

Technical Assistance to Central and Eastern Europe

**A cooperation between Chambers of Commerce in
Sweden and in Central and Eastern Europe**

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**Department for Central and
Eastern Europe**

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Sida Evaluation 99/19

**Department for Central and
Eastern Europe**

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MPI

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Background

This report concerns an evaluation of eleven technical assistance projects in Central and Eastern Europe, combining institution building in private sector service organisations with assistance directly at the enterprise level. The projects include capacity building of Chambers of Commerce in Latvia, Lithuania, Kaliningrad and Bosnia Herzegovina, female entrepreneurship training in Poland and Swedish advisers working in specially selected industries in Latvia and Lithuania (Swedish Baltic Corps, SBC). The Swedish Baltic Corp projects have been implemented by the Chamber of Commerce of the Provinces of Örebro and Västmanland, CCIÖV, in Latvia, and the Chamber of Commerce of Southern Sweden, CCISS, in Lithuania. Four out of five of the institution building projects aiming at strengthening the local chambers as well as the training programme in Poland are implemented by CCISS. The co-operation with Bosnia-Herzegovina has been through CCIÖV.

The evaluation

The purpose of the evaluation has been to assess the achievements, impact, relevance, cost-effectiveness and sustainability on the local organisations and their capacity to support the local trade and industry. The evaluation was asked to assess *relevance* (contribution to a socially sustainable economic transition, solving the key problems of the local industries, and gender consideration); *achievements of objectives* (for the individual projects and for them as a whole), *effects on target groups* (local organisations' capacity, competitiveness of supported companies, benefits for members of Swedish chambers); *cause and effect analysis* (for example, the projects' contribution to the achievements compared to other factors), *cost-effectiveness*, and *sustainability of results* (at the local counterpart organisations and company level).

The evaluation was carried out through reviews of available documents, interviews with various stakeholders such as Sida desk officers, the Swedish Chambers responsible for implementation and their consultants, representatives of the counterpart organisations, a large number of firms which directly or indirectly benefited from the project, Swedish advisers which participated in the projects, donor agencies and other institutions of relevance. At the time when the field work in Bosnia Herzegovina was to begin, the NATO attacks on Yugoslavia were initiated. The air space over Bosnia was closed as a result of this the planned visit was cancelled.

The projects

The Swedish Baltic Corps projects. The initiative of SBC projects was taken at the time of the break down of the Soviet Union in the early 1990s. The concept implied using unemployed persons in Sweden with business skills to work directly in selected industries supporting the newly independent Baltic countries in their transformation of command economies to market economies. The project objectives for SBC were; *transferring of know how and competence to selected industries, export development and increased contacts and trade with Western countries and selected Swedish participants to gain increased labour market value.* The first phase of SBC was carried out during 1994-95 and the second phase 1996-97 with a budget in total of SEK 41 million including SEK 26 million from Sida and SEK 15 million from the Swedish National Labour Authority, AMS.

Capacity building of Chambers of Commerce. The assistance has been in the form of training activities and organisational development with fairly small budgets in the range of SEK 0,7–1,1 million, limited in time of about one year. They have been carried out since 1995 and two of them are still on-going. In total the Sida contribution is SEK 4.4 million. The objectives for the capacity building in the Baltic chambers, Kaliningrad and Bosnia-Herzegovina are *building functional private sector organisations, recruiting new members, building closer relations with business society, strengthened co-operation between Swedish Chambers of Commerce and target Chambers.*

Female entrepreneurship development in Poland. During 1997 and 1998 the training programme was implemented in co-operation between CCISS and the Centre for Advancement for Women, CAW in Warsaw. The purpose of the project has been to; *strengthen Polish Women organisations in general and individual female entrepreneurs specifically, to stimulate domestic and international trade and to provide the participants with a) better conditions to assist other female entrepreneurs and to strengthen themselves in their roles as entrepreneurs, b) to create a network for female entrepreneurs and c) to inspire and strengthen Polish women in general.* The budget allocated by Sida for this project is SEK 0,7 million.

Findings

The Swedish Baltic Corps. All in all, 106 advisers have provided services to 88 companies in the Swedish Baltic Corps projects in Lithuania and Latvia of together 700 work months. The actual cost per work month of the advisers at company level has been calculated to SEK 40, 000–50, 000, excluding the costs the companies might have had. Although recipient enterprises and local organisations describe the SBC projects as positive, the general conclusion of the evaluation is that the benefits of the project are not commensurable to the cost of the project to Sida/AMS. The key reasons are that the projects were not particular effective in reaching their objectives. For example:

- there were marginal, if any sustained export development in the host enterprises as a result of the advisers' work;
- there were limited sustained business transactions with Sweden;
- for two-thirds of the advisers the participation was perceived of no value in their efforts to return to the Swedish labour market; in our estimate, about half of the advisers are today employed, a quarter are involved in various labour market projects, and an equal number unemployed.
- There was marginal, if any, impact in terms of institution building in local organisations as a result of the projects.

The reasons for the overall low effectiveness of the project *as seen from a development point of view* are related both to design and to project management. The critical elements are that the projects:

- were highly supply driven, more focused on quantitative targets in terms of placed advisers than quality of support; rather trying to fit the demand to the available supply of advisers than the reverse.
- avoided any opportunities, except in a few single cases, to spread whatever know how the advisers could provide outside their host company, i.e. to the industrial sector or to the business community as a whole;
- were weak in building a capacity in local counterpart organisations as they operated to a large extent as (expensive) 'by-passes' through a layer of Swedish management structures;

- were weak in collecting the agreed fees from the companies, thereby reducing the demand element and market corrective even more.

The chamber support. The chamber of commerce support projects with their relatively limited budgets have contributed to the established *capacity building objective*. It should be noted though that the projects have been small as compared to other sources of influence such as German chambers of commerce support. *Member recruitment has increased* for all supported chambers during the time of the projects but not drastically, especially in view of the large number of registered companies in each of the countries. Our impression is that the chambers of commerce do not yet have a clear profile in the studied countries, making them attractive to a wide segment of the business community. Most companies interviewed in the evaluation were non members and overall there was a generally lukewarm attitude to the chambers.

The projects have supported the objective of *fostering a relationship* with the Swedish chambers and the Baltic and Kaliningrad chambers as they coincide with an already on-going process of such an operation. This relationship might on the margin resulted in an *increased trade* between the countries.

In terms of *relevance* of the support, the activities undertaken have focused too much on support services and to little on developing the chambers as effective instruments for lobbying on behalf of their members for a better enabling environment for businesses. However, over time, there has been a shift in the support in the latter direction. In Lithuania, Latvia and Kaliningrad, the key issues for business are increasingly related to regulations and legislation, taxation and other issues of governance.

The activities of the projects are to a large extent integrated into the mainstream of chambers' operations, hence *sustainability* of the project results is difficult to assess isolated from the overall development of the chambers. However, the general performance of the chambers in all the reviewed countries is improving with increasing organisational professionalism. On the other hand, long term market sustainability for voluntary membership based organisations such as chambers of commerce is dependent on their image among the business society.

While the projects are fairly small in financial terms, our assessment of the project time spent on direct co-operation with the chambers, versus home-based management and preparation indicate that the latter share is more than 50% of the total costs. Furthermore the management share is not declining from over time, as could be expected as the supporting Swedish chamber is gaining increasing experience. *This would in our view indicate that, while the effectiveness of the Swedish support is improving, the efficiency is not.*

Female entrepreneurship development in Poland. The objectives stated by the project document were far reaching and ambitious, considering the relatively limited activities planned. Six two-day seminars, totalling 12 days of training, cannot be expected to lead to a *substantial impact on Polish trade or expansion of businesses*. The program as well as the different lecturers were appreciated, but most participants seem to have considered content of the seminars as too general. The capacity building of local organisations was negligible. The planning of the programme seems to have been done over the heads of the organisations, using CAW as more of a secretariat for the organisation of activities. The *relevance* of the training programme is questionable, since it was not planned in co-operation with neither the local organisations, nor the female entrepreneurs. The *impact measured* against the objectives for the training programme was very limited.

Recommendations

Swedish Baltic Corps. The SBC was a child of its time and no plans exist to revive the concept. Yet, technical support at the enterprise level might be justified in some countries, but such future support would in this case need a re-design. Such change of design should include: a) clear criteria for selection of companies, focusing on strategic sectors for the country; b) sector wide dissemination of know how, rather than individualised support to specific companies; c) team work by advisers to identify specific needs, rather than placing individuals over a long time in one company; d) local market based fees charged for the services; and e) direct involvement of local business organisations which should own the projects, combined with capacity building of these organisations. The concept of using unemployed professionals as advisers has certain merits.

Strengthening of Chambers of Commerce. If Sweden considers to continue the support of developing the capacity of chambers of commerce in Eastern and Central Europe, such support should be modified from the existing model. It should focus on more strategic issues for the business sector in the countries, rather than promote the chambers as one of many providers of basic business services. Such strategic interventions concerns the business environment in the countries, and especially the interplay between the public sector and the business enterprises. While the policy environment for the private sector has been liberalised, and conducive policies established, the interpretation of such policies, and the overall behaviour of the bureaucracy towards the private sector leaves serious questions. This might require providing the chambers with more analytical instruments of defining the key issues confronting the private sector that what is available today.

Overall, support for private sector organisations in Eastern and Central Europe would require a more holistic view, taking also other private sector organisations into account, stimulating a more effective division of functions between such organisations than at hand today, and avoid the often futile competition between different organisations for basic businesses services.

Lessons learned

The eleven projects reviewed have all to a large extent been initiated by the Swedish chambers of commerce, and SwedeCorp/Sida has acted as a re-active financier of these initiatives. While the sister type of projects have clear merits, and at least in some of the cases have been linked to the Swedish chambers' own strategic development, there are some general issues to consider from a development point of view. In our judgement, SwedeCorp/Sida should have taken a more proactive role in the assessment of the projects, by applying specific development criteria. Sweden has established some broad strategic objectives for the support to Central and Eastern Europe and for the Baltic states specifically. To fulfil such objectives with limited resources, Sida needs to maximise the effectiveness of the support on a macro rather than micro level. A careful, independent review of the project proposals at the time of their appraisal might have pointed at clear weaknesses in the design and might have led to changes towards considerable greater leverage with the same aid resources.

1. Introduction

1.1 Background

This report concerns an evaluation of a series of private sector development projects in Central and Eastern Europe carried out in the 1990s by SwedeCorp and after 1995 by Sida. The projects are all in the form of technical assistance, combining institution building in private sector service organisations, with assistance directly at the enterprise level in their transformation from command economies to market economies. The projects include Swedish advisers working directly with selected industries in a medium or longer term in Latvia and Lithuania (Swedish Baltic Corps), support in capacity building of Chambers of Commerce in Latvia, Lithuania, Kaliningrad and Bosnia-Herzegovina, and female entrepreneurship training in Poland. The projects are implemented by two regional Swedish Chambers of Commerce and can as such be considered examples of so called twinning co-operation.

1.2 Purpose of the evaluation

The purpose of the evaluation is to assess the achievements, impact, relevance, cost-effectiveness and sustainability on the local organisations and their capacity to support the local trade and industry both in general and for the specific projects. Specifically, the evaluation is asked to assess *relevance* (contribution to a socially sustainable economic transition, solving the key problems of the local industries, and gender consideration); *achievements of objectives* (for the individual projects and for them as a whole), *effects on target groups* (local organisations' capacity, competitiveness of supported companies, benefits for members of Swedish chambers); *cause and effect analysis* (for example, the projects' contribution to the achievements compared to other factors), *cost-effectiveness*, and *sustainability of results* (at the local counterpart organisations and company level). The detailed terms of reference are given in annex 1.

1.3 Method

This evaluation has been carried out by a team comprising Monica Brodén, Claes Lindahl and Peter Westermarck, MPI. The assessments were initiated in March 1999 and the field work in Central and Eastern Europe was undertaken in several periods during March 15 and April 15. The evaluation was carried out through several means, including a review of available documents, interviews with various stakeholders such as Sida desk officers, the Swedish Chambers responsible for implementation and their consultants, representatives of the counterpart organisations in the countries, a large number of firms which directly or indirectly benefited from the projects, Swedish advisers which participated in the projects, donor agencies and other institutions of relevance. Specifically, the methods used were as follows:

The Swedish Baltic Corps projects were assessed through: a) a review of the reporting by the advisers to the project management and other relevant documents such as a mid-term review of the project; b) interviews with the two Swedish chambers which implemented the projects; c) interviews with the local chambers and other organisations which were local counterparts; d) interviews with a selected number of host enterprises in Latvia and Lithuania; and e) an extensive telephone survey with Swedish advisers who had been working in the Swedish Baltic Corps projects in Lithuania and Latvia.

The assessment of the competence building in the chambers was carried out through extensive interviews with the regional chambers in Lithuania, the national chamber in Latvia, and the chamber in Kaliningrad. Interviews were also held with selected member and non-member companies in the three countries/region to assess their views of the chambers, reason for membership or non-membership. Interviews were furthermore made with other business service organisations in the countries, for example export promotion organisations and industrial associations. Training material used by the Chamber of Commerce and Industry in Southern Sweden, CCISS, and other relevant material, was reviewed by the team.

The assessment of the Female Entrepreneurship Training in Poland was carried out through a series of interviews with participants in the training, the host organisation, the Advancement of Women in Warsaw, CAW, and other women's groups.

A full day was spent by the team interviewing CCISS. Unfortunately the Chamber of Commerce and Industry in the Provinces of Örebro and Västmanland, CCIÖV, could not grant the team an interview at the time the study took place. However, on the suggestions by the head of CCIÖV, the contract staff implementing the projects in Latvia and Bosnia were interviewed, one in two extensive telephone interviews, the other through a visit to Västerås. In addition to these specific sources of information concerning the projects, interviews were made with donor agencies and with local organisations with a general view of the private sector environment in the countries/region.

At the time when the field work in Bosnia Herzegovina was to begin, the NATO attacks on Yugoslavia were initiated. The air space over Bosnia was closed as a result of this, and the Swedish embassy in Sarajevo recommended that the planned visit should be cancelled. The discussion concerning Bosnia-Herzegovina in this report is therefor only based on written material and a personal interview with the implementing consultant.

Organisations, enterprises and persons met are listed in annex 2.

1.4 Reliability and validity

The project documents, and the background proposals are short and contain little information as to the expected results except in quite general terms. The project proposals and SwedeCorps/Sida's decision memoranda provide limited guidelines and bench marks of the status pre-project, the expected results other than in very broad terms, the logical links between inputs, outputs and results. In view of this, the evaluation must rely on general observations, more focus on basic issues than precise impact assessments.

It must also be stressed at the outset that the projects under review took place at a time of great change in Central and Eastern Europe. The projects could realistically at most contribute to a change process in which many other factors stimulating change were at hand. This makes assessments of cause and effect difficult.

The inability of the team to meet with CCIÖV's management limits our assessment of this organisation and its role in the project implementation. Cancellation of the Bosnia field trip (after extensive preparations), means that this project has not been subject for an independent assessment of results.

1.5 Comments on the draft report

A draft of the report was circulated in early May to Sida-East, the two implementing Swedish chambers and to the Latvian chamber for comments. Any factual mistakes, or unclear English pointed out by these comments have been corrected. In view of our limited earlier information of CCIÖV and the local counterpart arrangements in the SBC project in Latvia, we have incorporated some of the comments from CCIÖV in this respect in the final report. Most of the comments, however, concern opinions. In some cases we have modified the text, but in most cases we have not seen any reason to change our views in light of such comments.

1.6 Structure of the report

This report is structured in the following manner:

Chapter 2 deals with the Swedish Baltic Corps projects in Latvia and Lithuania, the project objectives, their design, implementation procedures, the expected results and the outputs, and costs. This chapter contains an analysis of the results, of the achievements of the objectives, the relevance of the project to these objectives, the sustainability of the result, the contribution by the project to them and its cost-effectiveness. The chapter ends with a discussion of the issues in this project, the lessons learned and some conclusions concerning a potential continuation of the project.

Chapter 3 deals with capacity building in chambers of commerce in Latvia, Lithuania, Kaliningrad and Bosnia-Herzegovina. The structure of the chapter is similar as chapter 2.

Chapter 4 presents the result of the evaluation of women entrepreneurship training in Poland along the same structure as the previous two chapters.

Chapter 5 summarises the results of the evaluations and the lessons learned.

1.7 The projects under review

As indicated above, three different types of projects are being evaluated in this study. As some of these are carried out in different countries and in different phases, altogether 11 projects are reviewed. They are:

Swedish Baltic Corps. This project group, comprises 4 projects reviewed, has been carried out in the Latvia, Lithuania and in the St. Petersburg area of Russia. They were started in 1994 and ended in 1997. In Latvia and Lithuania they were undertaken in two phases, while the St. Petersburg project was stopped after one phase. The project attempted to use unemployed persons in Sweden with a professional background in business and industry as long- and medium term advisers to selected industries and enterprises in the aforementioned countries to assist in these enterprises' transformation from operating in command economy to a market economy. The projects were supported by SwedeCorp/Sida jointly with the Swedish National Labour Authority, AMS, (*Arbetsmarknadsstyrelsen*). The total budget for the projects was approximately SEK 41 mill, of which SwedeCorp/Sida provided SEK 26 mill. Only the Latvian and Lithuanian projects are subject for this evaluation. The Latvian project was implemented by the Chamber of Commerce and Industry in the Counties of Örebro and Västmanland, while the Lithuanian was implemented by the Chamber of Commerce and Industry in Southern Sweden.

Competence development of Chamber of Commerce. This project group, comprising six projects in Latvia, Lithuania, Kaliningrad and Bosnia-Herzegovina, aims at strengthening chambers of commerce in the aforementioned countries through a twinning arrangement for institutional development with

Swedish chambers of commerce. The earliest projects were initiated in 1994 and two projects are currently on-going in Kaliningrad and Lithuania, and expected to end in 1999. The projects are primarily in the form of training of chamber staff. CCISS has implemented all the projects, except the one in Bosnia-Herzegovina which was implemented by CCIÖV. The total allocation for the projects 1995–1998 by Sida is SEK 4,4 million.

Female entrepreneurship in Poland. The general aim of this project was to improve the ability of the women in Poland as entrepreneurs and particularly their skill to export, to strengthen the women's position in the labor market and to stimulate the equality between female and male entrepreneurs in Poland. The pilot project was implemented by CCISS in co-operation with women organizations in Poland, particularly the Center for the Advancement of Women in Warsaw, CAW. Thirty female entrepreneurs from all over Poland were selected to participate in the project. The training sessions took place at six occasions in 1997–1998. The budget allocated by Sida for this project was SEK 0,7 million.

Table 1. Summarises the key characteristics of the projects

	Swedish Baltic Corps	Competence development of chambers	Female entrepreneurship development
Period	1994–97	1994–1999	1997–98
Sida contribution (MSEK)	26	4,4	0,7
Countries	Latvia, Lithuania, Russia (St. Petersburg area)	Bosnia Herzegovina Latvia, Lithuania, Russia (Kaliningrad),	Poland
Key objective	Facilitate economic transition	Institutional development	Female entrepreneurship development
Implementing agencies/Sweden	CCISS (Lithuania) CCIÖV (Latvia)	CCISS (Latvia, Lithuania, Kaliningrad) CCIÖV (Bosnia)	CCISS

2. The Swedish Baltic Corps project in Lithuania and Latvia

2.1 Background

The initiative to the Swedish Baltic Corps projects, SBC, was taken by the Swedish Chambers of Commerce in the early 1990s at the time of the break down of the Soviet Union and the liberation of the Baltic states. The concept implied using persons in Sweden with business skills subject for cyclical or structural unemployment, to support the newly independent Baltic countries in their transformation of the command economies to market economies. A pilot project was initiated in Estonia called *Scania Corps*, using so called labour market support funds ALU from the Swedish National Labour Authority, AMS, (*Arbetsmarknadsstyrelsen*) and its County Labour Market Boards, LAN (*Länsarbetsnämner*). The experiences of the Estonian project was used in the design of similar project in Latvia, Lithuania and in the St. Petersburg area of Russia. The Swedish Association of Chambers of Commerce approached SwedeCorp for support and for co-financing of the project with AMS through the regional labour market centres. SwedeCorp approved the projects, allocating SEK 17 million for a two year period. The three projects components were to be implemented by three different regional chambers of commerce, as specified below.

The three SBC projects were carried out in line with the plans during 1994-95. A mid term review in mid-1995 judged the projects basically to be in line with the expectations, but noted that the St. Petersburg project was faced with more problems than the other two.¹ The projects in Latvia and Lithuania were followed by two second phase projects during 1996-97. As of 1998 the Swedish Baltic Corps projects had ended and there are no plans in Sida for any new version of the project. This review is, in line with its terms of reference, limited to the SBC in Latvia and Lithuania.

Table 2. The Swedish Baltic Corps Project 1994-97

Project	Implementing Swedish Chamber	Period	Sida contribution (MSEK)	AMS contribution (MSEK)
SBC Latvia Phase 1	CCIÖV	1994-95	3,7	2,0
SBC Lithuania Phase 1	CCISS	1994-95	7,1	4,2
SBC St. Petersburg	Chamber of C. Stockholm	1994-95	5,5	2,0
SBC Latvia Phase 2	CCIÖV	1996-97	4,4	3,4
SBC Lithuania Phase 2	CCISS	1996-97	5,1	3,4
Total allocation			25,8	15,0

The Swedish Baltic Corps projects, with a total budget of SEK 41 million if the AMS contribution is included, is in financial terms large technical assistance. Given the duration of only 3 years in total, the SBC projects must be considered some of SwedeCorp/Sida's most ambitious technical assistance projects.

¹ InterConsult Sweden AB: *Mid-term review of the Swedish Baltic Corps Project in Lithuania, St. Petersburg and Latvia*, Stockholm, April 1995

2.2 Project objectives

The objectives of the Swedish Baltic Corps projects as stated by SwedeCorp were:

1. transferring of know how and competence from Sweden to selected companies, banks and other types of industries in the three countries/region;
2. increasing the prospects for a positive development of exports and home markets for local companies through better management, marketing and increased contacts with Western countries;
3. increasing trade between Sweden and the three regions/countries;
4. creating better networks between Swedish enterprises and companies in the three regions;
5. creating possibilities for the selected participants to gain increased labour market value, making it possible to find permanent jobs in Sweden or elsewhere;
6. promoting employment as trade between the three regions and Sweden is expected to expand;

The formulation of the objectives in the second phase projects in Latvia and Lithuania were substantially the same as for the first phase.

As seen from the above, the projects had a complex structure of objectives, with specific explicit development objectives for the recipient countries (objectives 1&2), for the Swedish labour market (objective 5), and objectives of mutual benefits between Sweden and the countries (objectives 3,4,6).

2.3 Swedish Baltic Corps in Lithuania

2.3.1 Design and expected outputs

The first phase project of the Swedish Baltic Corps in Lithuania focused on Vilnius and the areas around the seaport of Klaipeda, two of Lithuania's industrial centres. It was carried out between May 1994 and December 1995. The Ministry of Construction and Urban Development acted as the formal host of the project in Lithuania, and the project involved to some extent the regional Chambers of Commerce of Vilnius and Klaipeda².

The implementation procedures were as follows: The County Employment Board of Malmö, LAN, provided the project management with candidates for the project amongst unemployed persons eligible for ALU benefits and with an interest in an overseas assignment. Based on an aptitude and personality test undertaken by the project management and LAN, the final selection of candidates were made, and these were given a two weeks introductory course. Enterprises in the regions were asked for their interest in support from the project through the local Chambers of Commerce. The conditions were that one or several experts would be provided at a cost of about SEK 1,200 per month for a period of totally up to 12 months. The fee would be paid to the chambers whilst all other costs, except required interpretation, would be paid by the project. An agreement was signed between the chamber, the project and the company.

The advisers were paid an ALU salary (based on their unemployment compensation level), a return trip to their homes per month, per diem and accommodation while in Lithuania.

² As further discussed elsewhere in this report, Lithuania has five regional chambers of commerce, with a small apex body. The regional chambers are Vilnius, Klaipeda, Kaunas, Panevezys, Silautai. Each chamber covers two of Lithuania's counties.

The day-to-day management of the project was entrusted to two full-time consultants, one located in Vilnius, the other in Klaipeda. The overall management was handled from Malmö by CCISS.

The expected output of the project was that about 20 companies in the regions would be provided with 270 work-months of advisory services, involving about 25 advisers.

2.3.2 Actual outputs

In the Vilnius area, six companies were selected and provided with SBC specialists. These included two construction companies, two trading companies, one hard board manufacturer and one software company. Besides the last company, they were all state enterprises already privatised or in the process of being privatised. In addition to this, support was provided to four government departments (tourism, construction, surveying and physical planning) and to Vilnius Technical University (construction).

In Klaipeda, six companies were selected and provided with assistance through the project. These companies included two textile industries, three food and beverage industries and one furniture industry. In addition to this, support was provided to two government bodies involved in tourism. All the companies were former state organisations already privatised, or in the process of being privatised. They ranged in size from a few hundred employees to 2,000 employees. In general, they belonged to the larger industries in the region.

In total 32 Swedish advisers were employed in the project, their assignments ranging in time from 3 months to 13 months. Of these 2 worked in Malmö with the CCISS. Of the selected advisers, 7 were women. The average age of the advisers were 50 years, ranging from 30 to 60. They were all recruited from southern Sweden. In total 229 work months of services were provided by the advisers. The inputs per company ranged from less than 1 work month to 25 months.³

2.3.3 A mid term- review

The Lithuanian project, jointly with the Swedish Baltic Corps projects in Latvia and St. Petersburg, was reviewed in early 1995 by a consultant as earlier noted. The consultants concluded that the projects largely were implemented according to plan and that the *immediate effects probably have been highest in Lithuania, followed by Latvia*. The mid-term review suggested a series of recommendation for a possible extension of the project(s), noticing that two of the three Swedish chambers were in a process of preparing such proposals.

2.3.4 Phase 2

A proposal for a second phase project of the Swedish Baltic Corps was submitted to Sida by the Ministry of Foreign Affairs in Lithuania in May 1996. Sida approved a second phase project in June 1996 for 18 months, and the project was carried out between June 1996 and December 1997. The concept of the second phase, the objectives and the organisational structure and procedures for implementation was largely the same as for phase 1. This time the project focused on the Siauliai and Panevezys regions in the north of the country.

³ In the first instance, the choice of partner company proved to be in-correct (a subsidiary of a multi national company). In the last case the support was provided by 3 persons to a textile factory in a process of reorganisation. The support was deemed not to have had a satisfactory outcome of the project management due to internal problems in the company

The ‘marketing’ of the SCB project in Lithuania was more vigorous than during phase 1, including advertising in newspapers, local TV and in personal presentations by CCISS. The demand for assistance was received from some 100 enterprises in the selected regions. The local Chambers of Commerce were also more actively drawn into the project, and participated actively in the selection of the companies to be provided with assistance. One of the project managers from phase 1 was retained and became the manager also for phase 2 stationed part-time in Lithuania.

2.3.5 Actual outputs Phase 2

In total 19 companies were provided with assistance during phase 2. These included four construction enterprises, four food industries, four companies in services (trading and banking) and two textile industries. The companies were all former state enterprises already privatised or in the process of privatisation. Different from phase 1, no government departments was included for support.

Totally 23 SBC advisers were engaged in the project during phase 2. Three of the advisers were stationed in Malmö to provide services to the CCISS. In total 187 work-months of services were provided by the advisers.

In table 3 below, the actual outputs of the two phases are given, as well as the budgeted and actual cost. As can be seen, the actual number of work months provided by the SBC advisers are 80-85% of the planned outputs in both phases, while the number of companies/ organisations are in line with the plans. In both phases the real cost to SwedeCorp/Sida was less than budgeted, making the cost per work month as envisaged. In phase 1, the companies and organisations were provided with an average of about one year of services, declining to about 9 months in phase 2.⁴

Table 3. Planned and actual inputs and costs in SBC Lithuania

	Phase 1 Plan	Actual	Phase 2 Plan	Actual
No. of assisted companies	20	18	20-30	21
No. of advisers	25	32	20-25	23
Work months of services	270	229	225	187
Work months per company	13,5	11,9	7,5-11,3	8,8
Months per adviser	10,8	7,2	9	8,1
Project cost Sida MSEK	7,1	6,0	5,1	4,0
Project cost AMS MSEK ⁵	4,2	3,5	3,4	2,8
Local company contribution	0,7	0,1	0,5	0,1
Net cost/ company (SEK)	530,000	500,000	320,000	319,000
Net cost/work month in companies (SEK) ⁶	39,000	47,000	36,000	40,000

⁴ In calculating the number of work months per company, the advisers working at the Malmö Chamber are excluded.

⁵ The actual cost to AMS is based on the standard ALU budget per work month times the actual number of work months by the advisers.

⁶ The actual cost per work month in the companies is calculated using the actual number of advisers’ work in the companies, excluding advisers working for the Swedish Chambers or the local counterpart organisations.

2.3.6 Cost – output ratios

The planned and actual cost (SwedeCorp/Sida and AMS) for the project is calculated per participating company and per work month of Swedish advisers in table 3 above. It shows that the cost per company was about SEK 0,5 million in phase 1, declining to about SEK 0,3 million in phase 2 due to shorter adviser time per enterprise. The company contribution was overall much less than anticipated due to often non-payment of the stipulated fees. Thus, the ‘subsidy element’ of the project to the company was therefore in reality near 100% of the actual cost. (The companies’ own costs for interpreters etc are not included in this).

2.4 Swedish Baltic Corps in Latvia

2.4.1 Design and expected outputs

The Swedish Baltic Corps project in Latvia was carried out between July 1994 and August 1995 with financing from SwedeCorp. The implementation procedures were similar to the project in Lithuania in terms of utilisation of ALU funds, and support of AMS/LAN: The Chamber of Commerce and Industry in the Provinces of Örebro and Västmanland, CCIÖV, was responsible for the project and co-operated with the County Labour Board of Västerås. A full time project manager, based in the Västerås Chamber, was appointed. A part time local project manager was established in Latvia by utilisation of a Swedish businessman partly stationed in Riga who also acted as CCIÖV’s representative in Latvia. Initially, three parties acted as counterparts: the Latvian Chamber of Commerce and Industry, LCCI, the Latvian Development Agency, LDA, and the EU-Phare supported Latvian Support Centre for Small and Medium Sized Enterprises, UAC. These organisations had different functions. LCCI declined eventually further role in the project, and the formal counterpart arrangement was established with UAC.

The selection of the companies was undertaken by LCCI jointly with the local project manager. 600 hundred enterprises were contacted through mail, of which 70 expressed their interest. Of these 30 were chosen for further contacts and interviews. In the selection process no sector specific criteria were established, but the enterprises should be ‘dynamic’, be private or being in the process of privatisation. They should also be small or medium sized and be a member of the Latvian Chamber of Commerce. The companies that were invited to participate in the project would be provided with an adviser at a cost of about SEK 2,000 per month for a period of 6 to 12 months. All other costs, except required interpretation, would be paid by the project. An agreement to that effect was signed with the company. The same conditions for the advisers in terms of ALU salaries, per diem, accommodation and travels applied as in the Lithuanian project.

The expected output of the project was that about 15 companies would be provided with 132 work-months of advisory services. The budget for the project was SEK 3,7 million provided by SwedeCorp, while the expected AMS contribution for the salaries of the advisers was SEK 2 million. The estimated contribution by the participating companies was SEK 0,3 million based on the fee structure agreed. This fee would be paid into the local counterpart organisation.

2.4.2 Actual outputs

Eventually 22 enterprises were provided with support. The enterprises included companies in the sectors of food, construction, engineering, textiles, forestry and wood processing. 20 Swedish advisers were employed in the project of which 2 were women. In total 115 work months of services were provided by the advisers. The fee to be paid by the companies was changed during

implementation to a scale dependent on the ability of the company to pay, ranging from nothing to USD 800. As it turned out, not all companies paid the fee, but none was excluded from the project for that reason.

As mentioned above, the project was reviewed by an independent consultant in 1995, arguing that the project was well received by the companies, and basically implemented as expected. This review, and a demand expressed by Latvian authorities, paved the way for a second phase of the project.

2.4.3 Phase 2

A proposal for a second phase of the Swedish Baltic Corps project was submitted to Sida by the Ministry of Foreign Affairs in Latvia in September 1995. Sida approved such an extension in January 1996 for 18 months. The new project was carried out between June 1996 and December 1997. The concept of the second phase, the objectives and the organisational structure and procedures for implementation was largely the same as for phase 1.

Staff of the County Labour Board in Västerås had certain reservations against the second phase, basically arguing that the overheads had been exceedingly high in the first phase, that the project should be undertaken based on competitive bidding, and it might prove difficult to recruit suitable candidates. However, the management of the Board supported the project. Sida claimed that CCIÖV had a unique competence based on the first phase, hence competitive bidding was not feasible. Sida's view in the decision memorandum was as follows:

Då handelskammaren är både initiativtagare till projektet och den som utvecklat samarbetet med den lettiske samarbetspartnern, gör Sida bedömningen att det i detta fallet inte skulle vara ändamålsenligt att gå ut på upphandling. Det handlar också om en fortsättning på ett tidigare samarbete.⁷

The project management was somewhat slimmed down in phase 2 as compared to phase 1 after negotiations between Sida and CCIÖV. Recruitment would also be nation wide, rather than regional. Sida justified the second phase with the strong demand expressed by the Latvian enterprises for further support. Sida furthermore considered the project quite cost effective in comparison to utilisation of consultants based on the calculated cost per work month of the SBC advisers as compared to the standard consultancy fees.

The second phase expected that 25-30 enterprise would be provided with support by 25 advisers. The budget for the second phase was SEK 4,4 million provided by Sida, and AMS' expected cost for the advisers was SEK 3,4 million. The expected contribution by the enterprises as was SEK 0,5 million, based on a fee per adviser of not less than USD 150 per month. These fees would be used by UAC for unforeseen extra costs of the project.

2.4.4 Actual Outputs – phase 2

In total 30 companies were provided with assistance during phase 2. These included, for example 11 companies in trade and services (such as advertising, restaurant, hotel, consultancy and legal services), four wood processing and furniture making enterprises, three food industries and three construction enterprises. The companies were a mixture of privatised former state enterprises and companies started after Latvia's liberation. The companies varied in size in terms of employment from 10 to 2,000. About half of the assisted companies were small with less than 100 employees, the balance medium sized with less than 500 employees. Only one of the companies was a large firm, a former USSR metal and plastic manufacturing company in Rezekne on the boarder to Russia. Three out of four of the companies were located in the larger Riga area.

Totally 31 SBC advisers were engaged in the project during phase 2. Two of those were based at UAC, and two stationed at CCIÖV. In total 165 work-months of services were provided by the advisers. The Latvian company contribution was much less than anticipated, or about SEK 0,1 million. A contributing factor for this was that many of the companies avoiding paying the fees without penalty in the form of withdrawn assistance. The Swedish project management had a dilemma of terminating the contract due to non-payment and did not do so in any case as far as we know.

Table 4. Planned and actual outputs and costs Latvia

Criteria	Phase 1		Phase 2	
	Plan	Actual	Plan	Actual
No. of assisted companies	15	22	25-30	27
No. of advisers	15	20	25	31
Work months of services	132	115	225	165
Work months per company	8,8	4,5*	7,5-9	5,4
Months per adviser	8,8	5,8	9	5,3
Project cost Sida (MSEK)	3,7	3,5	4,4	3,4
Project cost AMS (MSEK) ⁸	2,0	1,7	3,4	2,5
Local company contribution (MSEK)	0,3	0,1	0,5	0,1
Net subsidy/ company (SEK)	360,000	232,000	292,000	219,000
Net cost/work month in companies (SEK)	41,000	51,000	32,000	40,000

2.4.5 Cost – output ratios

As shown in the table above, the output in terms of work months of the advisers was about 87% in phase 1 as compared to planned output, and 73% in phase 2. There were several reason for this shortfall in expected output, most importantly less interest in the project by the Latvian enterprises, and also increasing difficulties to recruit advisers due to a changing labour market in Sweden. The amount of work per company was also considerably below the expected in both phases.

As in the case of Lithuania, the subsidy element by the project to the companies was very high, or 98%.

2.4.6 Comparing outputs and costs

As indicated in table 5 below, all in all, 106 advisers have provided services to 88 companies in the Swedish Baltic Corps projects in Latvia and Lithuania of together about 700 work months. On the average, the advisers spent about 7 months per company, and about the same amount of time in the projects. The project cost to SwedeCorp/Sida and AMS is estimated to MSEK 27. The actual cost to the project per company is about MSEK 0,3, while each work month can be estimated to SEK 46,000. The enterprises contributed about 1–2% of the project cost as calculated above.

⁷ Sida Beslut 1996.01.03/Beslutnr 021-96

⁸ The actual AMS contribution based on pro rata salary to advisers (SEK 15,100)

The projects differ to some extent in terms of outputs and costs both between the countries and between the phases as indicated below in table 5. For example, in the Lithuanian projects the advisers spent longer time in the companies than in Latvia, or almost the double amount, and also longer time in the project. As a result, the cost per company was considerably higher in Lithuania, especially in phase 1. The cost per adviser month at the companies, including all overheads, are similar between the countries, but considerably lower in phase 2 than in phase 1. The cost-output ratios are thus identical for the projects in phase two.

Table 5. Actual outputs and costs in the Swedish Baltic Corps

	Lithuania		Latvia		Total
	Phase 1	Phase 2	Phase 1	Phase 2	
No. of assisted companies	18	21	22	27	88
No. of advisers	32	23	20	31	106
Work months of services	229	187	115	165	696
Work months per company	11,9	8,8	4,5	5,4	6,8
Months per adviser	9	8,1	5,8	5,3	6,6
Project cost Sida MSEK	6,0	4,0	3,5	3,4	16,9
Project cost AMS MSEK ⁹	3,5	2,8	1,7	2,5	10,5
Local company contribution	0,1	0,1	0,1	0,1	0,4
Net cost/ company (SEK)	500,000	319,000	232,000	219,000	311,000
Net cost/work month in companies (SEK) ¹⁰	47,000	40,000	51,000	40,000	46,000

2.5 Assessing results and impact – method used

We have used five different sources in an effort to assess the results and impact of the Swedish advisers in the Baltic Corps projects at the enterprise level, namely:

- the written reporting by the advisers themselves and by the project managers;
- the survey undertaken by the mid-term review in 1995 of both the companies and the advisers;
- the overall views expressed during interviews by the local counterpart organisations to the current evaluation;
- personal interviews with a selected sample of participating enterprises undertaken by the evaluation; and
- personal and telephone interviews with a selected number of the Swedish advisers;

The results of these approaches are discussed below.

⁹ The actual cost to AMS is based on the standard ALU budget per work month times the actual number of work months by the advisers.

¹⁰ The actual cost per work month in the companies is calculated using the actual number of advisers' work in the companies, excluding advisers working for the Swedish Chambers or the local counterpart organisations.

2.5.1 The reporting by the advisers and the project management

The reporting by the Swedish advisers and the project management is quite extensive in both projects. Thus, the advisers had to submit monthly reports on their work, in addition to a final report. A review of this reporting gives an overview of the orientation of the advisers' work, some of the issue dealt with, and also concrete examples of impact of this work. A synthesis of this reporting shows that:

- The tasks carried out by the advisers varied to a very high degree. They included investment and production planning to adapt the Baltic enterprises to Western standards, product design and quality upgrading, engineering of production systems and methods, quality control, introduction of modern management techniques (budgeting, accounting, financial control, pricing and cost analysis), general business strategy, planning and organisation, marketing strategies for local and international markets, market research and techniques, developing industry specific training manuals and staff training.
- The focus of much of the advisers' work was creation of business contacts with the Swedish market. This included: search of Swedish suppliers of machinery to upgrade the technology of the Baltic enterprises, in some cases by imports of second hand machinery; efforts to create joint-ventures; effort to market Baltic companies in Sweden, for example for sub-contracting ventures, or for sale of finished products. In general, the reporting by the advisers shows disappointing results of the efforts to stimulate business contacts in both directions.
- A considerable share of the advisers work was, according to their own reporting, introduction of new style management, such as principles of team work, 'flat organisations' etc. the importance of transparency, reporting, work safety, cleanliness at the work place etc.
- language was a serious problem in general, often restricting the ability of the advisers to work with a broader group of staff. Many of them provided training in English, quality control of English correspondence, etc. The concept of interpreter to be provided by the companies seems not to have functioned well in many cases. However, the reporting by the advisers also show that many of them had a quite poor command of the English language, at least in written form, making their contribution to the language capabilities of the companies questionable.

2.5.2 The assessment by the 1995 mid term review

The mid-term review undertook a survey of the enterprises participating the Baltic Corps projects in Latvia and Lithuania (and St. Petersburg). Table 6 below shows some of the survey results in Latvia and Lithuania.

Table 6. Survey mid term review 1995

Company responses:

Selected questions	Latvia	Lithuania
Company had earlier business contacts with Sweden	40%	35%
Information of the programme came from chamber of commerce	40%	20%
The adviser fulfilled objectives to a high extent	30%	35%
New business contacts were established due to adviser	70%	60%
Concrete businesses were made as a result of adviser	20%	35%
There was good correspondence of advisers skills to company requests	80%	65%
Contribution of company/month	USD 275	None – USD 25
The value of the adviser was perceived to be more than the cost to the company	40%	n.a
The company would participate in new similar programme	90%	100%

The advisers' response

	Latvia	Lithuania
Average number of months unemployed prior to the assignment	8	15
Number of contacts with local project manager /month	10	7
Previous experience with work in Eastern Europe	30%	30%
The administrative back up was good	45%	70%
The professional back up was good	25%	45%
Achievement of objectives for the assignment was high	40%	35%
The correspondence of skills to task was high	80%	75%
The utilisation by the company of the advisers' skills was high	60%	50%

2.5.3 The counterpart organisations' views of the project

Interviews with representatives for three of the four regional chambers participating in the project in Lithuania give a varying result. The Vilnius chamber seems to have had a very limited involvement in the project, and could not provide the evaluation team with any specific view point.

The representative of the Siauliai chamber, who had taken a rather active role in the support and in the selection of companies, had rather negative view of the Swedish Baltic Corps project. He found that the advisers provided by the project often had not been sufficiently specialised to be of great assistance to the companies, and that some of them also had been less than effective due to personal problems. He also ranked the Swedish advisers fairly low in usefulness as compared to many other forms of long-medium term advisers to Lithuanian enterprises provided by various donors such as US, Britain, Germany and Holland in the form of senior service experts. Such experts are generally retired business executives and professionals, providing services for a few months up to half a years, generally against cost for accommodation and per diem.

The representatives of the Chamber in Panevezys had a more positive view of the advisers, and expressed interest in a new project of a similar nature. However, he saw long-term placement of advisers to selected enterprises as a less useful form of support than advisers that could provide more industry wide know how transfer.

A representative of the counterpart organisation in Latvia, UAC, had a quite a positive view of the Swedish advisers during phase 2. (The turn over of staff and death of a key person in UAC, prevented any views on phase 1). The representative of UAC claimed that the majority of the advisers had provided the Latvian enterprises with a valuable service, in some cases of a very specialised nature. Only a minority of the cases had worked out less well, either as the advisers' services had to be cancelled due to personal problems, the match between the company and the advisers' professional background had not functioned well, or there were problems of communication. An expression of the value of the service was that in more than a few cases had the advisers been asked to renew his or her contract several times. The representative could provide several examples of successful business development to a large extent to be attributed to the advisers' work.

2.5.4 The views of the companies

Interviews of a sample of host companies in this evaluation give the following results in summary:

- the advisers were generally appreciated in their personal capacities and willingness to work constructively for the enterprises.
- at least some of the advisers had good ideas for business development in the host company which, however, were difficult to implement due to various reasons, not least due to financial difficulties for the enterprises to invest in required new technologies. In other cases, decisions taken by owners, or by the Board had prevented implementation.
- the focus for many of the advisers' work had been to create commercial links to Swedish companies, as suppliers of equipment, systems etc. as joint venture partners, or as markets. These efforts had led to business opportunities in some of the cases, but in most of them nothing had come out. In terms of imports from Sweden, the Swedish supplies were considered too expensive as compared to alternatives; in terms of exports, the product quality was often insufficient for the Swedish markets. There were examples of companies which had delivered to Sweden, but which had not been paid.
- the professional profile of the advisers had in some cases not been sufficiently well matched to needs of the companies. There were examples of companies which had had very special requests, but received persons with a quite different background. In general, however, the companies, felt they could use the advisers' competence well.
- There were example of companies which had a very clear business idea when looking for an adviser in the sense of wanting to develop a commercial link with Sweden, mainly for export purposes.
- language training had been an important role played by some of the advisers.

2.5.5 The Swedish advisers' views

Telephone interviews were made with advisers from the second phase of the projects. Out of 45 advisers who had worked at the company level listed by the chambers, 20 were interviewed, with an equal number from Latvia and Lithuania. The 20 were those that could be reached at the time of the interviews. We have no reason to believe there is a bias in this selection, and see the sample as representative.

General attitude to the project

85% of the interviewed advisers were positive to the project, the balance negative. Positive reactions were based on interesting experiences, an opportunity to undertake a worthwhile job, a very clear demand from the company, and appreciation of what the adviser could do, etc.. Those negative complained that their competence was not in line with the needs of the companies, and that it was difficult to get the confidence of the management. Many of the advisers believed that the companies seemed to have been identified in a haste with very unclear demand for what services they needed. Furthermore stories of corruption or mis-use of resources were not rare.

Contribution to the companies

30% of the advisers believed that their assistance had been of good value to the host company, 50% judged that their contribution had been partly to some use, while 20% believed the efforts had been a waste of time. The first category said, for example, that the gap between what the company needed to be competitive on Western markets was so enormous, that even basic training had been quite useful; that the adviser had been able to install new, modern management style in the company; helped them in re-organisation, and built up a new product line for them. 10% of the advisers had been asked to, and had actually worked with the company on a temporary basis after the end of the project paid market rate for the services by the company.

The category which saw the efforts as a waste of time, meant that their skills were not what was required by the company; the language problems had been overwhelming; the motivation of the host company to use the adviser was low; the company had expected that the adviser would help them to get finance, or a new market instantly, etc. and had been de-motivated when the adviser could not supply this; that new ownership or partnership in the company had changed the direction and had kept the adviser outside any decision making.

Assisted in increasing the attractiveness on the job-market

Of the interviewed advisers, 55% had currently a job on the regular labour market, a 25% were employed in various labour market projects, and the balance, 20% were unemployed. The situation was considerably better for those who had worked in Latvia, than in Lithuania. In the first country, 75% of the advisers were engaged in the regular labour market. As indicated in table above, the time spent on the project on the average per adviser was considerably less in Latvia than in Lithuania, possibly indicating labour market differences in Southern Sweden as compared to Örebro-Västmanland.

70% of the interviewed advisers said the experience in the Baltic states had no effect on their ability to get a job afterwards. For these, the work experience in the Baltic states had not been a merit in the search for a new position. For those who saw a correlation between participation in the Swedish Baltic project and entry to the labour market, their new work was associated with the Baltic states or Eastern and Central Europe. A few of these worked in the Baltic states full time, or part time.

The quality of the project management.

The advisers were asked to comment on the Swedish project management, both in Sweden and in the country. The rating was overall poor: only a third of the advisers considered the management good or fair, the rest thought it was unsatisfactory. The criticism of the project management was of many kinds, but mainly focused on passivity. The following are some quotations:

If you wanted to get information about something, you had to look for it your self...

They didn't know what was going on. Nothing happened from the management's side.

These people needed much more support. Some of them were out for the first time...

The person that was supposed to be in the country, spend most time at home, he was sick a lot as well. The project made no attempt to replace him.

There was a considerable difference in how the local counterpart organisation were perceived by the advisers. The advisers in Latvia considered UAC as passive, while the chambers in Panavezys and Siauliai took an active part in the project.

Promotion of exports

With one exception, none of the Swedish advisers interviewed considered that their work had contributed to sustained export development by the host company. About half of the advisers had tried to support their companies in export development, but in nearly every case this was not met with any success. This lack of success was due to various reasons: the quality of the products were below standards on the export markets (for example, in food processing), export development requires longer time than what was available to the adviser, etc. The other half of the advisers either worked in enterprises for which export was not an option (e.g. construction), or their work had nothing to do with marketing or exports (e.g. accounting).

Contribution to Swedish-Baltic trade

75% of the interviewed advisers had tried to establish a trading relationship between their host company and Sweden, either by supporting exports by the Baltic company to Sweden, but more commonly, assisting the host company to import new or second hand machinery, components, raw materials etc. from Swedish suppliers. 30% of the advisers claimed that such a commercial relationship had been established as a result of their efforts. This included, for example, imports from Sweden of fish to a fish processing plant and materials such as gypsum for the construction industry; specialised legal advisory services to Swedish businesses interested in Latvia; exports to Sweden of peat and textiles; etc.

2.5.6 Quantitative impact on sales or exports

No systematic reporting was attempted in either of the Swedish Baltic Corps projects in terms of impact of the work of the advisers in quantitative terms on sales, profits, exports and other quantifiable criteria. Neither was such an assessment attempted by the 1995 mid-term review.

We have not been able to make quantifiable assessments during this evaluation. The methodological problems to make such assessments ex-ante, up to four years afterwards, are overwhelming considering the nature of the work of the advisers; and also the reluctance of the companies to disclose more detailed information on business performance. However, the most important reason is that the Swedish advisers provided such a broad range of services from accounting to business strategy development, that defining causal links between business performance measured in, for example, sales or exports would have been intangible. In the 1995 mid-term review, about a fifth of the interviewed companies claimed that concrete business had been established as a result of the advisers. Judged from interviews with enterprises in this evaluation, and by the survey of the advisers, we believe this might have been an exaggerated picture of the situation in the second phase of the project. In view of the orientation of the first phase, we also believe the reported figure was overstated.

2.6 Issues in the project

The assessment of the results of the Swedish Baltic Corps projects have revealed a series of issues in their design and implementation. These are discussed below.

2.6.1 The selection criteria of the companies

According to the project documents, the criteria of which companies that would be eligible for participation in the SBC varied. For example, in Lithuania phase 2, the criteria listed in the project proposal are that the companies should be *dynamic, private or in the process of privatisation; not too big, not too small (at least 8-10 employees); have a good attitude of the managing directors towards change and collaboration and the companies able to absorb technical assistance.*

In Latvia, the project proposal for phase 2 lists criteria such as *ability to absorb the support under the programme, good growth potential, managers interested in strategic thinking and with visions of the future of the company.*

The Sida project documents reiterated mainly the criteria suggested by the project proposals, noting that the companies were *likely to be small and medium sized* (Latvia phase 2); Sida also requested the parties to *actively seek companies with female management, and not to include companies with potential negative environmental consequences.* (Latvia phase 2): *The companies should also be members of the local chambers* (Lithuania phase 2)

We question if substantial technical assistance, provided free or at a highly subsidised level, can be justified to smaller, newly formed service enterprises working on local markets such as advertising companies, law and consultancy firms, publishing companies and fast food restaurants. First, such companies have emerged in an already established market environment, often created by returning people from abroad with ample knowledge of Western market dynamics. Second, these smaller companies operated already in the mid-1990s in a quite competitive environment, making it questionable why some of them should be provided subsidised services while other got nothing. As a result, the support is likely to have created distortions at the market place.

Besides these newly formed companies, the Baltic Corps project in both countries included a number of enterprises working on the domestic market, with no inherent capacity for exports. These included for example local trading companies, warehouses, small, regional banks, etc. Furthermore, a large number of companies in both countries were construction firms, also generally confined to domestic markets. In our view, the selection criteria did not take sufficient consideration to potential macro economic impact of the support. The projects would better have contributed to the overall project objectives, had they focussed on enterprises exposed to international competition and which were forced to rapidly shift from external markets within the former Soviet Union to the West. Example of the latter form of enterprises are textiles, furniture & wood processing companies and food processing industries. The companies in SBC included a number of such companies, but they were a minority in both countries.

In addition to these criteria for selection of companies, the study also revealed that:

- In more than a few cases, the companies included under the SBC project were joint ventures with foreign partners, in most cases non-Swedish. It is questionable if Swedish aid can be justified at the enterprise level in such cases. It could be argued that the foreign partner should be a sufficient means for change.

- The SBC project in Lithuania phase 1 included a number of government departments both in Vilnius and Klaipeda. A common view is that the support to these departments had limited impact due to mainly internal problems within the departments. Such support was not in line with the intentions of the project.

2.6.2 Paying limited attention to distribution effects

The Swedish Baltic Corps project was by its design focused on individual enterprises. No element of sector wide distributions effects was considered, for example through industrial seminars etc. The enterprises supported were to a large extent in the same sectors, for example in construction as a result of the profile of the Swedish advisers. It might have proven more useful to have treated the sector – rather than the individual enterprises – as the target for support. This might have been achieved through a combination of training activities, seminars, workshops, jointly with shorter term advisory inputs to selected enterprises. Such an approach would also have provided better capacity building in the local counterpart organisations as they could have developed their own sector support programmes and hosted the various training activities. Finally, the advisers might have derived more benefits from such an approach as it would have exposed them to a wider segment of the Baltic business sector. Noteworthy, this approach was requested by one of the chambers interviewed during the evaluation, and also expressed by several participating companies. A sector, rather than enterprise approach would also have eliminated the distortion elements in the support where some market players get highly subsidised support, while others get nothing.

2.7 Achieving the project objectives

2.7.1 Transfer of know how and competence

The Swedish Baltic Corps projects took place 5-7 years after the transformation process of the economies in the Baltic states had begun, and 3-5 years after the independence of the Baltic republics. This reform process has been quite rapid and the issues facing the Baltic enterprises today are quite different from only five years ago, and the issues in the mid 1990s were quite different from those in very first years of the transition. In short, the Baltic enterprises rapidly is acquiring the basic know how of the basic functions of Western markets, the sources of technology upgrading, quality standards, etc. On the other hand, change of corporate cultures and management styles is a much slower process. The impact of the Swedish Baltic Corps projects on know how transfer was quite mixed due to a series of factors such as the match between the advisers' skills and the needs at the company level; the ability of the adviser to have access to decision makers in the companies; the general attitude of the advisers, their ability to communicate and the ability of the companies to speak English, etc. Amongst the individual cases there are clearly quite successful transfers, but their area also failures.

These conditions are not unique for the Swedish Baltic Corps projects, but can be found in any type of similar direct enterprise support. We have no reason to believe that the Swedish advisers on the average were less qualified in their professional capacity than what is the case in other projects where such advisers have been recruited through more conventional means. Rather, both interviews with advisers and with the companies indicate a general high degree of professionalism in the approach of the adviser.

A number of factors reduced the effectiveness of the actual know how transfer, nevertheless. These are related to the project design and to the implementation:

- the supply driven aspect of the project, i.e. finding companies that matched the profile of the advisers rather than the reverse, and to meet some quantitative targets;
- the strong focus on exclusive work in individual firms, preventing dissemination in the industrial sectors, neglecting opportunities for team work;
- the choice of companies, many of which basically had sufficient skills already at the outset, others that were joint-ventures with foreign firms or had direct commercial interests of foreign firms;
- the very high degree of actual subsidy of the services to the companies: this reduced the market corrective.

The demand for know how transfer changes rapidly in the Baltic states. While the early stages required basic know how and general awareness of the functioning of a market economy, most Baltic enterprises quickly passed this stage and now require much more specialised support, quite similar to any market driven company. It might be concluded that the Swedish Baltic Corps to some extent filled a niche in demand at the time it was implemented, but that this demand rapidly has vanished. Already in 1995, the participating companies requested more specialised services. Nevertheless, some of the companies requested extension of the advisers beyond the original agreed terms, and in a few cases the advisers and the companies have continued their relationship on commercial basis. The latter seems particularly be the case in Latvia.

The Swedish Baltic Corps projects were based on intensive inputs to specific companies with advisory inputs of up to two years. Some of these companies were quite small with a handful of employees. These inputs were provided at a highly subsidised rate of over 95% (the fee paid by the company in relation to the costs of the advisers). Furthermore, many companies did not even pay the agreed fee, resulting in a basically 100% free commercial service to a private (or privatising) company. In nominal terms such services were worth in the order of SEK 0,2–0,5 million per company. The spread effects of such transfer of know how outside the target company appears to have been nil or near nil. The project design requested no such dissemination, there was no concentration on certain sectors which might have facilitated wider transfer of know, and only in an exceptional case seems sector wide dissemination have taken place (in the restaurant field in Latvia where one of the advisers developed a training course to be run by a business adviser centre). From a development point of view such exclusive use of know how is highly questionable to us, and indicating poor utilisation of aid resources.

2.7.2 Enhanced exports by Latvian/Lithuanian enterprises

The collapse of Soviet Union, and the liberation of the Baltic states in 1991, forces the enterprises in the Baltic states to instantly shift their markets from guaranteed outlets of their production in the Soviet Union to competitive markets. The industrial structure in the Baltic republics in the USSR tend to be large scale production in a few selected industries for 'exports' of almost the whole production outside the republics. Hence, the need for instant re-orientation of such 'export-oriented enterprises' was dramatic with the collapse of the command economy in the USSR. Russia, and other former CIS markets to a lesser extent, continue to be essential markets for many enterprises in the Baltic states due to the historical links and their geographical locations, but recently the crisis in Russia and the near collapse of her economy, has forced the Baltic enterprises in a second transition towards Western markets, notably the EU.

The host companies seem not to have been selected bearing export potential in mind, and only a minority of them are inherently export oriented. For the companies with such a potential, the Swedish advisers seem to have worked conscientiously to promote their exports, especially to the Swedish markets. This work meant to a high degree upgrading the quality and the design to fit the new markets, sometimes requiring major investments in production facilities. There are few examples of successes of which at least a few can be attributed to the contributions of the advisers. However, the effectiveness in achieving this (un-quantified) objective is quite low in our judgement. The reasons for this are:

- The choice of enterprises with a high share of non-inherently export oriented enterprises such as construction, services, etc.;
- The lead time required to accomplish exports in companies with a production system requiring considerable modernisation. In many cases the advisers worked for such re-tooling, but were hampered due to financial problems of the host companies and a poorly functioning credit market in the Baltic states;
- The professional profile of the advisers: few of them had a professional background in marketing, and even fewer in export marketing, but their background was more general management, organisation, engineering, advertising, accounting, etc.

It is possible to make some assumptions of which type of enterprises which seemed more easily adopt to new export markets than others. Thus, successes were mainly found in sectors such as textiles, but also in odd enterprises exploiting natural resources (such as peat moss). Lack of success was common in food processing industries. The latter can be mainly be explained by the fact that quality standards in Western markets are high and explicitly formulated in regulations, making the transition for many food processing industries dependent on major upgrading of their production technologies. A basic problem with the transformation with former state industries is difficulties to access capital for major investments.

2.7.3 Enhanced sales on local markets by Latvian/Lithuanian enterprises

Are participating enterprises more competitive on local markets due to Swedish inputs? The answer must also in this case be mixed, but we believe that the project provided a certain degree of competitive edge at least to some of the selected companies. Many of them were quite small, and free, or near free, access to skilled professionals over an extended time meant and competitive edge over other local businesses. For example, a law firm in Latvia could develop a special market to support Swedish businesses wanting to invest or trade in Latvia through a year's support by a Swedish adviser; A fast food chain in Riga was supported for several months by a experienced professional; construction companies had the advice for up to a year of qualified construction engineer, etc. We must, however, question the logic of this objective. Assuming that the Baltic economies are based on competitive market forces, the objective to enhance the competitiveness of selected enterprises with primarily a local market, using highly subsidised aid funds, makes no sense as it merely introduces distortions at the market place.

2.7.4 Enhanced regional trade (Sweden, Latvia and Lithuania) and commercial networks between Sweden and Latvia/Lithuania.

Between a third and half of the selected companies had previous business contacts with Sweden before the Swedish Baltic Corps project. During the work of the advisers and shortly after, the frequency and intensity of the Swedish market links increased considerably. A common feature in

almost all the advisers reporting, in the survey and also in our interviews with the companies, is the Swedish advisers' considerable efforts to establish trading relationships between their host companies and Swedish firms in the form of supplies to the Baltic firms, contractual arrangements or sales of Baltic products to Swedish firms. The success of such efforts, and the sustainability of such trading relationships seems to have been rather low, however. Thus, common themes in our company and adviser interviews are:

- Swedish firms showed a rather limited interest in the Baltic markets, either as markets for their own products or as suppliers of products;
- Lithuanian and Latvian markets are starting to produce inputs formally needed to be imported (for example in the construction industry);
- Swedish suppliers are generally considered too expensive;
- The Baltic companies often had a lukewarm interest in business contacts with Sweden;
- Some of the enterprises supported had interests from other countries, which made these companies select commercial relationships with firms from these countries (Germany, Denmark, Finland).

Our conclusion is, nevertheless, that the Swedish Baltic Corps project have contributed to a marginal increase in business relationships between Sweden and the two Baltic states. There were many factors reinforcing such a relationship such as the frequent trips by the advisers to Sweden, the host organisations which have the aim to enhance Swedish trade, etc. If such incremental increase is compared to the considerable investment in the project, we must conclude that the cost-effectiveness probably was low. Firstly, such business contacts are generally established spontaneously by market forces. After independence of the Baltic states, there was a surge of European enterprises, including Swedish firms, which visited the Baltic states looking for business opportunities, subcontracting arrangements, etc. This was particularly the case with Estonia, but the spontaneous commercial links with Latvia were considerable also at an early stage. Such commercial linking costs nothing in developing assistance, and also had a greater chance of being sustained on purely commercial basis. Many of today's market links emerged out of these initial search by the European firms. Secondly, other projects reviewed in this evaluation tend to show a considerably better effectiveness in stimulating commercial relationships by more specialised services (see the MPI evaluation of the *Advantage* projects).

The above view might be qualified to some extent in respect of Lithuania. Of various reasons, the commercial ties between Sweden and Lithuania have been much less developed than for Estonia and Latvia, hence the marginal contribution by the SBC therefore larger.

2.7.5 Increased labour market value for Swedish participants

Increased access to the job-market as a result of the Project was a key justification and an underlying concept of the Swedish Baltic Corps project. The project management reported success in this respect, with 70% of the advisers employed after the project, and many of the advisers leaving prematurely due to new jobs. The survey conducted in this evaluation, found that 55% had currently a job on the regular labour market, 25% were employed in various labour market projects while the balance, 20%, were unemployed. If these figures are representative, they rather indicate the structural problems in the Swedish labour market with only about every second employed today. Several of the advisers also indicated that they had been involved in several phases of the Swedish Baltic Corps project and in a few cases spent up to three years on these jobs.

How effective was the Swedish Baltic Corps projects as a Swedish labour market instrument? Two out of three of the advisers claimed no use of the experience in their ability to get a new job according to our survey, while a third believed they were helped to some extent by this experience. We are not in a position to judge whether this would be considered a good ratio as compared to other labour market instrument, also taking the cost element into account.

2.7.6 Enhanced employment in Sweden and Latvia/Lithuania due to increased regional trade

Are there any potential macro effects on employment due to stimulated trade relationships? On the Swedish side we believe these are at most marginal of reasons discussed above. In the recipient countries they might be more than marginal in a few individual firms, but their macro effect is bound to be negligible due to the company specific approach used in the project. In general, the transformation from the command economy to a market economy in Latvia and Lithuania resulted in a considerable drop in employment in existing enterprises and in the economy as a whole. Such drops in employment were triggered by several factors such as declining outputs due to lost markets in the USSR, enhanced productivity in order to meet international competition, different technologies using less labour as a means of the modernisation process, etc. In retrospect, the specific objective could be considered unrealistic given the project design.

2.7.7 Targeting small and medium sized enterprises

This objective is not formalised in the project documents, except in the sense that it is assumed that the support primarily will be oriented towards this group of enterprises. However, it is a dominant strategic objective in the Swedish support to the Baltic states.

The support under Baltic Corps project in Lithuania has to a considerable extent been oriented to some of Lithuania's largest former state companies. This was particularly the case in phase 1. Out of the total advisory time, about 40% can be estimated to have been oriented to companies which must be described as large during phase 1 (using the cut off point in terms of employment as 500 as an arbitrary definition). Furthermore, phase 1 included several government departments which was not part of the concept or the objective of the project. About 20% of the advisers time was spent of such support. During phase 2, the project had a stronger targeting on the SME group and no support for government departments. The targeting to SMEs in Latvia was high in both phases. Only a few exceptions can be defined as large enterprises. Furthermore, no government departments were included under the project. Overall, the project has had a quite strong focus on SMEs.

2.7.8 Gender

The Sida project documents stress the gender aspects, and argue that the projects 'actively should seek companies with female management. We cannot trace any efforts by the projects in either country in this direction. There are a few examples of companies supported with female management. However, nothing indicates that the project management used this as a criterion in the selection of companies. It was not listed amongst the criteria in selection of companies by the project managers, nor in their reporting during the project.

The former republics of Soviet Union had an active participation of women in the labour force, and also in leading positions in manufacturing and trading enterprises. While the Baltic states perhaps cannot be considered gender equal in a Swedish sense, gender inequality cannot be considered a major issue in the target countries. Rather, the educational level amongst women, and their

experience in senior positions, give opportunities to utilise such a potential to further promote gender equality. Nevertheless, we do not have an impression that the two project management have considered this, not has paid any attention to the gender objectives laid out in the project document, featuring in the broader Swedish objectives for co-operation in general, or specifically for the support to the Baltic states.

2.7.9 Capacity building in the local organisations

The regional Lithuanian chambers of commerce were the formal counterparts in the project. Their active involvement in the project seems, however, have varied to a large extent. In one case the chamber was excluded from involvement during implementation (Klaipeda) allegedly as the chamber was in poor organisational condition. Our view is that the regional chambers of Siauliai and Panavezys had a clearly stronger involvement than in Vilnius (and Klaipeda). There are several reasons for this:

- more attention was paid to the local counterpart organisation during phase 2 than 1, partly as a result of the fact that the implementing organisation CCISS made co-operation with chambers in the Baltic states and other parts of the CIS and Eastern Europe an internal strategy. Separate projects for strengthening of the chambers were also initiated during this time.
- The project – as a source – meant more to the regional chambers outside Vilnius as a means of providing support to the local industries, and could therefore be used to promote the chambers.

Our impression is that the project had a certain impact on the capacity building of the chambers at least in the latter cases. In Siauliai an adviser was working with the chamber for more than a year, and the chamber was used as the meeting place for the advisers. The staff of the chamber were to some extent involved in the project, and the management took an active interest. However, the capacity building could have been much more enhanced, had not the project been built on a ‘bypass’ style of project implementation with a separate project manager structure in Lithuania. This structure was not changed from phase 1 to phase 2. Notwithstanding, indirectly a certain contribution to the Chambers took place as a condition for support under the project was membership in the chambers. Hence, the chambers could expand their membership as a result of the project.

In Latvia, the Latvian Chamber of Commerce and Industry, LCCI, was initially chosen as the formal counterpart jointly with the government Latvian Development Agency, and UAC as a provider of training. However, LCCI decided to cancel its participation as it saw the three party local counterpart arrangement as ineffective, and as the workload of LCCI required prioritising. The project shifted the formal counterpart position to UAC, a EU-Phare supported structure with six regional organisations besides the Riga office. While the agreement between CCIÖV and UAC provides for a considerable role for UAC as the formal counterpart to the project, in reality UAC seems to have had limited involvement. Some of the advisers had quite critical view on UAC claiming its *interest was basically to collect the fees, and that the project was seen as a competitor to the UAC*. UAC, Riga, was not a sustained organisation after the end of the EU Phare support and the Riga organisation does not anymore exist (although its staff with EU support has formed a private consultancy group). The resulted institution building in Latvia must be considered basically nil.

2.8 Relevance

Relevance is defined here as to what extent the project design and mode of implementation had a logical link to the project objectives.

Table 7: Determining the relevance of the project

Criteria/objectives	Judgement of relevance in design and implementation mode
Transfer for know how	Declining relevance as Baltic states graduated to mature market economies and labour market in Sweden improved; in our view an ineffective model for transfer based on exclusive work in selected enterprises; no team work;
Enhance exports	If export development had been a key objective, a quite different selection of companies and advisers should have taken place. Limited relevance.
Increase company competitiveness	Relevant, but the objective can be questioned. Why should competitiveness of selected companies on local markets be promoted through company focused aid in view of the distortions of the competition this will create?
Regional trade & co-operation	With Sweden relevant; the design had many elements which promoted such co-operation and the implementation mode further reinforced this; intra-Baltic trade the project not relevant.
Enhanced market value for advisers	Fair relevance: provided psychological value to long-term unemployed; created market opportunities for some where the jobs required know how of Eastern markets.
Improved labour markets	Project much too micro focused to have any discernible impact on the labour markets in either country
Gender considerations	Nothing in the design to assure such an objective; the objective added by Sida, but nothing in implementation seems to have permeated this aspect.

2.9 Sustainability of results

At the local counterpart organisation level, we judge the project to have had marginal impact, and such impact, furthermore, has been declining due to organisational changes. In the case of Latvia, no sustainability.

At the company level, the issue is more complex and mixed. The selected companies in the projects have so far had a quite high survival rate, none, as far as we can judge, has closed down, albeit a few are facing very serious problems. There has been considerable management changes in some companies, but overall, the industrial structure seems quite stable in the medium term perspective. We judge the sustainability of the impact by the advisers work as fair based on our interviews with selected companies. Overall, when the work of the advisers led to change in company behaviour and management, we judge the sustainability as high.

2.10 Cost-effectiveness

We judge the overall effectiveness of the projects as low of reasons expressed above. Cost-effectiveness must be seen in this context, hence if the effectiveness is low, the cost-effectiveness is by definition low. A more useful indicator might be cost-output ratios as earlier defined. The actual cost per work month of the advisers at company level has been calculated to SEK 40,000–50,000, excluding costs the companies might have had. If account is taken of the fact that the advisers worked only three out of four weeks in the host countries, the actual cost calculated on an annual basis would be SEK 0,6–0,7 million. The Swedish Baltic Corps advisers were cheaper than conventional long-term consultants, but not to a significant extent. From Sida's point of view, however, the cost per work month was considerably less as the advisers' salaries were paid through AMS.

2.11 Overall conclusions

We have no reason to doubt that the Swedish advisers overall did an ambitious work which in selected cases had a considerable impact on the companies. However, in our view the benefits of the project are not commensurable to the cost of the project to Sida/AMS of in the order SEK 27 million. The key factors in this judgement are:

- marginal, if any sustained export development in the host enterprises;
- limited sustained business transactions with Sweden;
- for the majority of the advisers the participation was perceived of no value on the Swedish labour market;
- questionable choice of enterprises with a large number confined to local markets;
- marginal, if any, impact in terms of institution building in local organisations;

The reasons for our judgement of the overall low effectiveness of the project *as seen from a development point of view* are related both to design and to project management. Our main criticism of the project design and management is that the project:

- a) tried to combine two different, and potentially contradictory set of objectives, i.e. labour market objectives for Swedes, and development objectives for the Baltic economies;
- b) was supply driven, more focused on quantitative targets in terms of placed advisers than quality of support; rather trying to fit the demand to the available supply of advisers, than finding advisers to fit the demands from the enterprises;
- c) lacked criteria for selection of companies related to the overall objectives for Swedish aid, and which would have reduced potential distortions on the local markets. The criteria established were too narrow in the sense that they focused on factors which would facilitate micro results rather than macro development impact;
- d) avoided any opportunities, except in a few single cases, to spread the know how the advisers could provide outside their host company, i.e. to the industrial sector or to the business community as a whole;
- e) was weak in building a capacity in local counterpart organisations as it operated to a large extent as a 'by-pass' through a layer of Swedish management structures;
- f) was weak in collecting the agreed fees from the companies, thereby reducing the demand element and market corrective even more;

The Swedish Baltic Corps projects must be seen in the light of the time they were conceptualised and implemented, i.e. in the early stage of transition from a command economy to a market economy in the former Soviet Republics of Latvia and Lithuania, while utilising unemployed business professionals in Sweden.

Both Latvia and Lithuania have passed the stage of economic development when micro level support to business easily can be justified from an aid perspective at least on a broad scale. The dynamics of the private sector in both Latvia and Lithuania is sufficiently strong that companies are able to, or should be able to, pay for know how. Also, the knowledge of how to access such know how is well developed. There will always be a need to develop support services for the private sector, but such systems are increasingly a feature of the private sector and the government. The critical development problems in both countries today rather lie in the functioning of the government's regulatory apparatus in respect of private sector development. While both countries have established reasonably well functional regulatory frameworks for businesses, but the practical application of such frameworks leaves much to desire.

3. Capacity building of Chambers of Commerce

3.1 Background

Shortly after the break down of the Soviet Union, SwedeCorp began investigating the opportunities for capacity building and co-operation with emerging private sector organisations in Central and Eastern Europe. This work was carried out largely by consultants. One line of such support was capacity building of the newly established chambers of commerce. Such chambers existed in the USSR, but with a different function than their counterparts in Western Europe. These organisations were part of the government structure and had as tasks, for example, quality and other control functions. They were governed from Moscow, employing considerably larger number of people than the chambers of today. With the collapse of the Soviet Union, the chambers in the Baltic countries and Russia re-emerged as voluntary organisations basically along the same lines as chambers of commerce in Western Europe.

There are two types of Chambers of Commerce in Western market economies, one based on voluntary membership, the other on mandatory membership. Sweden is an example of the first, Germany of the second. The chambers under review in this study are all voluntary chambers.

Chamber of Commerce are service organisations for their members. There are two basic forms of services provided:

- 1) commercial membership services. This might include export promotion, certification and documentation and other issues related to trade, business contacts, dissemination of information, etc.
- 2) advocacy and representation. These functions are mainly aimed at central and local government with the purpose to create favourable conditions for industry and commerce.

The number of members is a critical indicator of a voluntary chamber's ability to provide membership services, and also its potential impact in advocacy. Member fees mean revenues and access to human resources to provide services; and the size and structure of the membership is also related to potential political influence. Chambers have two basic forms of revenues: membership fees and fees from services. Often the single-most important factor in a voluntary based chamber is paid-up membership fees. A critical issue in the sustainability of a voluntary chamber is thus to reach a break even point in terms of revenues to cover its basic programme and activities. There are examples, however, of chambers which generate considerable revenues from services. In the Baltic states, issuing of Certificates of Origin and provision of basic training to small and medium enterprises for example in accounting, are major sources of revenues.

The Chamber of Commerce in the Baltic countries and in Kaliningrad are members of the Baltic Sea Chambers of Commerce Association, BSCCA, which has 52 Chambers of Commerce, with 400 000 member companies. BSCCA, based in Kiel, is an important venue for co-operation between chambers in the Baltic sea region.

The evaluation concerns five different projects in Latvia, Lithuania, Kaliningrad and Bosnia-Herzegovina. These are all technical assistance projects, fairly small in budgets in the range of SEK 0,7 – 1,1 million, limited in time of about one year. The assistance has been in the form of training activities and organisational development. They have been carried out since 1995 and two of them are still on-going. They are all in the form of co-operation with the Chamber of Commerce and Industry of Southern Sweden – CCISS, except in Bosnia-Herzegovina which is implemented by the Chamber of Commerce and Industry of the Provinces of Örebro and Västmanland – CCIÖV.

3.2 Chamber of Commerce support in Lithuania

3.2.1 Background

Lithuania has five regional chambers of commerce, located in the cities of Vilnius, Klaipeda, Panavezys, Siauliai and Kaunas. The regional chambers are regulated by a Chamber Act, stipulating, for example, that each regional chamber should cover two out of the ten counties in the country. The regional chambers are all members of the Association of Chambers, an apex organisation. The latter is a small organisation with only three staff members, hence the Lithuanian Chamber of Commerce system is decentralised with limited power at the apex body.

During the Soviet time there was one chamber in Lithuania covering the whole republic with about 400 employees. The regional chambers of commerce in Lithuania were established in the early 1990s with active technical support by Germany through German Chambers of Commerce. This support included training and upgrading of the offices of the chambers, including provision of computers and other office equipment. The support is still on-going, but is expected to end in 1999. The German chamber in Offenbach has been the leading chamber in this support. Offenbach has a full time project co-ordinator in Vilnius. It should be noted that the German Chamber of Commerce system is different from the Lithuanian in the sense that it is based on mandatory membership. There was also a debate in Lithuania at the time the Act was taken whether the country would chose a mandatory system such as Germany, or a voluntary.

The membership of the chambers of commerce in Lithuania at the time when the Swedish support began was limited. For example, the Vilnius chamber had 300 members, the chambers in Siauliai and Panavezys less than 100. As a result of the limited membership, the chambers were financially highly dependent on fees for services provided to members and non-members.

3.2.2 The Swedish support to the chambers in Siauliai and Panevezys

In 1994 and 1995, SwedeCorp engaged several Swedish consultancy firms to assess the opportunities for co-operation with the chambers of commerce in Lithuania, specifically in Panavezys and Siauliai, in order to strengthen the capacity of these chambers. A contributing factor to this was the parallel Swedish Baltic Corps project which had the Vilnius and Klaipeda chambers as the formal counterparts in the first phase, and the Panavezys and Siauliai chambers in the second phase. The Sida consultants proposed a technical assistance project to the chambers focusing on administrative routines (filing etc), English training, training in conducting trade mission abroad, fair participation, international documentation, training in how to run seminars and undertaking consultancies.

SwedeCorp invited tenders for a capacity building project with this orientation in 1995. The tender was won by the Chamber of Commerce and Industry of Southern Sweden, CCISS. The tender followed closely the proposed project outline with its suggested training blocks. The support would be provided by staff at the CCISS, already familiar with the Lithuanian chambers from the Swedish Baltic Corps project, and from other training activities of members from the Lithuanian chambers under the umbrella of the Baltic Sea Chambers.

3.2.3 Objectives, design and expected outputs

The stated objectives of the project was to *raise the general performance levels of the chambers, leading to closer communication with the companies in their regions; provide the chambers with expertise, thereby strengthen their position and give them sources of income.*

It included training activities in three stages with the following elements:

Stage 1

- information and implementation of classifying and filing systems
- stream lining of daily work routines
- training in business English

Stage 2

- How to conduct trade missions abroad
- How to participate in trade fairs and exhibitions
- International documents and payments

Stage 3

- How to run courses and seminars
- Training in consultancy service and the role of a consultant
- On the job training

These types of services, originating in the consultancy report to Sida, has been the main package through all the chamber support projects.

The project was planned for September 1995 to October 1996, and had a budget of SEK 0,8 million, including 19 weeks of CCISS services in Lithuania, and about 7 weeks of preparation and follow up in Sweden. The project would be implemented by staff of the CCISS, including the consultant stationed in Lithuania under the Swedish Corps project.

3.2.4 Actual outputs

The project was implemented largely as envisaged, although over a longer period of time, starting in August 1995 and ending in April 1997. The first stage of the training was focused on establishment of a computerised system for membership directory and refining some of the chambers' daily work routines. The second stage dealt with trade missions and trade fair participation, an area of considerable interest to the Lithuanian chambers which deal with this subjects to a large extent. An element of the training was the use of *ATA Carnets*, a system under implementation in Lithuania, and in which CCISS has considerable experience. The third stage of the training became much less than expected, influenced by external events related to the implementation of the new legislation for the chambers in Lithuania, reducing both interest and time available for training activities.

The actual time spent by CCISS in training activities in the chambers was one week per month throughout the project period. We estimate the total time spent in Lithuania to 12 weeks, which is less than the proposed number of weeks in the project document. The actual expenditures of the project was SEK 0,64 million, i.e. 20% less than budgeted. The reason for this was a much more limited time spent on training events.

3.2.5 Results

It is our impression that the support given by CCISS in general has been well received by the two regional chambers. The project was not ambitious in financial terms, hence no dramatic change can be expected. However, the chambers have verified that the support given have helped them to get a better understanding on how to communicate and work with the business society. The chambers also claim that the co-operation has lead to better efficiency through, for example, improved work routines, filing systems and more precise job descriptions.

CCISS commented on the project in their final reporting of the project that SwedeCorp's project design was questionable in the sense that the consultants which had put together the project *had very little knowledge of Chambers of Commerce, and written the report in a haste*. CCISS argued that the project design was based on the assumption that the Lithuanian chambers had no activities at all, and the project thus had to start from scratch. As a result, the proposed training activities were too basic, and had to be adjusted during the implementation. CCISS also identified the basic problem of the Lithuanian chambers as financial, as a result of a limited membership and low membership fees which often not even were paid in.

The Siauliai Chamber has increased its membership to 150 members from a level of below 100 before the project, but many of these are not paid up members. The chamber is active helping their members to identify foreign partners and new business opportunities. They organise seminars and trade missions. None of these activities are new to the chambers, except for the seminars related to trade documents and trade development, which did not take place before the co-operation with CCISS had started. The chamber's income from services is Lt 600 000 ,equivalent to 86% of the total income of the chamber, while member fees represents 14% of the total income.

The Panevezys Chamber has 150 companies as members, mostly larger and medium sized companies within the municipality of Panevezys. The Swedish support to the chamber in Panevezys has followed the same pattern as for the support to the chamber in Siauliai. The Swedish consultants have visited the chamber monthly for 2-3 days. The training has been appreciated by the staff, but the lesson learnt is that the approach and methodology for a chamber operating in Sweden cannot always be used in a country like Lithuania. The Director General would have liked the co-operation to continue for a second phase emphasising on how to reach the small companies in the smaller townships of the county. Normally they are not members of any association, but need considerable support in management and marketing.

3.2.6 Phase 2: Support to the Vilnius Chamber of Commerce.

The preparation for a follow up of the project was started in 1997 by CCISS, this time focusing on the Vilnius Chamber of Commerce. A formal proposal was submitted by the Lithuanian Ministry of Foreign Affairs in April 1997 to Sida. The project proposal, prepared by CCISS in co-operation with the Vilnius chamber, was to some extent a modification of the design already implemented in Panavezys and Siauliai. Besides the training components already applied in the first phase, the project would also provide technical assistance in two areas, namely:

- membership recruitment and regional policy in economy and infrastructure, and
- development of female staff.

Different from the phase in Siauliai and Panevezys, training in the form of a one week study tour to CCISS in Malmö for some of the Vilnius Chamber staff was included in the project.

The Vilnius Chamber of Commerce, formed in 1990, has currently a staff of 21 persons of which two thirds are women. The Vilnius chambers has two branch offices in Ukmerge and Alytus, each of them manned by one person. As indicated earlier, the Vilnius Chambers had at the time the project started about 300 members. The membership fees are low compared with international standards, or currently 300–1700 litas (approx. SEK 600–3400), depending on the number of employees of the company.

Besides the extensive support by the Offenbach Chamber of Commerce since the early 1990s, the Sida support, the Vilnius chamber is also taking part in a EU Phare Partnership Program. For example, during 1998 EU financed trade missions, seminars and exhibitions. One of the criteria for Phare support is that a minimum two Eurochambers are partners with the chamber in question. The Vilnius Chamber partners are the Eurochamber in Strassbourg in France, Offenbach in Germany, and now also Malmö in Sweden.

3.2.7 Design and expected outputs

The project document stated that the expected results of the project would be:

A strong local chamber including its branch offices with the right competence and services to the private sector

This in its turn would lead to:

- *an increase in the number of members by 100% over a period of three years,*
- *an improved economy by the chamber,*
- *and faster development of the Lithuanian in terms of national and international trade.*

In addition, the project would also make:

- *the Chamber to be well prepared for the changes a membership of Lithuania in the EU; and*
- *strengthened co-operation between the Vilnius chamber and the Chamber of Commerce in Southern Sweden leading to enhanced trade between (southern) Sweden and Lithuania.*

A budget of SEK 0,95 million was proposed including 25 weeks of services, of which 7,5 weeks home based preparations. The project was expected to be implemented over the period September 1997 to July 1998.

Sida agreed to a second phase project through the CCISS, this time without a tendering procedure, but with a slightly reduced budget of SEK 0,82 million. In Sida's agreed budget, proposed local consultants were excluded and also financing of local costs of the Vilnius chamber.

Sida assumed the expected outputs to be those proposed by the project document and stated the overall objective of the project as:

The Lithuanian enterprises shall grow and develop, leading to an enhanced growth for Lithuania and increased international competitiveness.

Sida also saw the project as highly relevant as it would contribute to increase Lithuania's ability to become a member of the EU due to improved competitiveness of Lithuanian enterprises..

3.2.8 Actual outputs

The co-operation with the CCISS started in January 1998. The first part session concentrated on how the chamber could take advantage the *ATA – Carnet system*, once it was introduced in Lithuania. The second session was how the Vilnius Chamber should attract new members. The third session dealt with training; how to run courses and seminars. In addition five persons from Vilnius chamber made a field trip to the Chamber of Commerce in Malmö. As the project was behind schedule, it was extended for another half year at the end of 1998, i.e. would be completed by July 1999. In total, CCISS has so far provided six work weeks of services to the Vilnius chamber in the form of longer workshops at three occasions.

3.2.9 Results

Increased membership

The Lithuanian chambers have increased their membership during the years the projects have been on-going. More important that membership per se is the number of paying members. Each of the chambers have a number of non-paying members enrolled at least for a few years until they are deleted as members. For example, during 1998 the Vilnius Chamber recruited 62 new paying members, while 25 old members (mostly in the category of not paying members) left the chamber. Vilnius chamber currently has 350 members, of which 300 are paying.

The coverage of the chambers in terms of members as compared to registered companies remains low. For example, there are some 15,000 companies registered in the two counties for which the Vilnius chamber is responsible, hence only about 2% of these are (paying) members. There are several reasons for this low share:

- The number of registered companies is an inflated figure of how many firms actually are in operation. With the liberation of Lithuania a number of enterprises were registered, but never started operations. Many other firms are merely one-person operations, sometimes of part time nature, with less likelihood of join formal associations.
- There is yet not a wide spread perception of the usefulness of formation of voluntary private sector organisations in the country. Some observers even claim there is a reluctance in the society to join any type of centralised organisation due to historical reasons.
- Although membership fees in the chamber are low (SEK 300–600 according to number of employees), such fees are not deductible, and with the increased economic difficulties for many Lithuanian enterprises due to the crisis in Russia, even smaller amounts are seen as a reason not to join the chamber.
- Many companies do not see any reason, specially the larger ones, to be a member of the chamber, when they are already members of an industrial association. The latter is generally in a better position to handle their immediate problems.
- there are a large number of competing private sector organisation providing similar services as the chambers, for example industrial associations as mentioned above but also consultant firms, business advisory centres, other types of chambers such as the US-Lithuanian chamber, etc.

The companies interviewed during the evaluation tended to express a limited interest in the chambers. They were perceived as mainly providing various services in the form of training, etc. Such services are available also to non-members, albeit at a slightly higher fee. Examples on attitudes towards the chambers are:

It is a social club, more for talking than action. We don't have time for this

*The courses and services they provided we can participate in and get without being a member.
It just cost a bit extra*

There are so many organisations providing services to the business today.

The SwedeCorp/Sida projects have increasingly focused on membership enrolment as a key function for the chambers. In the Vilnius case, a target of 100% increase in membership was established over a three year period. This is an ambitious, but not unrealistic target. A different matter is to what degree the Sida project contributes to the attractiveness of the chambers to new members. While some contribution is likely, the project can certainly not claim its inputs as the cause of change. More important is to what extent the project can assist the Lithuanian chambers to device strategies to enhance membership. CCISS of its own has undertaken considerable such work and been quite successful.

Improved chamber revenues

Income generated from services in the Lithuanian chambers has increased: for example, the Vilnius chamber has increased its service revenues from Lt 0,5 million during 1996 to Lt 0,8 million in 1998. Issuing Certificate of Origin is the main source of service revenue, accounting for 70-80% of these revenues, the balance being trade fairs, trade missions and various forms of training. It is difficult to judge what impact the Swedish support has had on this: a) taking into consideration that issuing certificates has not been influenced by the project; and b) that the support from the Offenbach Chamber is much bigger in money terms, and also has focused on seminars and courses (computer, book-keeping, taxes, etc.). The German support has invested in the development of a training department. In general, the Swedish support appears to be a rather marginal activity as compared to the German support. However, a strength of the Swedish support is that it is provided by a chamber with a similar mandate as the Lithuanians, i.e. based on voluntary membership.

3.3 Chamber of Commerce support in Latvia

3.3.1 Background

The structure of the Latvian Chamber of Commerce and Industry, LCCI, is different to the Lithuanian chamber structure. In Latvia there is only one national chamber with main office in Riga and six branch offices in Cesis, Valmiera, Daugavpils, Liepaja, Ventspils and Rezeneke. The history of the chamber goes back to 1934 when the Latvian Chamber of Commerce and Industry was established by law and it became the only recognised representative of all Latvian manufacturers and tradesmen. This chamber was abolished in 1940. In 1990 the new independent Chamber was established. It has 35 employees divided between the Riga office and the six regional offices. When the project started in 1997 the LCCI had 700 members, out of which only 300 were paying members. In terms of coverage, the membership was about 14% of 5,000 companies doing the main amount of business in Latvia, or 5% of 15 000 companies which are active engaged in business from 80,000 registered companies in Latvia.

LCCI has been supported by various projects. Germany, through South Westphalian CCI in Hagen, has for seven years been involved in the development of the chamber especially in the field of foreign trade promotion and documents, ATA Carnet, vocational training, development of branch offices, public relations, etc.. Eurochambers through EU Phare have assisted LCCI in introducing the quality system ISO 9001. In 1998 LCCI was the first chamber in Central and Eastern Europe

and the first service organisation in Latvia to be ISO 9000 certified. LCCI has also EU funded co-operation projects with Madrid CCI and chambers in Nancy and Rome.

3.3.2 The Swedish support to the Chamber of Commerce in Latvia

The capacity building project was initiated in 1997, but did not start until 1998. The objectives of the project were:

- to support LCCI in its efforts to increase the numbers of paid up members and to recruit new members;
- to strengthening its competence in international trade, and
- to build up its income-generating services.

The project has been divided into six sub-programmes:

- chamber strategy;
- development of customers services;
- training in organising and running seminars;
- improved dissemination of information;
- the *ATA-Carnet* system;
- membership recruitment and strengthening of branch offices.

The project designed for Latvia is similar as for Lithuania, and has a similar base in a training package. However, there is a stronger focus on strategy formulation and membership recruitment in Latvia. The orientation of the project reflects a) learning from the earlier project in Lithuania; b) a dialogue with the Latvian chamber which took an active part in the formulation of the project.

3.3.3 Results

Membership of LCCI has increased from 700 in 1997 to currently 750 in March 1999. Paying members have increased from 300 to 650. The management of LCCI has made concerned efforts of expanding its members, and especially to make members to pay the fees. As indicated above, the chamber has been quite successful in the latter respect. The chamber has developed a strategy to attract new members. An aspect of this strategy is to create services which are exclusive for members. Examples of such initiatives are 'business lunches' and monthly member meetings. The chamber also uses agents to recruit new members, paid on commission. The chamber is publishing its own journal, and overall, is ambitious to create a profile in the business community.

The chamber considers the co-operation with CCISS as essential for its development. The chamber's management has strategically used the different donors to the chamber in view of their strengths, where CCISS has partly played the role of training staff, partly been used as a strategic partner. The model of LCCI is to some extent CCISS, and LCCI has established the target for membership at the current level of CCISS' membership, i.e. 3,000.

LCCI, under a dynamic leadership, has the ambition to become the largest and most powerful business representative organisation in Latvia. LCCI has developed a business plan, including a marketing plan, on the recommendation, and with the assistance of CCISS. This plan is a guiding document for the chamber in its ambition. CCISS' involvement in the strategic planning process of the Latvian Chamber has been an essential factor for the project. It has created a platform for the final design. An on-going dialogue between LCCI and CCISS has lead to a demand driven project and what appears to be an appreciated and successful co-operation.

The co-operation has been maintained after the end of the project; for example LCCI staff participated in a recent seminar organised by CCISS in Ronneby. Overall, our impression is that the Sida project was an element in a broader co-operation which started before the project and is on-going afterwards. As mentioned earlier, the Baltic Sea Chambers is an important forum for such co-operation.

3.4 Chamber of Commerce support in Kaliningrad

3.4.1 Background

The chamber system in Russia is built on 140 regional chambers under the Chamber of Commerce and Industry of the Russian Federation, CCI, a non profit entity established in 1991 by Russian businesses. It operates on the basis of the constitution of the Russian Federation, the law of the Russian Federation on Chamber of Commerce. The Kaliningrad chamber of Commerce has been a member of this federation since it was established. As its sister chambers in Russia, it is a non governmental, non commercial public organisation in contrast to the old chamber structure from the Soviet time which was a non-voluntary, governmental organisation. The Kaliningrad Chamber started with 39 members most of them larger companies, and had by 1998 expanded to about 100 members. KCCI is like its sister organisation in the former Soviet Union plagued by a high ratio of non-paying members. A reason for this is that the Russian federal law of Chamber of Commerce stipulates that the fee should be paid out of the company profit, why companies making losses do not pay. Nine persons are presently employed by KCCI. The entrance fee is 3000 Rubels (SEK 1,000) and the annual fee is a fixed price of 2000 Rubels (SEK 670) for all members, irrespective size, turnover or number of employees.

The present membership represent only a third of a percent of the total of 30,000 registered companies in the Kaliningrad region. As in the case of the Baltic states, this figure, however, is a gross over-estimate of the real business environment. KCCI's policy is to recruit and keep successful and strong companies as members, which together with the chamber and other organisations, can put pressure on the central government in Moscow and on the regional administration, the *Duma*, in Kaliningrad.

KCCI has good contacts and working relations with several other Chambers of Commerce in Europe i.e in Germany, Poland, Lithuania, Holland. However, the most active co-operation is, according to the staff of the chamber, with CCISS.

3.4.2 Design and expected outputs

The co-operation between the Chamber of Commerce Southern Sweden – CCSS and the Kaliningrad Chamber started in 1994. In 1996 the idea of a longer term project was discussed when the President of KCCI and the Vice President of CCSS participated in the annual meeting of the Baltic Chamber of Commerce Association in St. Petersburg. The two chambers subsequently jointly prepared a project which was submitted to Sida.

Sida approved a technical assistance project in 1998 for 14 months with a budget of SEK 1,1 million. The project started in September 1998, and is expected to end in December 1999.

The overall objectives of the project are:

- To contribute to the process of local economic development by strengthening the management and the planning capacity of KCCI;
- To support KCCI in becoming the spokesman towards authorities and politicians;
- To increase the prospects for cross border co-operation;
- To build a closer co-operation between KCCI, CCSS and its members.

The different activities to be implemented are: building a functioning organisation structure; creating an Arbitration Tribunal; service development and planning of daily work routines; international documents and payments; solving custom problems; how to run seminars, trade fairs, exhibitions and membership recruitment.

One criteria for KCCI to be accredited as a full member of the Chamber of Commerce and Industry of the Russian Federation, is to submit a business plan describing the present market situation, the objectives of the chamber, a strategy to fulfil the objectives and an operational plan including budgets. KCCI has not yet been able to present an acceptable plan and has asked CCSS to guide them through the process.

As noted in the design in the project it is to some extent different from the projects implemented by CCISS in Lithuania and Latvia. The Kaliningrad project is the 'third generation project' in this respect, reflecting not only a close co-operation in the design, (different from the first phase in Lithuania), but also substantial experience from the earlier projects.

3.4.3 Actual outputs

Since the project start in September 1998 only a few of the planned areas of activities have been undertaken. In September/October five KCCI staff members visited CCISS in Malmö. The preparations to form an Arbitration Tribunal in KCCI has started. A seminar for the lawyers attached to KCCI was planned for April 1999, but was postponed. CCISS is involved in the strategic planning process of KCCI. A CCISS consultant visited KCCI in late 1998 for a workshop regarding the *ATA-Carnet* system and the potential for the chamber to increase its income, once the system is approved in the Kaliningrad region. The Russian Federation has already approved the *ATA Carnet* system, but practical matters have to be solved before the system can be utilised.

3.4.4 Results

It is premature to assess the results of the project as it is still in its initial stage. It is noteworthy that since the project started, the chamber's membership has increased from 104 to 157 members. This is more a reflection of the ambitions of the chamber to be a key player in the Kaliningrad economy, than a result of the project per se.

Overall, the longer term co-operation between CCISS and KCCI, and the latter organisation's desire to use CCISS as a strategic partner – is an indication that the project is taking place in an environment where sustainable results in the form of organisation development are likely to occur. Other areas for co-operation between CCSS and KCCI are only partly covered by the project, but for which KCCI has expressed interest are:

- setting up a marketing network within the Internet system for the exchange of business proposals between Swedish and Kaliningrad companies;

- initiating a vocational training package, including basic management training to enhance the supply of skilled labour, such as carpenters, which are in short supply in the Kaliningrad region.

3.4.5 Current issues

The Kaliningrad region is unique in the Russian Federation due to its geographical position as an enclave landlocked by Lithuania and Poland. The whole of the Kaliningrad region is declared an economic free zone. In 1996 a federal law on the special economic zone in Kaliningrad region was signed. Its purpose is to provide more favourable conditions for promoting socio-economic development through the expansion of trade, attract foreign investments, know-how and expertise. The problem is that the law has not been accepted by the regional administration in Kaliningrad with the consequences that everyone is awaiting the final results of the law before any decisions or investments, local or foreign, are made.

The approval of the law would be a mechanism for the Kaliningrad companies to build business contacts with the West. As the Kaliningrad region has no land contact with Russia all goods in transit through Lithuania and Poland are charged with high taxes. Kaliningrad - being a region with a too small own market, is heavily depending on trade with Russia and Europe. The devaluation of the rouble in August 1998, triggering the Russian crisis, has created a difficult situation for the Kaliningrad region.

KCCI is playing an essential role in the local economy in terms of export promotion, advocacy in tax regulations, and promotion of foreign investments, including economic security and risk management. KCCI, the Union of Industrialists and Entrepreneurs and the Agency for Economic Security and Risk Management are jointly recognised as a strong group with political influence. Yet, the Kaliningrad Chamber is financially vulnerable. Only 10% of the revenues for the chamber is from member fees, while 80% of the income is related to Certificates of Origin. This source of income is likely to decrease. The crisis of Russia has had a clear negative impact in this respect, and several European countries are expected to abandon the requirements of certificates of origin. KCCI realises that it needs to increase membership revenues, or to identify other income generating services to compensate for the expected reduced demand on certificates of origin. The two most interesting areas to be developed are; information technology and leadership training. Membership recruitment is seen as important, but KCCI strategy is to move slowly, and rather increase the current low percentage of paying members to pay their fees. (Only 40% of its members are paying).

3.5 Chamber of Commerce support in Bosnia-Herzegovina

The Chamber of Commerce in Tuzla – Podrinje approached the Chamber of Commerce of the Provinces of Örebro and Västmanland – CCÖV for assistance in the beginning of 1997. As a result, CCÖV carried out a need assessment study on behalf of Sida with the purpose to identify the conditions for a co-operation between the CCÖV and the Chamber of Commerce in Tuzla - Podrinje. The study recommended a project emphasising adaptation of the chamber to market conditions, and to build business relations between the Federation and the Republica Srpska. For these reasons the strengthening of the Chamber of Commerce in Doboj, Republica Sprska was also included in the project. Sida approved a project with this orientation in October 1997.

The objectives of the project were:

- To upgrade the two chambers to the demands in market economy
- To revitalise and further develop the co-operation between the chambers in Doboj and Tuzla
- To build business relations between CCÖV and the two chambers in Bosnia

The first two objectives were addressed through two workshops, one in Sweden and one in Bosnia. The Swedish co-ordinator spent a great deal of time trying to match Swedish and Bosnia companies, which have showed interest to do business in Sweden or Bosnia. Twelve Swedish and fourteen Bosnia companies were involved, but nothing came out of it during the project period. In September/October 1997 four persons from the Doboj Chamber and six persons from the Tuzla visited CCÖV in Sweden to study the work of a modern Swedish chamber. The delegation also visited a dozen organisations and companies in Örebro, Västerås and Stockholm. According the project co-ordinator; *this was probably the first time since the war started that representatives from the three ethnic groups could go out for dinner together.*

In October/November 1997 a workshop for the chamber staff of Tuzla and Doboj covering project planning, marketing, management and conflict handling and the principles of market economy and privatisation, was organised in Bosnia. Sida has also provided the chambers with computers and printers.

Bosnia is a country which has suffered from a war and where the three ethnic groups do not yet co-operate or have just started to co-operate. For example, the Serbs involved with the Chamber of Commerce in Doboj did not want to attend a workshop to be organised in the Federation, afraid of the consequences if they were identified as war criminals. The Bosnia project could be considered more an effort to re-build the social fabric of a war torn country and re-establishing some co-operation between the ethnic groups within the business community. This is worthwhile cause, indirectly of greater consequences than the potential impact on business as such. We are not in a position to judge the effectiveness of the support in these terms due to the aborted visit to the region. A general observation is that the recent event in the region is likely to have as an effect a severe set back to many efforts to re-establish such co-operation.

3.6 Summary of the projects

Below, the projects are summarised in terms of their objectives, main activities and time frames.

Table 8. Summary of objectives and activities for all five projects

Chamber	Objectives	Activities	Timeframe
Lithuania Vilnius	1. To recruit new members 2. Build a functioning organisation at the branch offices 3. Strengthening the competence of staff in international trade 4. Build income generating services	Four sessions: 1. Prepare the chamber to take advantage once the ATA-Carnet system is introduced 2. How to attract new members 3. How to run courses and seminars 4. Field visit to Sweden	One year from January to December 1998 Extension from December to July 1999
Panevezys and Siauliai	• To raise the general performance of the chambers and to help them build closer relations with the business society	Three stages to raise the general performance: 1. filing systems, work routines and business English 2. trade missions, trade fairs and exhibitions and international documents and payments 3. how to run seminars and courses, the role of a consultant and on the job training	One year from August 1995 December 1996
Latvia, Riga	• To recruit new members and increase paid up members • To strengthen the competence in international trade • To build up income generating services	Six sub-programmes: 1. To Strengthen the chamber 2. To develop customs services 3. How to organise and conduct seminars 4. Membership recruitment 5. Strengthening of branch offices 6. Competence development of chamber staff	One year programme planned to be implemented during 1997 but prolonged up to December 1998
Kaliningrad	• To contribute to the process of local economic development by strengthening the competence of KCCCI • To support KCCI in becoming the spokesman for the business sector towards the authorities and politicians • Development of cross-border co-operation • To facilitate closer co-operation between KCCI and CCSS in Sweden	Six areas: 1. To build a functional organisation structure, specifying roles and responsibilities 2. Creation of an Arbitration Tribunal 3. Service development 4. Competence development within custom problems and international trade 5. How to run courses and seminars 6. How to prepare trade fairs and exhibitions 6. Membership recruitment	Ongoing 15 months programme during 1998/99
Bosnia, Doboj and Tuzla Podrinje	• To upgrade the chambers in Doboj and Tuzla – Podrinje for better performance under market economy conditions • To revitalise and further develop the co-operation between the two chambers • To build business relations between the chambers in Bosnia and CCÖV in Sweden	Two workshops: 1. Workshop in Sweden; "How to run a Chamber of Commerce" 2. Workshop in Doboj; Chamber performance, Management & Communication, The principles of market economy (Office equipment for the two chambers; computers, printers, Organised by Sida)	Pre-feasibility study in March/April 1997 Project duration, September to December 1997

3.7 Achieving the objectives

The objectives for the competence building projects in the Baltic chambers, Kaliningrad and Bosnia-Herzegovina can be synthesised as follows:

- support in building functional private sector organisations by raising the general performance levels of the chambers, strengthening their competence in international trade and in general provision of services.
- recruiting new members and increasing number of paying members;
- creating income generating services, and improve the economy of the chambers,
- building closer relations with the business society;
- strengthened co-operation between the the Swedish Chambres of Commerce and the target chambers leading to enhanced trade between Sweden and the country

There were some more specific objectives for some of the countries, such as:

- faster development of Lithuania in terms of national and international trade,. prepare the Vilnius Chamber of EU membership
- To revitalise and further develop the co-operation between the chambers in Doboj and Tuzla and to increase the prospects for cross border co-operation;
- To support the Kaliningrad chamber in becoming the spokesman towards authorities and politicians.

To what extent have the projects achieved these objectives?

We believe that the projects, with their relatively limited budgets, have contributed to the *capacity building* objective, especially in Latvia. However, it is difficult to compare the influence of a project on a small regional chamber in, for example, Panavezys, with the national chamber of Latvia. The interviews with representatives of the chambers gave no indication that the activities were not appreciated. It must be recognised, at the same time, that the projects have been small inputs as compared to many other sources of influence, especially in the Vilnius chamber and in the Latvian chamber.

Member recruitment is a matter of a) good services, particularly exclusive to members; b) the importance perceived by the enterprises as interest parties; and c) marketing of the chambers. Especially in the Baltic states, the economies are in a stage where a number of private sector service organisations compete for members, to some extent with similar services. The organisations are young, in a rapid process of development, and attracting members is an important strategy. The supported chambers have all increased their membership during the time the projects have been going on, but not dramatically as elaborated above, especially in view of the large number of registered companies in both the countries. The situation is different for the regional chambers in Lithuania which are more natural meeting points for the local industries, than the chambers in the capitals Vilnius and Riga, and in Kaliningrad, where also most other private sector support organisation are located. While the projects initially had a low profile in terms of membership recruitment, this aspect has increased over time.

Creating revenues from services. A considerable share of the training by the projects have been focused on enhancing the quality of services by the chambers such as consultancy and trade fair participation. We are not in a position to judge how effective this support has been. To some extent the CCISS has a different orientation of its services than the Baltic and Kaliningrad chambers. CCISS

has provided support in the use of *ATA Carnets* in its work. This is a significant source of income for the Swedish chambers, and might also be so for the Baltic and Kaliningrad chambers, once this system is in place and operating.

The *closeness of the chambers to the business community* is related to perceived quality of services, etc. Our impression is that the chambers of commerce – in their efforts to establish themselves in the new market economy – do not yet have a clear profile in studied countries. Most companies interviewed by us were non-members, and overall there was a generally lukewarm attitude to the chambers. The key problem is that the chambers have limited discernible services to offer, and furthermore, such services are offered by a number of competing organisations. Nevertheless, the training activities by the chambers, for example in Latvia, is expanding year by year. Building close relationships must be recognised as a long-term process, and the projects can only marginally be assumed to contribute to such an objective during their short duration.

The projects have clearly been in line with, and supported, the objective of *fostering a relationship with the Swedish chambers and the Baltic and Kaliningrad chambers* as they coincide with a already on-going process of such co-operation. Has this resulted in enhanced trade, and especially Swedish exports, as expressed in the justification for the project? On the margin, we believe it will. CCISS has a deliberate strategy of linking Southern Sweden industries to the emerging markets in the Baltic states and the Western part of Russia, (and other countries in the East), reflected, for example, by an explicit ‘East strategy’ since 1990 of CCISS. The chamber has also representations and office in the region. In this respect, the projects have been elements in a broader development process within the (Southern) Swedish business community of regionalisation.

3.8 Relevance

Relevance is defined by us to what extent the design of the five projects are relevant for fulfilling the specific project objectives and the broader strategic objectives for Swedish support in Central and Eastern Europe.

Development of effective and representative chambers of commerce can be seen as an integral part of a modern market economy. Chambers are interest organisations for business, often within a limited geographical area, but jointly as a national body. As discussed earlier, they provide two basic forms of services: lobbying and commercial services to members. In all the studies countries/region, voluntary chambers are evolving and were created soon after the countries began their transition to market economies. Swedish support to such emerging organisations must be considered clearly relevant in terms of Sweden’s overall strategic objectives for the East support. Such organisations are essential not only for the function of a market economy, but also a democratic dimension: they form a part of civil society. The relevance of the specific orientation of the support, i.e. the activities undertaken by the projects, is less straightforward. Our judgement is that the projects have focused too much on what might be described as basic support services (day-to-day operations) and too little on building chambers as effective lobbying and interest organisations. However, over time, there is a shift in the support in the latter direction. In Lithuania, Latvia and Kaliningrad, the key issues for business are increasingly related to regulations and legislation taxation, the functioning of the bureaucracy in relation to business, i.e. issues of governance, and the overall economic climate.

3.9 Sustainability of results

The activities of the projects in the chambers are limited, to a large extent integrated into the mainstream of the chambers' operations, hence sustainability is difficult to assess isolated from the overall development of the chambers. The general performance of the chambers in all the reviewed countries is improving with increasing organisational professionalism. They are step by step developing into more modern, well functioning and efficient organisations, but under very different conditions. Thus, the Latvian chamber, due to its role as the single chamber in Latvia, an organisation with a quite different role than, for example, a regional chamber in Lithuania. While the latter can become a centre for the local industry, it is severely constrained in acting as a lobby organisation for the industry at a national level, a function vested with the apex organisation. The Latvian chamber, on the other hand, has the potential to become a powerful player in the industrial-political setting in Latvia, not least due to its leadership, thereby attracting a large number of members. It also allows specialisation in services and enhanced professionalism in such services. These aspects are not comments on the quality of the chambers as such, but due to the structure chosen in the two Baltic states.

The long term market sustainability for private sector organisations such as chambers of commerce is dependent on their image among member and non member companies, other trade development organisations and business associations, as well as governmental organisation and the government. In environments where the business rapidly is becoming more sophisticated, and the competition in terms of general business services is increasing by various private sector providers, the chambers need to adapt their services. This is well known to all the chambers. The ability of the chambers to adapt to these changing market conditions can not be judged here.

3.10 Cost effectiveness

The evaluation concerns five fairly small projects in budget terms in the range of MSEK 0,7 – 1.1. The implementing Swedish partner for four of the five projects has been the Chamber of Commerce of Southern Sweden – CCISS. In most aspects the CCISS projects are quite similar with a basic training package common to them all. However, there are alterations in accordance to different local chamber requests, organisation structures and the geographical situation. In Kaliningrad, the last project designed, advocacy and representation have been given more attention than in the other projects. The creation of an Arbitration Tribunal is also unique for Kaliningrad. In The Latvian chamber more emphasis has been directed towards strategic and business planning, while the earliest project in Lithuania focused more on trade missions and how to run courses and seminars for their member companies. As noted above, there has been a learning process in the design and implementation of the projects towards – in our view – increasingly more relevant, and more effective type of activities.

While the projects are fairly small in financial terms, our assessment of the project time spent in direct co-operation with the chambers, versus home-based management and preparation indicate that the latter share is more than 50% of the total cost. Furthermore, the management share is not declining from over time, as could be expected as the CCISS is gaining increasing experience. This would in our view indicate that while the effectiveness of CCISS' support is improving, the efficiency is not.

We have only budget figures for Bosnia, but at least in terms of budget, CCIÖV seems to have allocated a lower percentage to overheads and management than CCISS.

Table 9 below provides an estimate of the allocation of costs and budget on field activities and project management.

Table 9. The cost structures of the projects

Project	Supporting Swedish Chamber	Total budget SEK	Actual costs	Costs of activities with chamber	Activity costs with chamber in % of costs
Vilnius	CCSS	815 000	N.a.	395 000 (budget)	48% (budget)
Panevezys & Siauliai	CCSS	800 000	636 000	300 000	47%
Latvia	CCSS	850 000	830 000	390 000	47%
Kaliningrad	CCSS	1 110 000	under impl.	504 000 (budget)	46% (budget)
Bosnia, Dobož and Tuzla	CCÖV	730 000	585 000 (budget), actual costs not available	336 000 (budget)	57% (budget)

3.11 Current issues in the private sector development

Lobbying and representation differ from other membership services. They are general services, usually aimed at central or local government or other organisations on behalf of all members. Lobbying is not a money earner in contrast to most other membership services. The views of the enterprises is that lobbying should be the most important activity for a chamber, specially in a country in transition. This concerns for example, a regulatory environment which is unpredictable from the business point of view, and more important, which is arbitrarily implemented, leaving much room for government officials to act outside the intention of the laws and regulations. In both Lithuania and Latvia, there is an increasing concern that, while the policies in general are good, their implementation leaves much to be desired, allowing various types of *rent-seeking* activities by low and high level government officials, which in particular hit the smaller industries. The Baltic chambers are aware of the importance of this role as an interest group, but there is a catch 22 syndrome in this: unless the chambers have a broad representation, they can not act forcefully as business representatives, and as they are not perceived to act as strong representatives for the industry, the enterprises see no reason to join. Service provision is a means of gaining financial strength and recognition, but service provision is also a deviation from the main task. However, the long term financial and market sustainability of a chamber can very much depend on how well the local chambers succeed in lobbying and its possibility to become the driving force and the lead agent working for the improvement of the business environment. In our assessment, CCISS has not played a sufficiently strong advocate in this, especially not in the initial stages. Kaliningrad has its own specific problems related to the very character of the regional economy. The ability of the business community to influence the status of the region, its trading policies with neighbouring countries, position as a free trade zone or area, the infrastructural system is paramount for the economy and the environment in which the enterprises operate. Kaliningrad has also its own problems of rampant criminality in the business sector. The Chamber of Commerce can be a strong voice in such a setting.

4. Female entrepreneurship development in Poland

4.1 The Project

During 1997 and 1998, the Chamber of Commerce of Southern Sweden implemented a training Programme in co-operation with the Center for Advancement for Women (CAW) in Warsaw. Female entrepreneurs were invited to participate in a series of seminars one weekend per month over a six month period. The project started with a training session for women organisations to strengthen them in their supporting roles. These organisations also assisted in the invitation of participants. Thirty out of the 57 interested applicants were selected to participate. The participants came from all over Poland, but the seminars took place in Warsaw.

The Project, through CCISS covered most of the costs for the seminar series, including some remuneration for the CAW administrative assistance. The participants all paid a fee of approximately 1.000 SEK each to cover some of the local costs for premises, invitations and translation.

At every seminar occasion, the CCISS asked the participants to evaluate the content, presentation, organisation, etc. of the CCISS performance. The participants' evaluations indicated their great satisfaction with the project, the content of the training and the study trip to Sweden. Also the professional contacts established among the participants during the seminar series were said to be highly appreciated. According to the CCISS, the study trip opened up certain possibilities for some of the participants of co-operation with Swedish companies. Within the frame of the project, the participants were introduced to the functioning of women networks in Sweden. An interest was said to have been created to establish the same kind of network in Poland, among the participants in the project.

4.1.1 The Center for Advancement of Women

The Center for Advancement of Women (CAW) was founded in 1991 as a non-profit, non-governmental foundation with the aim to support women in solving their post-transition period problems. The Center's main goals are:

- to increase women's economic, social and cultural independence,
- to increase women's participation in the decision-making process in all spheres of life,
- to fight against gender discrimination,
- to raise women's awareness of their rights.

With these general goals in mind, CAW co-operates with organisations in Poland and abroad.

The Center has programs in four fields:

1. *Professional development* – which includes JOB CLUB, personal guidance services, “open doors” (free use of CAW's office equipment, Internet, daily newspapers, etc.), research on the labour market and the situation for women.
2. *The teaching center “Athena”* – courses enhancing professional skills, computer courses, Internet, data banks, accounting, How to start your own business enterprise, summer courses for single mothers, etc.

3. *Personal development* – this program was created to activate women and help them deal effectively with personal and professional life problems and to propagate and enjoy gender equality in public and social life. Among courses are: “To find yourself ...”, assertivity skills, negotiation skills, “Springboard” (personal development program), Women Political Academy.
4. *Information and documentation center* – the Center collects data on women’s organisations and initiatives in Poland and abroad. Based on this data, a very ambitious Directory has been elaborated and printed. Also an information bulletin is publicised twice a year. The Center also has a website: <http://free.ngo.pl./caw-cpk>.

One of the founders, Mrs Maria Anna Knothe, was also the President of the Board and Project Manager until the end of 1998. Being the main bearer of a vision of CAW’s objectives, particularly in the area of female entrepreneurship, her absence is clearly noted by the remaining staff of sex people managing the different programs. The present Project Manager is Ms Daria Sowinska, who was also actively involved in the Training Programme for Female Entrepreneurs in 1997–1998.

Government finance is only 1% of the total budget. The rest of the budget has been financed by donors, notably several Norwegian organisations – and the Polish Stefan Batory Foundation. For 1999 financing has not been fully secured. One full time fund raiser is now trying to get sponsors from Polish industry to finance the activities of the Foundation. Since sponsoring is a new concept in Poland, results from these efforts are yet to be seen. Furthermore, several other NGO’s are trying the same method to finance their activities.

4.1.2 Design and expected outputs

The design of this Training Programme for Female Entrepreneurs was made in the form of a Pilot project. Sida discussed with some Swedish organisations active in Poland and found that the Chamber of Commerce in Southern Sweden would be a suitable counterpart, because of their net of contacts, especially the fact that CCISS at the time had a subsidiary office in Warsaw. This choice was made without consultation with the Polish counterpart (Insats-PM, ÖST-1996-0850).

The CCISS then worked out the Programme in co-operation with their office in Warsaw and a number of Polish Women organisations. The final choice of partner for the project was The Center for Advancement of Women (CAW) in Warsaw.

4.1.3 Objectives and expected results

The purpose of the project was:

- To strengthen Polish Women’s organisations in general and individual female entrepreneurs specifically, by improving their conditions for achieving better knowledge about organisation and entrepreneurship, and thereby strengthening female entrepreneurship,
- To stimulate domestic and international trade, especially between companies in Poland and Sweden,
- To provide the participants with a) better conditions to assist other female entrepreneurs to strengthen themselves in their roles as entrepreneurs, and their competence in organisation, management, development, export issues, etc.; b) To create a network for female entrepreneurs and organise business clubs; and c) to inspire and strengthen Polish women in general with the example of their experience, skills and knowledge.

The project focussed on female entrepreneurs in small and medium sized companies in Poland, with a potential to export to Sweden or to get subcontracts from Swedish companies. The 30 women should represent a variety of sectors. The most important issue was the willingness to strengthen themselves in their potential business areas abroad.

The expected results were:

- That 30 female entrepreneurs would have been provided with a competence to expand their businesses and export markets,
- That a number of Women's organisations would have been strengthened by training on specific subjects related to their roles as support organisations,
- That the women would have received support to start creating networks of female entrepreneurs, and to establish new business clubs for women.

It was also expected that the Project would lead to increased trade between Sweden and Poland – and a more balanced development in Poland.

4.1.4 Actual outputs

The first part of the Program was the training of Women organisations. The participants came from eight different organisations from Warsaw, Wroclaw, Poznan, Nidzicka and Gdynia. After this session, the same women launched the Project in their respective regions. Based on the data base available in CAW, 300 letters of invitation were sent to female entrepreneurs in Poland. 57 women applied and 30 were selected.

The training was organised as short seminars, two days at a time (Friday – Saturday) once a month, in order not to disturb the ordinary work schedules of the participating women. The first training session took place in November of 1997 and the last one in July of 1998.

The Program content was the following:

- Management and organisational development,
- Products, marketing and trade fairs,
- Export, International documents and payments,
- Business with Swedish companies,
- Marketing, promotion, negotiation, ISO 9000/14000
- Women networks in Poland and abroad.

The major part of the presentations were made by staff from CCISS. In the final section of the Program, speakers had been invited from different Women organisations in Poland and from EuroHouse in Malmö, a female entrepreneurs' network in Sweden. Since only a third of the participants had good proficiency of English, an interpreter was used in all the meetings.

On average, 22 women were present at the different training sections. 26 participants and one representative from CAW took part in the study trip to Sweden. The Swedish Program included information about CCISS, women networks in Sweden, conference and individual meetings with Swedish companies, meetings with EuroHouse, and a visit to Ramlösa in Helsingborg.

4.1.5 Cost-output ratios

The total Sida financing of the Pilot Project Training of Female Entrepreneurs in Poland was SEK 740.000. The average number of participants in the series of seminars was 22, thus the cost for each participant was about SEK 34,000. The total number of days of training for support organisations were four, and the total number of days of training days for the 22 person group was 12. The cost per training day was 46.250 SEK, or 92.500 per normal training occasion. CAW organised all practical details, like premises for the seminars, invitations, the translation and printing of course materials, etc. while CCISS organised the Programs and invited speakers. The Polish participants paid a fee of 400 PLN (approximately SEK 1.000) to participate in the series of seminars.

Since only a third of the participants spoke English, it was necessary to organise translation of all lectures. The cost for this may have been anticipated in the planning of the Project, but it was not separately budgeted. The Consultant got the impression that translation costs were not adequately considered, because the payment for translation services was negotiated by CCISS at every occasion, according to interviews with the interpreter. The translator maintained her demand for at least the locally established minimum level for translation.

4.2 Assessing results and impact

As already mentioned, the co-founder and bearer of the vision of CAW, Mrs Maria Anna Knothe, was no longer with the organisation. Furthermore, a follow-up had not been made by CAW yet. Such a follow-up was scheduled for June of 1999, the result of which will be forwarded to Sida in due time. However, we were able to interview a number of the participating female entrepreneurs, either in person, or via telephone – with companies outside Warsaw. Also meetings were held with three Women's organisations, including CAW.

The assessment of results and impact was thus based on these interviews, interviews with the people responsible for the project in CCISS, and the documentation available from, CCISS and CAW.

4.2.1 Achieving project objectives

The objectives stated by the Project document were far reaching and ambitious, considering the relatively limited encounters planned. One could hardly expect that six two-day seminar sessions, totalling 12 days of training would lead to a substantial impact on Polish trade or expansion of businesses. No such effect was reported from the sample of female entrepreneurs met with. The objectives of the Program would rather have to be viewed in a longer term perspective. In the short term, the objectives would have to be scaled down and related to the actual activities.

The total Program as well as the different lectures were appreciated, but most participants seem to have looked upon the content of the Seminar Series as too general, not adequately related to the individual needs and not sufficiently profound. Possibly, the group of participants was too diverse, both in terms of sector, size, general education level and business experience, for substantial impact to be measured. Also, a large part of the participants' companies were not export oriented – neither were they particularly geared towards trade with Sweden. Most companies were rather small, and produced goods or provided services for the domestic market.

For those participants that did have an interest in establishing trade with Sweden, the information provided was not sufficiently practical. There was no information on how to find a client in Sweden, how the CCISS could assist, to whom the Polish company could turn if a client did not pay for the goods or services, etc. The study trip to Sweden appears not to have been as well organised

as the participants had hoped for. Those genuinely interested in trade with Sweden had hoped to meet with Swedish entrepreneurs in similar businesses, but such meetings were not organised.

The participants may have benefited more from a more narrow spectrum of themes, more closely related to their actual businesses, more profound – and with more practical exercises. Some participants had expected more professional lectures, and more related to the actual situation in Poland. One criticism mentioned was that a few individuals covered many different areas, but when questions were asked – no answers or clarifications were provided. Many of the participants had University degrees and were used to a high level of education and training. For them, there was a feeling of disappointment over the general attitude and lack of professionalism.

If asked about their interest to participate in a similar kind of exercise again, the answer was that they could not afford to take the time for another seminar of the same general content. In some of the companies, the General Manager was also the professional, the accountant, the receptionist, the Marketing Manager – and thereby could not afford to leave the business for extended time periods and thereby lose valuable time to something not promoting their business. Other women had possibilities to participate in more professionally organised programs, with closer relationship to their individual company needs.

Networks with other women was something of great interest, but at least the group of participants in the Project came from too diverse types of businesses that they really did not have much in common, apart from being women. For efficiency reasons – they would benefit more from sharing experiences with people from the same business area. In spite of this, an effort was made to establish a Business Club. The effort failed – and most of the women in the group have lost contact with each other.

The group was very diverse – and thereby the different individuals also perceived different problems in their businesses, and different needs of further training. On a general level, financial problems was a major obstacle. Other problems were related to marketing and negotiation. Examples of areas which could have been beneficial to the women were negotiation techniques, how to present themselves and their services to clients, how to calculate prices and fees, rationalisation of tasks, practical marketing. It appears that very profound, detailed and practical courses on these subjects would be interesting and useful to some of the female entrepreneurs – and which could really have an impact on the improvement of the businesses of these women.

Another comment from the participating women was that there were too few female lecturers. Mostly appreciated were the participation of the female from CCISS and the EuroHouse, not from the professional standpoint but from the better understanding of women perspectives.

From the perspective of the female entrepreneurs in Poland, the Project was planned, organised and implemented above the heads of the female entrepreneurs, lacking understanding of the real situation for female entrepreneurs in Poland. No needs assessment was undertaken before the course started. The content and implementation, methods and procedures, lecturers and mode of presentation appears not to have been adapted to the special needs of the group in focus. In addition, the selection of participants should have been provided more attention.

The capacity building of local organisations was not very profound and did not leave an impact to build on. The whole planning of the Program was done over the heads of the organisations, using CAW as more of a Secretariat for the organisation of activities – and the only suggestion made by CAW about participation in the annual fair “*Kvinnor Kan*” was neglected by the CCISS. If e.g. CAW would plan their own course for female entrepreneurs – the actual conditions in Poland would be

taken into consideration. For female entrepreneurs, there are still more obstacles to be tackled in the functioning on the domestic market place first – and entry into the export market is somewhat premature. CAW and other organisations do have first hand knowledge about the situation of women in Poland in general and the situation of female entrepreneurs.

The targeting of small and medium sized enterprises was right, because there are very few large scale female entrepreneurs. Possibly the focus should rather be small scale enterprises, featuring specific problems encountered by these. If a follow-up of the Pilot Project should be planned, the Women's organisations in Poland as well as the female entrepreneurs should be consulted on content and implementation of it. Outside expertise should be used for specific inputs, and geared towards the needs of the recipients.

4.2.2 Impact and sustainability

The relevance of the training programme is questionable, since it was not planned in co-operation with neither organisations nor female entrepreneurs. It was useful in the sense that one can learn from experience. Also the Polish organisations became aware of what is not needed by the Polish female entrepreneurs for the time being. More down-to earth training would be more useful.

The impact measured against the objectives set up for the Training Programme was very limited. The cost effectiveness measured against the lack of coincidence with the objectives was not very positive. It is not possible to talk about sustainability from only a Pilot Project. Learning from this experience and planning another project differently one could start hoping for sustainable results.

The same arguments can be used in evaluating Ownership. The Program Objectives as well as content appears to have been established before the co-operating Women's organisation came into the picture – and the Project was implemented without much consideration to the staff of the organisation. To have real ownership in a possible continuation of the Program, CAW or another support organisation would have to participate to a much greater extent in the planning, implementation and follow-up of activities. The follow-up was not even considered in the original program by the way – and the full extent of possible impact or the lack of impact, according to the participants, still remains to be seen.

CAW is an organisation which is highly esteemed by many women in Warsaw, not least because of CAW's attention to professional training of single mothers, professional training and assistance to women seeking employment, etc. However, even if the Project would have had a sustainable impact on the support organisation CAW, the financial sustainability of this organisation is presently weak. For continued activities to promote female entrepreneurship in Poland, or support to a training program on the establishment of small enterprises among women, one should evaluate more organisations and their capacities to plan and implement training programs reaching the core group of women intended.

5. Conclusions: The overall effectiveness of private sector development in Central and Eastern Europe through Chambers of Commerce

5.1 Performance of the Swedish Chambers

5.1.1 Integration with the chambers own organisational strategies

The two Swedish Chambers of Commerce which have been responsible for implementation of the projects claim both to have had internal strategies for international expansion towards the emerging markets in the East at the time when they implemented the SwedeCorps/Sida projects.

The Chamber of Commerce of Southern Sweden's 'East strategy' emerged in 1990 after the collapse of the Soviet Union and the opportunities that were created with the democratisation and the transition of the command economies to market economies. The purpose of the strategy is to facilitate for members of the CCISS to invest and trade in the region and to make the 'Baltic' region a focal point for the Southern Swedish enterprises. Manifestations of this strategy are:

- CCISS opened an office in Hungary in 1990, the most promising of the transition economies at that time, later offices were opened in Poland 1992, and in Lithuania 1998.
- CCISS's is an active member of the Baltic Sea Chambers of Commerce Association which was founded in 1992 with the purpose to represent the interests of chambers of commerce around the Baltic Sea in Germany, Denmark, Sweden, Finland, Norway, Russia, Poland and the Baltic states. Under the auspices of the Baltic Sea Chambers ideas to some of the co-operation projects have emerged, and CCISS has also been active in training and seminar activities.
- The preamble to the Swedish Baltic Corps projects, the Scania Corps in Estonia which started in 1991, was based on idea that emerged from the CCISS.

The SwedeCorp/Sida projects have been managed actively by CCISS by its East division under the leadership of one of the chamber's Executive Vice Presidents. The resource persons used for the competence building projects have with one or two exceptions been staff of the chambers recruited from several of the regional offices. Noteworthy is also that the staff of the chamber working with international issues was expanded through the recruitment of one former Swedish Baltic Corps adviser.

The Swedish Chamber of Commerce of the counties of Örebro and Västmanland, claims that at the time when the SBC project in Latvia started, the chamber opened an 'East trading office' in Västerås with two employees. Currently, the chamber is focusing on Poland in its 'East activities'. Nevertheless, it is our impression that SwedeCorp/Sida projects have been more integrated into the CCISS' international expansion strategy than for CCIÖV, and also that the permanent staff of the CCISS had a more active role in the implementation of the projects. The key management persons for the projects in CCIÖV in Latvia and in Bosnia were both contracted persons.

5.1.2 Organisational learning

Reviewing the series of projects implemented by CCISS from 1994 to date, our impression is that the chamber has gone through a process of learning in terms of management of this type of development projects. We also have an impression of an enhanced co-operation with the local cham-

bers, from the off-hand, by-pass approach of the Swedish Baltic Corps project to the currently close co-operation with the Baltic chambers, going beyond the support under the Sida projects. The chambers in Latvia and in Lithuania described their contacts with the CCISS as close and based on a partnership foundation. The first competence development project in Lithuania – based on the model determined by SwedeCorp – was changed to a large extent to reflect learning of the demands and needs by the chambers. CCISS has developed a training package in English for its competence development of Chambers. This package has evolved over time as the chamber has taken on new projects. In our judgement, CCISS has become an increasingly professional body in providing support in institution development of its partner organisations in Eastern Europe. We believe CCISS has a unique role in the Swedish chamber system in this respect.

5.1.3 High management costs

There is a tendency of high overhead and management costs in all the reviewed projects. These costs are both up-front, i.e. shown in project budgets, and introduced during implementation. For example, while the budgets for home based management generally are utilised, the actual outputs in terms of posted advisers, training weeks undertaken etc. are less than envisaged. In the Swedish Baltic Corps home based administration was added through the use of advisers for administrative purposes in the chambers, and to some extent by posting advisers at the local counterpart organisations. The management costs are 35-50% of the total costs in the reviewed projects, and, more importantly, there is no declining trend in management costs as the chambers implement second phase projects or similar projects in other countries. I.e. higher management costs might be expected in a first project as methods have to be developed, training material worked out, etc. We also note that in some cases the local counterparts complained over difficulties to have certain administrative costs covered (interpretation in the Polish project), and that the advisers under the Swedish Baltic Corps in both Latvia and Lithuania claimed to receive lower per diems than they were entitled to (as stated in project budgets) from the chambers.

5.1.4 Gender issues

We conclude that the effectiveness of the Swedish Chambers in capacity building with a gender perspective has been much below expectations. The chapter discussing female entrepreneurship training in Poland has pointed at some serious weaknesses. As discussed in the chapter on the Baltic Corps project, the instruction by Sida in the Project documents to focus on female entrepreneurs seems not to have been taken seriously.

This low attention to the gender aspect is perhaps not surprising. Gender is not necessarily featuring strongly, or at all, in the operations of private sector organisations in Sweden such as Chambers of Commerce, or in similar organisations in Central and Eastern Europe. While other Swedish government/Sida objectives can be shared by these organisations, gender is an exception, very much driven by the Swedish government and Sida. At the same time, it is commonly recognised that gender is a ‘selling’ point with Sida, hence might be introduced in order to improve bids or proposals.

5.1.5 Are chambers effective instruments for development purposes?

Especially in respect of CCISS, the chamber has an interest of its own in (parts of) Central and Eastern Europe. This self-interest has considerable value added for Sida as it assure certain sustainability of efforts, a self-propelling process of learning, and a process driven by other motivations than aid. In terms of tasks close to the main business and competence of the chamber, it is, or

should be, an effective instrument. Yet, there are clear weaknesses as reflected in the past support which might be explained by a certain lack of skills as a development agency. The Swedish Baltic Corps project could have become a much more effective tool than it turned out to be with a different design, a better understanding of the development issues in transition in the Baltic countries, and a stronger interest in the active management of the project, rather than their administration. We have also questions as to the relevance of some of the capacity building efforts at the chambers. In our view, these efforts are too much focused on rather mundane routine operations, and too little on strategic issues for the chambers. This might reflect a situation of a well established Swedish chamber in an old market economy, working in a dramatically different environment in which all organisations are trying to find their niches. The female entrepreneurship training in Poland, in our view, is an effort to exploit development funds without a profound understanding of needs and issues.

Our argument here is not that the chambers are ineffective development organisations per se. The argument is rather should it be used by Sida in the future, a) that it must be strengthened with more development oriented thinking and competence, an ability to undertake work concerning more strategic issues in its field for the counterpart organisations, and b) the chamber should have a more transparent accounting of its services concerning overheads.

5.2 Lessons learned

5.2.1 Direct enterprise support

This evaluation has concluded that the Swedish Baltic Corps was a unique project in the sense that it tried to combine a situation with high structural unemployment in Sweden with the problems facing the former Soviet republics in their early stages of transition. As such it used a window of opportunity during a brief historical period. The results of this project was in our view not satisfactory due to a high cost with limited achievements of its objectives. While technical support at the enterprise level might be justified also at present in some countries in Central and Eastern Europe – and is provided by many agencies – future such support would need a radical re-design as compared to the Swedish Baltic Corps projects. Such design changes should include:

- Clear criteria for selection of companies, focusing on strategic sectors for the country;
- Sector wide dissemination of know how to the extent possible, rather than individualised support to specific companies to increase effectiveness and to reduce distortions;
- Team work by advisers to identify specific needs and demands rather than placing individuals over a long time in one company with vague terms of references;
- (Local) market based fees to be charged for the services, and services dependent on payment of such fees;
- Direct involvement of local business organisations which own the project, combined with capacity building of these organisations, rather than old style by-passes.

5.2.2 Competence building of chamber of commerce

The competence building projects of the Chambers of Commerce were in financial terms rather modest projects and limited in terms of time. Both as a result of this, and due to a high administrative share of the project cost, fairly limited direct inputs in terms of training activities were provided. These inputs were basic training of which the direct effects are hard to isolate from many other

sources of competence building. It would not be prudent to argue any major institution building effects as a result of these inputs. For example, it appeared that German support in Lithuania and Latvia has had a much stronger influence on the chambers, but also with a substantially larger budget. An important element, however, is the fact that the CCISS has established a long term peer relationship with the chambers by which certain synergies emerge. The SwedeCorp/Sida project might not have been determining for such a peer relationship as there are other contacts, but are likely to have contributed. As such relationships are in line with the overall strategy of the CCISS, they are most likely to be sustained beyond the project period, and possibly also be enhanced as they need to be based on clear immediate benefits to both parties. With the rapid development of the institutional set up in the Baltic states, the concept of a 'supplier-receiver' in such relationship is likely to decline as the chambers in the east evolve to mature organisations.

The support to chambers of commerce concerned quite basic tasks. While the needs for such capacity building should not be dismissed, in our view, the critical issues for the chambers are increasingly of a different kind, more related to strategic issues of how the chambers can become important players in the formation of the economic environment in the countries, as effective lobby groups to forward the interests of the private sector, and especially the smaller enterprises (as they lack a voice today, and also seem to be subject for bureaucratic abuse).

Another important aspect is the organisational division of labour amongst the private sector support organisations in the transitional economies. There is a tendency amongst these to compete with basically the same set of services to attract members and service revenues. Donors tend to reinforce such a competition as each donor has its favourite organisation without a clear understanding of the full picture, and even less an holistic approach to organisational development. Thus, government export and investment agencies, industrial associations, chambers of commerce and donor supported business service centres all try to undertake business services of similar kind.

There is a need for a broader, institutional approach currently with the aim to assist the organisations to rationalise their work, divide tasks, and co-operate rather than compete in efforts to stimulate the private sector.

In our view, the chambers have not identified these issues, albeit CCISS has moved in the right direction in its chamber support.

5.2.3 Female entrepreneurship training

The female entrepreneurship training project in Poland leaves much to be desired. It reflects a tendency to exploit a 'development niche' not genuinely anchored in the organisation, and without sufficient competence to deliver a good services. There is a need for this type of service in the transition economies, and the support by Sweden in such a context is quite relevant. There is nothing to prevent a Swedish chambers to provide such services, but it must be based on a more qualified approach.

5.3 Recommendations for the future

5.3.1 Strengthening Chambers of Commerce

The chambers of commerce in the Baltic states are developing growth and survival strategies to a large extent on the basis of providing various types of services against fees. Contributing to this fact is their difficulties to recruit new members, the tendency of many members not to pay even the

nominal fees, and the low fee structure. The Baltic chambers are generally heavily dependent on such service revenues. At the same time, the chambers are large in terms of paid staff as compared to, for example, Swedish chambers of Commerce. For example, The Vilnius chamber of commerce has a staff of 21 persons with 300 paying members, the Latvian chamber 30 employees with 700 members. As a comparison, CCISS, with 3,000 members has a staff of about 30 persons.

The SwedeCorp/Sida projects have focused on streamlining the operations of the chambers and strengthen them as service providers. The projects have not supported the chambers in their capacities as interest groups for the private sector in policy setting or in general in dealing with the authorities, except indirectly through enhancing the membership. The interviews carried out by this evaluation show that the businesses in general do not consider the chambers as lobby organisations for the private sectors. This is especially true for Lithuania, possibly due to the fact that the chamber system is decentralised in this country, but it is also true for the other countries under review. Such functions are instead to a higher degree vested in various industrial associations. In summary, the enterprises seem generally not to perceive the chambers as organisations with a unique competence, essential for the enterprises and a reason to be enrol as a member. Many of the services provided, except Certificates of Origin, are provided by an increasing number of private sector support organisations, from government bodies such export promotion agencies, industrial associations and private consultancy groups. Unless the chambers can become strong interest groups for the private sector, recognised as such, there is a risk that they will fight a losing battle against various other service providers.

The limited membership in the Baltic chambers further reduces their ability to act as lobby groups as they represent in a formal sense only a fraction of the business sector. The chambers themselves see this as a vicious circle – limited membership reduces power in acting as an interest group which reduces the interest by the private sector enterprises to join the chamber.

If Sweden wants to continue the support of developing the capacity of the new chambers of commerce in Eastern and Central Europe, such support should be modified from the existing model. It should focus on more strategic issues for the chambers in the private sector environment, competence which make them unique as providers of services (in a wide meaning), and especially as membership organisations. This might require providing the chambers with better analytical instruments of defining the key issues confronting the private sector in the respective countries which in our view to a large extent concerns the ‘environment’.

The evolution of the Baltic economies and especially the emerging private sector environment, points towards an increasing need for correctives by strong private sector interest groups. While the policy environment for the private sector in general has been liberalised, and conducive policies established, the interpretation of such policies, and overall the behaviour of the bureaucracy in the day-to-day operation towards the private sector leaves serious question marks. Chambers can be powerful instruments for this if a) they have sufficient number of members and b) have strong analytical capability to argue the case for the private sector.

5.3.2 Towards partnership

The Baltic States and Poland

The successful transition in the Baltic states and Poland requires reformulation of potential future assistance to these countries in general in private sector development in particular. These countries now rank amongst the best performers in terms of economic reforms, including policy environment and privatisation, and democratisation. Thus, the type of support provided in the early or

mid-1990s is decreasingly relevant. The professional standards must be enhanced, the services more specialised and the relationship must increasingly be based on partnership, not on a paternalistic aid formula. It must be based on mutual benefits. Cost-sharing amongst stakeholders might be a leading principle for such partnership. Donors, including Sweden, are likely to phase out most development assistance to these countries within the next few years. In this interim period it is essential that the aid relationship is transformed into one sustainable on other grounds than grants.

In respect of the reviewed projects, it is difficult to justify any of them into the future in their current form. The Swedish Baltic Corps was a project of its time, and a similar individual enterprise level support is not justified in the Baltic states or Poland. If contemplated in any other country in Central and Eastern Europe at an earlier stage of reform, it should be drastically redesigned.

The co-operation with the chambers would require a different approach if justified in the future. Chamber co-operation on a self-sustained basis is likely to continue under the umbrella of the Baltic Sea chambers, and through self-interest of Swedish chambers, in their own internationalisation strategies, and in general through commercial interests. If Sida believes in support of continued chamber of commerce development, such support should:

- Be focused on more strategic issues amongst the Baltic chambers as outlined above;
- Take the Swedish chambers and members own strategic interests into account – for example in stimulating Swedish –Baltic/Polish commercial ties
- Be in the form of a larger programme with more countries, possibly under the umbrella of the Baltic Sea chamber;
- Be based on cost-sharing amongst the stakeholders.

If Sida-East wants to support female entrepreneurship development in the CEEC, such support must be based much more on a partnership idea, professional exchange in between Swedish entrepreneurs and their counterparts in the transition economies with cost-sharing as a principle.

The current project support based on ideas mainly from Swedish partners, with limited or no ownership by the countries is an outdated form for these countries. The Baltic states and Poland are quite capable of formulating own programmes with or without government involvement for which they might request part financing by external assistance agencies. Any future support must be based on clear ownership in the countries.

5.3.3 More strategic thinking in the Sida-East support

The Swedish government has established quite ambitious objectives for the Swedish support to Central and Eastern Europe, expressed as support of a socially sustainable economic transformation; deepening the democratic culture and promoting a common security. Specifically the support to the Baltic states and Poland shall *facilitate the integration of these countries in the EU*.¹¹ Given that the Swedish aid allocations to these countries are, in relative terms, small, the ability to impact on these broad objectives requires strategically well chosen interventions. Thus, it is not sufficient to identify that there are certain ‘needs or demands’ – the provision of aid should also have considerable potential ‘leverage’ as change agents towards the stated objectives. This evaluation argues that the projects under review have not been well designed from such a strategic point of view. We have

¹¹ See, for example, Sida Strategy for co-operation with Latvia 1996-98; Strategy for the Co-operation with Poland 1996-1998, etc.

argued that the SBC projects would have made much more sense if they had been more selective of industrial sectors (focusing on key sectors in the economies); and if they had had a sector wide approach, rather than support to single enterprises. In terms of the chamber institutional support, we believe the projects have been too limited in scope, and partly focusing too much on rather routine operations to have a major institutional impact on the chambers. In the Baltic states the Swedish support was clearly dwarfed by the German assistance. In Poland, the female entrepreneurship development programme appears to have added little, if anything.

Sida has acted as a funder of these project ideas proposed by private sector organisations in Sweden and the recipient countries. These proposals seem largely to have been accepted as they are by Swedecorp/Sida without much assessment of their potential effectiveness to fulfil the overall strategic objectives of Swedish support. A reason for this might be that the projects are fairly small in financial terms, hence would not from the financial point of view merit a more comprehensive appraisal.

The result of this, however, is a piecemeal assistance which is lacking a clear profile, with little synergy between the inputs and limited knowledge within Sida of what is being achieved. While such an approach might have been justified in the earlier stages of support given the information gap, it is less so today. In the end-stage of Swedish assistance to Central and Eastern Europe there is a need for a more holistic approach to private sector development, more based on identification of remaining key constraints, and the support integrated in more comprehensive programmes.

We have identified some of these key constraints in private sector development in this report in the Baltic states: they concern in particular the system of governance in respect of the application of rules and regulations, especially for smaller and medium size enterprises.

ANNEX 1: Terms of reference

1998-12-17

Cooperation through Chambers of Commerce

Diarienummer:

**TERMS OF REFERENCE FOR THE EVALUATION OF COOPERATION
THROUGH SWEDISH CHAMBERS OF COMMERCE**

1 BACKGROUND

Strengthening of the local trade and industry has been an important part of the support to the transition of the Central and Eastern Europe to market economy. Part of these efforts has been carried out by the Swedish Chambers of Commerce to strengthen their counterparts and the local trade and industry.

Several projects have been developed and carried out. They are individually developed to fit specific countries in a specific time. Focus has gradually shifted to institution building projects to strengthen local institutions in their efforts to assist their local trade and industry.

The projects are:

Poland

Strengthening of the situation of women entrepreneurs 740 000 SEK
(Öst 137/97, 40/98)

Swedish partner: Chamber of Commerce of Southern Sweden

Lithuania

Swedish Baltic Corps 7 100 000 SEK
(SwedeCorp GD/54/93-94, Sida Öst 168/96)

Swedish partner: Chamber of Commerce of Southern Sweden

Competence development of chambers of commerce 800 000 SEK
in Panevezys and Siauliai
(SwedeCorp GD84/94/95)

Swedish partner: Chamber of Commerce of Southern Sweden

Competence development of Vilnius chamber of commerce 815 000 SEK
(Öst 340/97)

Swedish partner: Chamber of Commerce of Southern Sweden

Latvia

Swedish Baltic Corps 7 861 000 SEK

(SwedeCorp, Öst 021-96)

Swedish partner: Chamber of Commerce of the Provinces of Örebro and Västmanland

Mid-term survey of the project carried out by Swedecorp

Competence development of the Chamber of Commerce and Industry 986 000 SEK
(Öst 323-96)

Swedish partner: Chamber of Commerce of Southern Sweden

Audit made December 1997 with a follow up November 1998

Kaliningrad

Competence development of the Chamber of Commerce of Kaliningrad 1 110 000 SEK

(Öst 319/98)

Swedish partner: Chamber of Commerce of Southern Sweden

Bosnien-Herzegovina

Cooperation with the Chamber of Commerce in Tuzla-Podrinje 730 000 SEK

(Öst 290-97)

Swedish partner: Chamber of Commerce of the Provinces of Örebro and Västmanland

2 PURPOSE AND SCOPE OF THE EVALUATION

The evaluation of the cooperation with the chambers of commerce is part of Sida East's regular evaluations. Many projects have been completed and in the country strategies for both Latvia and Lithuania the support to the trade and industry is expected to be phased out during the period 1999-2001.

The objective of the assignment is to evaluate the relevance, the impact, the cost-effectiveness and the sustainability of the projects on the local organisations and their capability to support the local trade and industry.

Provided that the evaluation shows that the chambers of commerce have capacity to contribute to the strengthening of the local organisations, a recommendation shall be included on a design of a programme aiming to the strengthening of local organisations.

The evaluation shall be based on the experiences from the above mentioned projects.

Due consideration shall be taken to different situations in the different countries as well as different capabilities of the implementing partners.

3 THE ASSIGNMENT (ISSUES TO BE COVERED IN THE EVALUATION)

Relevance

In which way has the projects contributed to support of a socially sustainable economic transition?

Assess the relevance of the projects to solve the main problems of the local trade and industry.

Assess how the projects have been permeated by a gender perspective.

Achievement of objectives

The objectives are individual for the individual projects and shall be evaluated individually as well as their total impact.

Assess how the projects have contributed to increased sales on local and/or exports markets?

Effects on target group

Assess how the projects have strengthened the local organisations.

Assess how the projects have increased the competitiveness of the local companies involved in the projects in a direct or indirect way.

Assess the benefit, in general terms, for the member companies of the Swedish chambers of commerce.

Which are the three main problems of the local companies?

Which are the three main problems of the local organisations?

Cause and effect analysis

Assess to which extent the projects have contributed to an achievements of results compared to other factors.

Describe main activities carried out by other donors in cooperation with the chambers and commerce.

Assess the share of the resources dedicated to the cooperation at the Swedish chambers of commerce.

Cost effectiveness

Assessment on cost effectiveness shall be related to each individual project.

Sustainability of results

Assess in which way the local organisations have increased their capacity to assist the local companies and to which extent it has reached a sufficient level to be useful.

4 METHODOLOGY, EVALUATION TEAM AND TIME SCHEDULE

The same consultant is expected to carry out the field visits. It should be sufficient with 1-3 days in each country. The consultant is expected to:

1. Pay visit to contracting partners in Sweden and recipient countries
2. Pay visit to a random sample of member companies in the recipient countries with the purpose of assessing the satisfaction with offered services by the chambers
3. Pay visit to other trade promotion organisations (2-4 in each country), upon recommendation of Sida's area managers, in the recipient countries with the purpose of getting a picture of the problems and difficulties the local companies face in the transitional period.
4. Study Sida's decisions and reports.

The evaluation shall be carried out between 1 March, 1999, and completed no later than 7 May.

Undertakings

Respective area manager of Sida will inform the local chambers of commerce and implementing parties as well as the relevant Embassy or equivalent. The chambers of commerce in Sweden will be informed by Kerstin Gyllhammar.

5 REPORTING

The evaluation report shall be written in English and should not exceed 40 pages, excluding annexes. Format and outline of the report shall follow the guidelines in **Sida Evaluation Report - a Standardised Format** (see Annex 1). Five copies of the draft report shall be submitted to Sida no later than 1998-04-16. Within 2 weeks after receiving Sida's comments on the draft report, a final version in ten copies and on diskette shall be submitted to Sida. Subject to decision by Sida, the report will be published and distributed as a publication within the Sida Evaluations series. The evaluation report shall be written in Word 6.0 for Windows (or in a

compatible format) and shall be presented in a way that enables publication without further editing.

The evaluation assignment includes the production of a Newsletter summary following the guidelines in **Sida Evaluations Newsletter – Guidelines for Evaluation Managers and Consultants** (Annex 2) and also the completion of **Sida Evaluations Data Work Sheet** (Annex 3). The separate summary and a completed Data Work Sheet shall be submitted to Sida along with the (final) draft report.

Annexes 1, 2 and 3 are retrievable from 'Sida-mallar'/Sida Evaluations.

ANNEX 2: Persons interviewed

Kaliningrad

Kaliningrad Chamber of Commerce

Igor Tsarkov

Tatiana Paletskaya

Elena Sebova

Union of Industrialists and Entrepreneurs of kaliningrad

Nicolaj Bushuev

Agency for Economic Security and Risk Management

Alexi Ivolgin

City Council of Kaliningrad

Silvia Gourova

Ulfat Ltd

Sergei Sokolov

Optim Ltd

Alexander Kirichenko

Baltic Optic Ltd

Juri Broido

Business Cultural Centre Company

Andrei Mozhoukhin

Latvia

Latvian Development Agency

Juris Dreimanis

Latvian Chamber of Commerce and Industry

Voldemars Gavars

Stanislav Hoshenko

Henriks Silenieks

Biznesa Konsultantu Grupa

Didzis Liepins

Ludins & Eglitis Advokatu Birjos

Indulis Ludins

Integretais Konsultatīvais Dienests

Siehl, Elke,

Stalis, Emils

A/S REMUS
Andris Vempers

Ekju SIA
Janis Splite

Bates Latvia (former Labvakar) Advertising Agency
Ronalds Platkajis

Lithuania

Siauliai Chamber of Commerce, Industry and Crafts
Dailis Barakauskas

Siauliai City Council
Dailis Barakauskas

Vilnius Chamber of Commerce, Industry and Crafts
Alnydas Genys
Irena Jasiukeviciute

USAID
Ronald J. Greenberg
Aldas Kriauciunas

Lithuanian Development Agency
Laura Guobuzaite

Panevezio Klevas, Siauliai
Elena Jankuniene

Vilnius Chamber of Commerce, Industry and Crafts
Irena Jasiukeviciute

Panevezys Chamber of Commerce, Industry and Crafts
Vytautas Kazakevicius

Birute Karaleviciene

Association of Light Industry Enterprises of Lithuania
Linas Lasiauskas
Gedeminas Talutis

Panevezys Agriculture Equipment Co.
Algimantas Lukosevicius

Imsas
Kestutis Margevicius

UAB Elkada
Motekaitis, Algimantas,

Lithuanian Free Market Institute
Ugnius Trumpa

GTZ
A Widmann.

FOTONJA Software Co
Arunas Samullis
Mr Darius
Ralys Danelius

Industrie, handels und Handwerkerskammer IHK Offenbach
Rita Baceviciene

Poland

CAW
Daria Sowinska,

International Women's Forum
Ewa Lisowska,

Polish Association of Women Entrepreneurs
Barbara Szlefarska,

DORINA
Dorota Mroczkowska

POLDENT
Malgorzata Nowak-Niedzwiedzka

PANTOTELEK
Adwiga Konwerska

GEOPAT
Elzbieta Szczesniak-Tyminska
Ms. Anna Szszebankowska

Sweden

Chamber of Commerce and Industry in Southern Sweden, Malmö
Ingemar Nilsson
Marianne Flygare
Per Anders Lorentzon

Chamber of Commerce and Industry in the Counties of Örebro and Västmanland
Deva Kahande (former contract staff)
Milan Matinovic (consultant), Västerås

Recent Sida Evaluations

- 99/6 Masters Programme in Land Management. Swedish support channelled through The Royal Institute of Technology (KTH) to participants in Central and Eastern Europe. Jim Widmark
Department for Central and Eastern Europe
- 99/7 Environmental Projects in Tunisia and Sengal. Ulf von Brömssen, Kajsa Sundberg
Department for Infrastructure and Economic Cooperation
- 99/8 The Collaboration between Sida and SAI, The Department of Social Anthropology (SAI), Development Studies Unit, Stockholm University. Ninna Nyberg Sörensen, Peter Gibbon
Department for Natural Resources and the Environment
- 99/9 Access to Justice in Rural Nicaragua. An independent evaluation of the impact of Local Court Houses. Elisabeth Lewin, Christian Åhlund, Regina Quintana
Department for Democracy and Social Development
- 99/10 Working with Nutrition. A comparative study of the Tanzania Food and Nutrition Centre and the National Nutrition Unit of Zimbabwe. Jerker Carlsson, Suraiya Ismail, Jessica Jitta, Estifanos Tekle
Department for Democracy and Social Development
- 99/11 Apoyo de Asdi al Sector Salud de Nicaragua. Prosilais 1992-1998. Marta Medina, Ulf Färnsveden, Roberto Belmar
Department for Democracy and Social Development
- 99/12 Nordic Support to SATCC-TU, Southern Africa Transport Communications Commission, Technical Unit. Björn Tore Carlsson, Leif Danielsson.
Department for Infrastructure and Economic Cooperation
- 99/13 Cooperation Between Sweden and Ukraine in the Field of Local Self-Government. Lars Rylander, Martin Schmidt
Department for Central and Eastern Europe
- 99/14 Research Cooperation between Sweden and Uruguay 1986-1995. An evaluation and some general considerations. Osvaldo Goscinski, Mikael Jondal, Claes Sandgren, Per Johan Svenningsson
Department for Evaluation and Internal Audit
- 99/15 Sida Supported Advantage Projects in the Baltic States. Claes Lindahl, Petra Stark
Department for Central and Eastern Europe
- 99/16 Diakonia Program for Democracy and Human Rights, the El Salvador Case. A qualified monitoring. Vegard Bye, Martha Doggett, Peter Hellmers
Department for Latin America
- 99/17 Financial Flows and Policy Dialogue – The Impact of Programme Aid. Howard White, Geske Dijkstra, Jan Kees van Donge, Anders Danielsson, Maria Nilsson
Department for Evaluation and Internal Audit
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