the rehabilitation of Tallinn Airport.

Latvia

LVA 0191 SEK 1 100 100 Decision 91-10-07
Assistance to the establishment of a national civil aviation authority.

LVA 0421 SEK 376 000 Decision 92-10-20
Assistance to elaborate a plan for decisions connected with the modernization of the airport in Riga.

Lithuania

LTU 0091 SEK 1 100 000 Decision 1991-10-07
Assistance to the establishment of a national civil aviation authority.

LTU 0092 SEK 62 000 Decision 1992-11-02
Safety Audit of Lithuanian Airlines.

Projects under implementation:

Estonia

EST0293 SEK 1 996 560 Decision 95-01-04
Assistance to the establishment of a national civil aviation authority.

EST1251 SEK 4 226 000 Decision 95-05-17
Support to Tartu Aviation College and upgrading of Tallinn International Airport to Cat I and II operations.

Latvia

LVA 0192 SEK 1 732 000 Decision 93-01-25
Assistance - advisors, training and exchange of experience - when establishing a new national air traffic system.

LVA 0193 SEK 1 741 000 Decision 94-06-30
Procurement and installation support when modernizing the technical functions of air traffic control.

LVA0422 SEK 957 000 Decision 93-09-29
Project management support to the Ministry of Transport and to Riga Airport connected with the modernization of the airport.

Lithuania

LTU0093 SEK 1 703 000 Decision 93-01-25
Support to the establishment of a national civil aviation system in Lithuania through advising, training and transfer of knowledge.

Annex III - Persons encountered for the evaluation

Swedavia

Stig Leijon
 Lars-Erik Nordström
 Bert-Åke Wahlgren
 Ulf Winslow
 Evert Dahlstedt
 Magnus Simon
 Åke Gustavsson

Estonia

ANS

Jaan Tamm
 Are Piel
 Viktor Popov
 Rein Järv
 Ardo Oras

CAA

Eduard Tüür
 Tõnu Ader

Ministry of transport

Tõnu Naestma
 Peeter Skepast

Tallinn Airport

Ats Künnapuu
 Einari Bambus

Tartu Aviation College

Ants Aaver
 Tanel Kulbas
 Mart Enneveer
 Imbi Kuusksalu
 Jüri Jõul

Latvia

LGS

Alexander Okladnikov
 Yourij Bazulev
 Sergey Khankhaldov

Asnata Ventskava

Ministry of transport

Arnis Muiznieks

Valdis Vismanis

CAA

Andris Zalmanis

Riga Airport

Viesturs Veinbergs

Riga Aviation University

Igor Kabashkin

Jewgeny Slepechets

Air Baltic

Gunnar Ågren

Latvian transport association

Andris Gūtmanis

Indra Verpakovska

Lithuania

CAD

Algirdas Sileika

Virgilijus Danilevicius

Milda Siniauskaite

Jonas Mazintas

Antanas Lapinskas

Romualdas Rackauskas

Algimantas Rascius

Kazys Ozeneckas

Ministry of transport

Nerijus Stukenas

Lithuanian airlines

Edward Janusas

SAS Vilnius Station

Tadas Smaliukas

Aviation Institute

Jonas Stankunas

Sida Evaluations - 1995/96

- 95/1 Educação Ambiental em Moçambique. Kajsa Pehrsson
Department for Democracy and Social Development
- 95/2 Agitators, Incubators, Advisers - What Roles for the EPU? 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 Nunes, 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
- 96/15 Swedish Support to the Forestry Sector in Latvia. Kurt Boström
Department for Central and Eastern Europe

- 96/16 Swedish Support to Botswana Railways. Brian Green, Peter Law
Department for Infrastructure and Economic Cooperation
- 96/17 Cooperation between the Swedish County Administration Boards and the Baltic Countries.
Lennart C G Almqvist
Department for Central and Eastern Europe
- 96/18 Swedish - Malaysian Research Cooperation on Tropical Rain Forest Management. T C Whitmore
Department for Research Cooperation, SAREC
- 96/19 Sida/SAREC Supported Collaborative Programme for Biomedical Research Training in Central America. Alberto Nieto
Department for Research Cooperation, SAREC
- 96/20 The Swedish Fisheries Programme in Guinea Bissau, 1977-1995. Tom Alberts, Christer Alexanderson
Department for Natural Resources and the Environment
- 96/21 The Electricity Sector in Mozambique, Support to the Sector By Norway and Sweden. Bo Andreasson, Steinar Grongstad, Vidkunn Hveding, Ralph Kårhammar
Department for Infrastructure and Economic Cooperation
- 96/22 Svenskt stöd till Vänortssamarbete med Polen, Estland, Lettland och Litauen. Håkan Falk, Börje Wallberg
Department for Central and Eastern Europe
- 96/23 Water Supply System in Dodota - Ethiopia. Bror Olsson, Judith Narrowe, Negatu Asfaw, Eneye Tefera, Amsalu Negussie
Department for Natural Resources and the Environment
- 96/24 Cadastral and Mapping Support to the Land Reform Programme in Estonia. Ian Brook
Department for Central and Eastern Europe
- 96/25 National Soil and Water Conservation Programme - Kenya. Mary Tiffen, Raymond Purcell, Francis Gichuki, Charles Gachene, John Gatheru
Department for Natural Resources and the Environment
- 96/26 Soil and Water Conservation Research Project at Kari, Muguga - Kenya. Kamugisha, JR, Semu, E
Department for Natural Resources and the Environment
- 96/27 Sida Support to the Education Sector in Ethiopia 1992-1995. Jan Valdelin, Michael Wort, Ingrid Christensson, Gudrun Cederblad
Department for Democracy and Social Development
- 96/28 Strategic Business Alliances in Costa Rica. Mats Helander
Department for Infrastructure and Economic Cooperation
- 96/29 Support to the Land Reform in Lithuania. Ian Brook, Christer Ragnar
Department for Central and Eastern Europe
- 96/30 Support to the Land Reform in Latvia. Ian Brook, Christer Ragnar
Department for Central and Eastern Europe
- 96/31 Support to the Road Sector in Estonia. Anders Markstedt
Department for Central and Eastern Europe
- 96/32 Support to the Road Sector in Latvia. Anders Markstedt
Department for Central and Eastern Europe
- 96/33 Support to the Road Sector in Lithuania. Anders Markstedt
Department for Central and Eastern Europe
- 96/34 Support to the Maritime Sector in Latvia. Nils Bruzelius
Department for Central and Eastern Europe
- 96/35 Sida/SAREC's Marine Science Programs. Jan Rudengren, Per Brinck, Brian Davy
Department for Research Cooperation, SAREC



SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

S-105 25 Stockholm, Sweden

Tel: +46 (0)8-698 50 00. Fax: +46 (0)8-20 88 64

Telegram: sida stockholm. Postgiro: 1 56 34-9

E-mail: info@sida.se. Homepage: <http://www.sida.se>