

Swedish Labour Market Projects in Estonia 1994–1997

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**Department for Central and
Eastern Europe**

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Sida Evaluation 97/40

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Eastern Europe**

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Foreword

This is the fourth *Evaluation Report* to come out in 1997 on Swedish labour market projects in Central and Eastern Europe. In all cases, the Swedish partners have been the *Swedish Labour Market Board* (AMS), and *AmuInternational* which is part of the Swedish state-owned vocational training institute (*AmuGruppen*). The funding agency has been BITS, and later, the *Swedish International Development Cooperation Agency* (Sida).

Having already reviewed and presented the results of projects in Russia, Poland and Latvia during the period 1994-1996, we are now happy to submit this report on the co-operation with the Estonian labour market authorities.

We are most obliged to the Estonian National Labour Market Board - *Riigi Tööturuamet* (TTA) - and its General Director, Ms Urve Vool, for receiving us and arranging the programme for our field mission in Estonia, in July 1997. Special thanks are due to Mr Peeter Ugand, Director of Regional Development, who arranged our programme and also acted as an interpreter when necessary. We are also obliged to Mr Heiki Randma, who has been in charge of the Amu project, and Ms Maie Metsalu, Director of the Ida-Virumaa County Employment Office, for the time they spared us.

Our task has been to describe both the strong and the weak sides of the projects, and our ambition has been to do that as fairly as possible. We hope this can result in a productive discussion between the partners, and with Sida, on how to develop the co-operation.

Stockholm, 24 November 1997

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Executive Summary

The purpose of this report is to provide an evaluation of the AMS and Amu technical assistance projects with the Estonian Labour Market Board which have been financed by BITS and Sida between 1994 and 1997. The main dimensions of the evaluation are: achievement of objectives, relevance of project area, sustainability of results, side-effects, efficiency of project implementation and cost-efficiency. In addition, the report makes recommendations to Sida on the potential for supporting future projects and suggests improvements in project objectives and design.

- ◆ Estonia has an unemployment rate of around 10 percent which means that projects in the labour market area are of relevance. The projects which have been undertaken show that Swedish experience can successfully be transferred and be adapted to Estonian conditions.
- ◆ Both projects show results of high quality which are sustainable. In particular, there are concrete results from the component involving training of officers in the AMS project, and the development of modular course plans for the training of adults in Estonia in the Amu project.
- ◆ The individual consultants in the AMS project have delivered their different parts of the project with efficiency and high competence. Satisfaction has been expressed by the Estonian side with the work of the experts in the Amu project.
- ◆ The personnel in the Estonian employment service are highly qualified for their jobs. There is a strong belief in their own abilities to cope. The labour authorities, sometimes with the help of other donors, have seen to it that premises and equipment meet contemporary standards.
- ◆ The Amu project is one-and-a-half years behind schedule. A major reason is repeated reorganisation on the Estonian side and personnel changes in the top management of labour and social policy. In order to complete the Amu project, it is important that the organisational problems finally be solved.
- ◆ Monitoring of the Amu project has been rather passive both on the part of the central management of AmuInternational and by Sida, although the project was subcontracted to a private consultant. Reporting on project activities has been very sparse, and is below the standards of other Amu projects. Nevertheless, the private consultant has informed the agencies of the delays and the organisational problems encountered. This might have called for rather more active involvement and support, not the least since the project is larger than any other Amu projects financed by Sida in the region.
- ◆ It is suggested that Sida now takes an active position in seeing to that the Amu project is brought to a conclusion.

- ◆ In other AMS projects, the responsibility for a project has been delegated to a county labour board in Sweden. This has ensured co-ordination and information and experience sharing between different project components. In this project, central AMS has delegated responsibility for separate components to individual experts who have not been aware of what other assistance has been given in other parts of the project.
- ◆ The cost-efficiency in the AMS project is reasonable. General reporting and information on costs in the Amu project is insufficient to allow any definite judgement. However, Sida may pursue this issue since only a minor part of the project has been invoiced.
- ◆ It is proposed that the co-operation be continued provided that the Estonian side expresses its wish to do so. The co-operation should be long-term but low-key: the Estonian side is well capable of adapting Western experiences to Estonian conditions and limited input may have considerable impact.
- ◆ Any further project activities should be co-ordinated with the Phare projects of the Estonian National Labour Market Board. AMS already has productive contacts with the resident EU expert managing the project on labour policy and the employment service.
- ◆ The continued development of modular training techniques is a suitable area for further co-operation. This development should be pursued in close co-operation with the Phare project in the area. It is of importance that the courses developed in this Amu project are disseminated throughout the country.
- ◆ It is suggested that further assistance in the area of training should be geared to the issues of the marketing of training services on behalf of the training institutes and to the development of a competitive system for purchasing training at the different levels of the employment service.

I Project Description

1. The Objectives of the Evaluation Report

AMS (the Swedish Labour Market Board) and AmuInternational (the Swedish state-owned vocational training institute) started technical assistance co-operation with the Estonian labour market authorities in 1992. The first projects were financed by the Swedish Ministry of Labour. Since 1994, BITS, later Sida, has continued to finance the co-operation by approving additional projects to develop employment service and labour market training in Estonia. The earlier projects in Estonia, financed by the Ministry of Labour, were not evaluated. Thus, this is the first evaluation of the AMS and Amu technical assistance projects in Estonia.

The projects to be evaluated are:

1. The AMS project for the development of labour market institutions. BITS, 29 November 1994, decision number 81-94/95, BITS number EST1141, 1 917 000 SEK.
2. The Amu project for the development of labour market training. BITS, 2 August 1994, decision number 14-94/95, BITS number EST 1071, 3 279 000 SEK.

The main dimensions of the evaluation are¹:

Evaluation of Past Co-operation

- Achievement of objectives. Achievement of the project goals as defined in the contracts, taking into account possible changes in circumstances.
- Relevance. The relevance of the approach, goals and services provided during the technical co-operation from the perspective of the labour market situation and in relation to the needs they were intended to serve.
- Efficiency of project implementation.
- Reasons for high/low degree of success in achieving goals.
- Side effects.
- Cost-efficiency.
- Chances of the projects having sustainable effects.
- Gender aspects. Have gender aspects been an integral part of the projects? If not, what are the reasons?

Opportunities for Continued Co-operation

- The relevance of the proposed long and short-term objectives and potential impact of the transfer of knowledge from the Swedish side.

¹ See Terms of Reference for the Consultancy Assignment (*Appendix A1*)

- Organisational strength of and weaknesses of the Estonian organisations involved.
- Tangible results and long term development effects.
- Need for co-ordination with other institutions and other donors.
- Potential for cost-sharing in future projects.

In addition the evaluation report aims to describe institutional structures, roles and responsibilities in the field of labour market policy and labour market training in Estonia.

Based on the above findings, the team will submit **recommendations** to Sida on the potential for the support of future projects and, if relevant, suggest ways of improving existing proposals in terms of project objectives, organisation and other aspects relevant to the achievement of the best development effects.

2. *The Team*

The evaluation assignment was entrusted to a team of two persons. Dr Susanne Oxenstierna specialises in labour market economics and other issues in transition economies. In 1991, she took part in the *Economic Survey of the Baltic States*,² initiated by the Swedish Ministry of Foreign Affairs, and between 1992 and 1996 she worked in Moscow in a technical assistance project run by the Swedish Ministry of Finance. Mr Henrik Huitfeldt is an economic analyst at Sida. He specialises in labour economics and has done research on the Czech labour market. Both team members have taken part in previous Sida evaluations of labour market projects.³

3. *Method*

The report is based on interviews with key persons in Estonia and Sweden and with participants who have been engaged in different project activities and project implementation. Of great importance was the field visit to Estonia in July 1997, when the team was able to see labour offices in Tallinn, Jõgeva, Jõhvi, Kohtla-Järve, and Narva, and to visit the *Lasnamäe Mehhaanikakool* - Amu's major partner in the project. We met many people who have been directly or indirectly involved in the Swedish projects.⁴ The program was prepared by the Estonian National Labour Market Board (*Riigi Tööturuamet* - TTA)

The *Economic Survey of the Baltic States* has provided a starting point for the analysis of developments in the labour market and its institutions. In addition, the team has studied and analysed relevant materials, i.e. decisions, project reports, statistical and economic analyses of the Estonian labour market, and material produced in the course of the execution of the projects.

² Van Arkadie & Karlsson (1992).

³ See Oxenstierna & Pihlgren (1997); Oxenstierna, Lundberg, Huitfeldt (1997); Oxenstierna & Huitfeldt, (1997a); (1997b).

⁴ See List of Interviewed Persons (*Appendix A2*)

II The Estonian Labour Market

1. Employment

Since the start of the reform process in 1992, Estonia has consistently followed a path of reform to create an open, liberal and western-oriented economy. The main components have been a strict fiscal and monetary policy, including the abolition of subsidies to industry and agriculture, a liberal trade policy and efforts to gain membership of the European Union and NATO. This reform programme has had substantial large effects on the Estonian labour market and so far the experience has been largely positive. Despite the old rigid industrial structure and an initial lack of human capital in growing sectors, the dynamics of the Estonian labour market have been amazing.

Between 1989 and 1993, GDP in Estonia fell by almost 40 percent according to revised official statistics. During the same period, employment decreased by 22 percent (*Table II.1*). When the economy started to grow in the mid-1990s, employment continued to fall. Only in late 1996, after two to three years with positive growth, did employment start to increase. Thus, employment has reacted to changes in production in Estonia, but with a lag of a couple of years. Other factors such as emigration, changing rules for maternity leave, and the high, but diminishing, incidence of working pensioners also help to explain the fall in employment.

Table II.1 Employment and Labour Force Participation in Estonia 1989-1997

	1989 ^a	1991	1993	1995 ^b	1996 ^c	1997 ^d
Employment (1000s)	850.4	817.9	666.2	656.5	631.5	639.2
Agriculture		141.7	58.5			
Industry		265.3	185.6			
Services		265.2	272.5			
Self-employed and others		145.8	164.9			
Labour Force Participation Rate^e (%)						
Total	94.5			88.5	88.0	89.9
Men	96.0			92.8	93.4	96.2
Women	93.0			84.6	84.2	88.5

Source: Statistical Office of Estonia (1997a, b, c); Van Arkadie & Karlsson (1992)

a. The 1989 population census

b. First quarter 1995, using the Estonian Labour Force Survey

c. Second quarter 1996, using the Estonian Household and Expenditure Survey

d. First quarter 1997, using the Estonian Household and Expenditure Survey

e. 25-54 years of age.

2. Unemployment

According to the *Social Protection of the Unemployed Act* of 1995, a person can register as unemployed at a labour office in Estonia if he or she has been engaged in work or in an activity equivalent to work for at least 180 days during the 12 months before he or she contacted the labour office. Moreover, a person may only be registered as unemployed for a

maximum of 180 consecutive days. According to this Act, a person is defined as unemployed only if he or she fulfils these administrative requirements *and* registers at a labour office.

According to the international definition (ILO) of unemployment, a person is unemployed if he/she fulfils the following three conditions: (i) during a reference week, he/she neither worked nor was temporarily absent from work; (ii) he/she was actively seeking employment during the past four weeks; (iii) he/she was available immediately to start work within two weeks.

The official definition of unemployment in Estonia excludes some vital groups that are unemployed according to the international definition. The most important groups are the long-term unemployed and persons with no incentive to register. The Act states that an unemployed person must seek employment, but according to anecdotal evidence a proportion of those registered as unemployed are not directly available on the labour market. Instead, they are taking care of children below seven years old or are discouraged in other ways from seeking employment.

Thus, *the number of those registered as unemployed is not a good estimate of real unemployment*. Instead, it is a response to administrative regulations. To study the development of unemployment in Estonia, the best sources are different labour force surveys that use the ILO definition on unemployment. The Statistical Office of Estonia carried out an extensive labour force survey in 1995 and since the second quarter of 1996, questions about labour force status are included in the *Household Income and Expenditure Survey*. As may be seen in *Table II.2*, the unemployment rate was 8.6 percent according to the labour force survey carried out in 1995, and has risen thereafter. Registered unemployment is much lower.

Table II.2 Unemployment in Estonia 1989-1997

	1989 ^a	1991 ^a	1993 ^a	1995 ^b	1996 ^c	1997 ^d
<i>Unemployment rate^e (%)</i>						
Total	0.7	0.9	5.8	8.6	11.2	11.7
Men	0.7	1.0	6.1	9.6	12.7	12.5
Women	0.7	0.8	5.4	7.7	9.5	10.1
Estonians				7.2	9.7	8.6
Non-Estonians				11.5	14.1	16.1
Registered unemployment ^f			2.9	5.1	5.6	5.7 ^g

Source: Statistical Office of Estonia (1997 a,b,c.); Van Arkadie & Karlsson (1992).

a. At the beginning of the year, using the Estonian Labour Force Survey 1989-95

b. First quarter 1995, using the Estonian Labour Force Survey

c. Second quarter 1996, using the Estonian Household and Expenditure Survey

d. First quarter 1997, using the Estonian Household and Expenditure Survey

e. Number of unemployed as a percentage of the labour force

f. The National Labour Market Board (yearly average)

g. First quarter 1997

In addition, the transition period has been associated with structural change and a large degree of labour mobility. Employment has been transferred from the public sector to the private sector, and also from industry and agriculture to the service sector. The strict fiscal and liberal market policy in Estonia has speeded up this process. Between 1992 and 1994, an estimated 300,000 workers changed jobs¹ and high mobility between jobs has continued to be an important feature of the Estonian labour market.

Despite a negative trend in the 1990s, the labour force participation rate is still high in Estonia. Between 1989 and 1997, the participation rate for prime-aged persons (25-54

¹ World Bank (1996), p. 5.

years old) decreased by about five percentage points to 89.9 percent (*Table II.1*). Women have left the labour force more often than men during the reform period. Part of this development can be explained by institutional changes in the rules for maternity leave and a larger fall in the number of female than male working pensioners. Still, a trend persists in Estonia, as in other reform countries, for prime-aged women to leave the labour force for labour market reasons or to take care of the household.

After the reforms were initiated in 1992, unemployment became a new feature of the Estonian labour market. The unemployment rate has continued to increase and reached levels above 11 percent in 1996 according to the *Estonian Household Income and Expenditure Survey* (*Table II.2*). These numbers may be somewhat overestimated if persons employed in the shadow economy state that they do not have a job. Despite, or thanks to, the ambitious economic reform programme, the unemployment rate in Estonia is the lowest in the Baltic republics.

Changes in labour market conditions have mostly favoured the more educated workers, and have sometimes been devastating for those in rural areas. Jobs have been created on a large scale, but part of the population has difficulty in adjusting to the new circumstances. The reason could be lack of relevant skills or difficulty in moving to a new job, because of problems on the housing market or strong ties to the home district. This creates a large scope for the employment service and active labour market policy measures.

While women were disproportionately likely to withdraw from the labour force during the early stages of transition, those who remained faced neither greater risk of becoming unemployed, nor lower chances of getting a job once unemployed.² Women are over-represented among the registered unemployed, but this is due to the large number of women with children below seven years old who register as unemployed.

The large Russian-speaking part of the population has greater problems on the Estonian labour market than Estonians. In the second quarter 1997, the unemployment rate was 16.1 percent for Russian-speakers and 8.6 percent for Estonians (*Table II.2*). This is partly caused by a high unemployment rate in the north-east part of Estonia, which is mainly inhabited by Russian-speakers, and partly by an increasing demand from employers for people with a good knowledge of Estonian. This demand is influenced by administrative regulations which lock out non-Estonians from some occupations.

3. *Active and Passive Labour Market Policies*

Estonia finances its labour market policies out of general state revenues, through the state budget. The government has conducted a policy of a balanced budget and relatively low tax rates. This limits the scope of policy measures and the number of potential beneficiaries. In 1996, 89.6 million Kroons (about 6.4 million USD), or 0.17 percent of GDP, was spent on labour market policy and the employment offices (*Table II.3*). Since unemployment was lower than expected, the parliament reduced the financing of labour market policies in 1995. Thus, the source of finance is vulnerable to political decisions.

Since there is no information on individual contributions to social funds paid by employers, a flat-rate unemployment benefit system was established in 1992. In general, the benefit is paid out for up to 180 days, but the period can be prolonged for another 90 days. Since July 1996, the benefit has been 240 Kroons (about 15 USD) per month. In 1996, the average wage was 3,035 Kroons (216 USD) per month in Estonia, so the benefit is very small.

² World Bank (1996), p. 7ff.

The government of Estonia has put the emphasis on employment-generating macroeconomic policies, including incentives for investments and incentives for the creation of new businesses. Active labour market policies has generated little interest. The only

Table II.3 *Active and Passive Labour Market Policies 1994-1997*

	1994	1995	1996	1997 ^a
- Total (million Kroon)	65 981	71 353	89 619	110 000
- Share of GDP (%)	0.22	0.17	0.17	0.18 ^b
- Share of passive measures (%)	49.1	38.4	43.8	50.0
- Share of active measures (%)	43.9	43.7	41.5	36.8
- Share of administration (%)	7.0	17.9	14.7	10.9
Active measures				
- Share of training (%)	85.8	81.4	80.5	82.7
- Share of other measures (%)	14.2	18.6	19.5	17.3

Source: Estonian National Labour Market Board

a. Planned

b. Prognosis

important active measure has been labour market training. To stimulate retraining, an unemployed person participating in a training programme gets an additional subsidy of 450 Kroons (around 30 USD) per month. Public works, wage subsidies and start-up subsidies have been used, but so far to a limited extent. The general attitude is that people should take care of themselves. Poor contacts between labour offices and employers and limited resources for the administration of employment-promoting programmes further limit the use of active measures.

4. *Wage Structure and Poverty*

The strong performance of Estonian exports and large capital inflows have had positive effects on real wages. Between 1992 and 1996, real wages increased by about 20 percent. At the same time, wage differences increased substantially both between different sectors and between educational groups.

The incidence of poverty has increased during the reform period. Poverty is often associated with unemployment. Persons with a low educational level and households in rural areas have been particularly vulnerable. Poverty is, however, often shallow: most poor people lie just below the poverty line. A continued economic recovery could thus reduce poverty substantially.

5. *Further Development of Labour Market Policies*

The unemployment rate in Estonia is the lowest in the Baltic states. The economy is now growing after the recession in the first half of the 1990s. A growth level above 5 percent is anticipated in 1997. The economic recovery will generate new jobs and the unemployment rate will probably start to decrease. Nevertheless, a not insignificant portion of the labour force will stand outside the labour market, either because of a lack of skills that are in demand on the labour market, or as a reflection of a persistently tough labour market situation in some regions. This creates a great opportunity for the employment services to develop their administrative capacity and to focus their attention on some urgent needs. The scope for active labour market policies, based on closer contacts with employers at the local level, and labour market training is large. Small inputs from the employment services could bring large results even in the short-run.

III The AMS project

General Assessment: Recipient competent and believes strongly in its own abilities

The AMS project in Estonia makes a diffuse impression at first glance because it consists of different components, which have not been particularly co-ordinated on the Swedish side. All Swedish consultants noted that they had done their part of the project without knowing about the other parts. However, on site in Estonia the project looks quite good and it is clear that each component has been delivered with high quality.

On the Estonian side, there is a great desire for individuals to cope independently and a belief in their ability to do so. This is also reflected in Estonian labour market policies. Unemployment is not seen as a big problem and among those working with labour market policy, a widespread opinion is that, in principle, all people wanting employment can get it.

Yet people working in the employment service appear proud of their work and satisfied that they can accomplish something for those of their countrymen who have not fully understood that they need not be unemployed. Emphasis is put on training and adaptation to the new circumstances.

The results of the Swedish project can not easily be detected individually but it is evident that the Swedish project has played an important part in the process of the development of labour policies and the employment service. Probably, the most important contribution is the understanding that an employment service is needed to ease people's transfer from old jobs to new ones, and that they might need some assistance and social protection during this period. However, it is also clear that some tasks usually entrusted to the "social" services are currently handled by labour offices. Other concrete contributions of the Swedish project concern aspects such as: how to approach a client, a professional attitude towards one's work (not becoming too involved in the clients' personal problems) and forecasting the local labour market situation.

Awareness and anticipation of the coming reorganisation of the National Labour Market Board (TTA) and the employment service system, and several personnel changes in the top management of the TTA and the Ministry of Social Affairs, have to some extent weakened the results of the Swedish training efforts. In particular, this regards insufficient follow-up of persons who have undergone training.

1. Institutional setting

The Estonian employment service was established in 1991. Today it has about 200 employees in 16 regional labour offices, 6 local offices, and 28 local consulting points.

The central office of the TTA, which is small and has only about 10 employees, is going to be reorganised and after January 1, 1998, it will be a part of the Ministry of Social Affairs. Its functions will be divided between the Department of Labour and a Labour Market Centre. The latter will administrate the labour offices. More responsibility will thereby be devolve to the regional level.

One reason for the reorganisation is that the number of civil servants is to diminish. The budget for the administration of the services has been frozen for 2 years. The other reason is that unemployment is not considered a priority issue in economic policy. The registered unemployment, which is the figure policy makers rely on, is 5-6 percent. According to the labour force survey in 1995, unemployment was 8.6 percent, and updates indicate a rate around 11 percent in the first half of 1997 (*Table II.2*).

2. Project Objectives

The project, BITS 1994-1129, decision number 81-94/95, EST 1141, had the following objectives:

- A (i) Advise to the Estonian National Labour Market Board in Tallinn concerning prognoses and forecasting. The concrete goal was that 2-4 persons at the TTA should become capable of making basic labour market forecasts.
- (ii) Advise to the TTA regarding the recruitment of managers.
- B. Model office consultations. One local labour office was to be developed into a model office with modern organisation and a clear structure, a distinct placement service, vocational guidance and reception service. Management by objectives was to be introduced as a managerial tool.
- C. Training of officers. About 60 officers from local offices were to be trained in, especially, placement service and contacts with employers.
- D. Management seminars. Six managers were to be trained in Sweden in management by objectives, personnel policy, and placement service methods.
- E. Workshop in Sweden on services to disabled job-seekers. Six representatives were to undergo training on the organisation, financing, and other services offered to the disabled.
- F. Additional study visits on (i) computerised labour market information systems; (ii) information service to job-seekers and employers; (iii) group counselling methods. These components were not in the original project plan, but were agreed upon with the TTA since the model office component was cancelled and some funding was still available. The study visits, which took place in February 1997, were part of a preliminary co-operation between AMS and the Phare programme at TTA.

3. Project Results

Forecasting (Ai)

The idea of forecasting of the labour market situation is to provide the labour market authorities with quite detailed information about what will happen in the labour market in the near future, thereby enabling them to plan activities. The emphasis in forecasting is put on finding out what is going on on the demand side, i.e. the plans of

employers and availability of jobs. Forecasting requires the co-operation of employers, and these must be systematically questioned about their plans regarding the changes in the number of workplaces, lay-offs, demand for employees with different work profiles, etc. Thus, forecasting is also a tool for developing contacts with employers at the local level. Any labour office has two types of "clients", the job-seekers looking for jobs of whom many are unemployed, and the employers who supply jobs, vacancies to the service. Sweden has a great deal of experience in the development of both these aspects of labour market forecasting. The forecasts are used together with other economic forecasts and relevant information for the formation of labour market policy and concrete measures.

The forecasting project component was started in January 1995, and two senior economists engaged in labour market forecasting at central AMS in Solna, Mr Torbjörn Israelsson and Mr Tord Strannefors, have led three times one-week consultations in Estonia. In addition, their Estonian counterparts came to Sweden for a one-week study tour in 1996. The Swedish consultants have also delivered modern software for forecasting to the TTA .

The first step of work in this project component was to construct a questionnaire for employers, similar to that used in Sweden, for the purpose of ascertaining key information on changes in the demand for labour. This work also included training the Estonian specialists in the methodology for handling interviews with employers, developing instructions for how to fill in the questionnaire, etc.

The next step was to test the questionnaire in Tallinn and Pärnu. The TTA ordered a sample of employers from the Estonian Statistical Office, and the employment offices in Tallinn and Pärnu thus received a list of employers to interview in February 1996. The interviews were undertaken and after the material had been processed, it was concluded that the methodology was suitable for Estonian conditions.

However, a problem in the project was the lack of staff resources on the Estonian side, both at the central and the local level. The TTA had, and still has, difficulties in finding and keeping personnel with the required level of education in economics and statistics. Therefore, only part of the expected results of the forecasting project has been realised. There is still no systematic and continuous collecting of data from the local levels to the central level for analysing the labour market situation at the national level. Nor have the Estonians been able to develop a "barometer" of the labour market, a tool used in Sweden.

Nevertheless, there are some results on the local level.. During the evaluation team's field mission in July 1997, it was made evident that the questionnaire is used at the labour offices (we asked for it and saw it at almost every employment office we visited) and it is clear that as a tool for building up contacts with the employers, and for planning of the activities of the local offices, it is used.

Recruitment of Managers (Aii)

This component underwent a slight change, since at the time of the start of the project, the new General Director found that the Estonian labour market system already had the managers it needed; however, these managers needed training. The focus of the project was therefore shifted to staff development and staff training. Five seminars for managers of the central and regional levels were held in Tallinn between October 1995 and October 1996 by the psychologist and senior officer, Ms Åsa Sjöborg of the Personnel Department at central AMS.

At our interview, the Swedish consultant expressed great respect for the people she met during her seminars in Estonia. They were enthusiastic and eager to develop and learn. She had seen her role more like that of a "coach" suggesting pedagogical principles such as starting with the thoughts and experiences of the managers involved, active learning,

and learning from each other. At one of the seminars the managers had worked out their own action plans for how they wanted to develop their employment offices. These action plans are in fact included in the project report (translated into Swedish) and are very concrete.

Unfortunately, due to the planned reorganisation of the labour market service in Estonia, and also because of reorganisations at AMS, which gave the Swedish consultant other work responsibilities, the action plans have so far not been followed-up on. During the field mission, we only met those people at the central level who had taken part in the seminars, Ms Vool, Mr Ugand, and the Director of the Personnel Department at TTA, Ms Reet Aro. They had the highest opinion of how the seminars had been run by the Swedish consultant, and they had found them useful. However, the uncertain situation due to the impending reorganisation had inhibited the follow-up of the ideas developed at the seminars, such as the action plans.

Model office (B)

Two consultations took place in April and November in 1995. The Pärnu office was to become the model office, and an action plan was agreed upon for developing the office. Later, for various reasons, the Estonian side preferred to postpone this project. Instead the staff training component was expanded and component *F*. was added to the original project plan.¹

Training of officers (C)

According to the AMS report, 65 employment officers were trained in five one-week seminars during 1995. The Swedish consultants were Ms Britt-Mari Gunnarstedt from the employment office in Piteå, and Mr Bertil Danielsson, then at the County Labour Market Board of Uppsala, now head of the employment office in Skutskär. The first four seminars were held in Tallinn at TTA and the last one in Jõhvi, in the county of Ida-Virumaa, which is in the north-east of Estonia, near to Narva. The two groups taking part in the seminars in Tallinn got two seminar weeks each, with one month in between, and the last group, one week.

The first two weeks in Tallinn were used for training placement officers and the following two occasions were used for training managers (in both groups, the participants also had "homework" to do between the two seminars). Training involved a mixture of lectures, seminars, study visits to many companies, and special work in smaller teams. Recruitment officers from the personnel department of different companies were invited to each seminar. Some training was recorded on video, for instance training in group counselling, which made it possible for the participants to watch themselves and to discuss improvements in behaviour and attitudes afterwards.

The original idea of the fifth week in Jõhvi was to provide the largely Russian-speaking part of the country with some training. However, even though preparations had gone so far that some material had been translated into Russian, it was later decided that the course should be held in the Estonian language. This excluded some of the potential participants whose knowledge of Estonian was inadequate. During this week, the material used in the earlier placement officer seminars was compressed into one week. The major themes discussed were: employer contacts, group counselling, and methodology for use in talking to the unemployed.

¹ Sida has been informed about this change.

The results of these seminars include a substantial amount of course material translated into Estonian and some into Russian. The consultants have provided a list of exactly what is available in translation.²

Due to summer vacations and the fact that almost two years had elapsed since the last training seminar within this project component, we were not able to meet many people who had profited from the training seminars. We met some, and all were very positive about what they had learned at the seminars (see below under subheading 4.). The course evaluations directly after the training are overwhelmingly positive. The only question where scores are slightly lower than average concern the extent to which the participants thought they might benefit directly from the training in their work.

Management seminars (D)

Six managers, five from local offices and one from TTA, attended a two-week seminar in Halmstad. The seminar included topics such as

- Swedish labour market policy
- active measures for special groups among the unemployed
- labour market forecasting
- labour market information system
- budget system
- staff management
- study visits to employment offices, Samhall (special workplaces for the disabled) and an Amu centre.

The study visits to local employment offices were made in smaller groups, and the Estonian labour office managers were able to follow planning procedures and everyday work in detail.

At the request of the Estonian participants a 2-day follow-up seminar was held in Tallinn in August. This seminar reached a larger group of employees, mostly counsellors, of the Estonian employment service. The emphasis was on active measures for different categories of unemployed people, counselling techniques, and special measures for the disabled.

Workshop in Sweden on disabled job seekers (E)

The result of this seminar was that six of the counsellors from the seminar in Tallinn acquired hands-on knowledge of how to develop services for disabled job seekers. The seminar was held in Halmstad. It included study visits to Samhall in Halmstad and Varberg and to "Konserv" - a co-operative project between different public agencies and employers assisting the unemployed in getting into the labour market and also creating jobs.

Additional study visits (F)

(i) Computerised labour market information

A three day study visit for three TTA officers took place in January 1997. They received information about:

- the organisation of and strategy for computerised information in the Swedish employment service
- how computerised information is organised and handled in everyday work at the service's central, regional and local levels.

(ii) Information service for job-seekers and employers

² See AMS (1997), pp. 10-11 (in "Rapport om utbildning av arbetsförmedlare och chefer i Estland 1995").

A four-day study visit was organised for nine participants from local labour offices. They were trained in:

- Swedish methods and tools for information services for job seekers and employers
- information techniques

In addition, they visited labour offices to see these techniques in practice, and to have discussions with colleagues.

(iii) Group counselling methods

A five day study visit was arranged for seven officers/ counsellors from local labour offices in May 1997. These were trained in and had mini-seminars on:

- group counselling methods
- information techniques

4. *Visits to Labour Offices during the Field Mission*

Tallinn Labour Office

The office is located centrally in the premises of a former navy college. These premises had been repaired with German funds. The only problem with the premises is that the office is located on the fourth floor and there is no sign on the outside saying that the building houses the employment service. The office has about 2000 registered unemployed and a staff of about 30. The office is well equipped. Computers were provided by the earlier Phare project. We were informed that 80 percent of the unemployed are Russian-speakers. Therefore a large share of the labour market training courses are offered in Russian.

The Tallinn office would be suitable as a model office, since it fulfils all the necessary basic prerequisites for developing a modern employment service. It also has volume both in registered unemployment and staff. Moreover, Tallinn is easy to get to from all parts of Estonia, which would facilitate the transportation of staff who were to be trained here. The unemployment rate in the Tallinn area is relatively low compared to the average in the country, around 3 percent, which indicate a rather dynamic local labour market.

Jõgeva County Employment Office

Jõgeva is a small town with about 7000 inhabitants. It is located in the south-east of Estonia, a predominantly agricultural area. The local employment office is small with a staff of 4 persons. Nevertheless, the premises have been renovated and appeared fresh and well adapted for receiving the unemployed. At the time of our visit, the office had 720 registered unemployed, and 5 vacancies. About 15 percent of the unemployed are consigned to training measures, and about 15 percent receive start-up grants. Start-up grants had, for example, been given to people wanting to start their own businesses as hairdressers, dressmakers and seamstresses, and bee-keepers. Grants had also been given for land surveying and afforestation projects. During 1997, 18 people had been directed to public works, and 8 persons had got employment with wage subsidies. Employer contacts were weakly developed, the office had started to sell "work books" (the official document in which an employee is registered as employed) in order to attract some attention from the employers. The office uses the questionnaire developed in the forecasting project.

The Director, Ene Lainamäe, had attended one of the extra seminars in the spring of 1997. One of the placement officers had attended a course arranged by AMS in 1994. The office is taking part in the present Phare project (see below under 6.). The two

officers thought that the dissemination of knowledge after seminars in the past had been deficient. However, more attention was now being paid to follow-up after seminars. Participants had to write reports and information was spread in a Newsletter.

Narva Employment Office

At the request of the evaluation team, a visit was made to the Narva employment office. One reason for the request was to meet with some of the people who had taken part in the special training arranged for the offices in the north-eastern part of Estonia. Another was to see the situation of the unemployed and the labour office in this largely Russian-speaking town in Estonia.³ Narva is the second largest town in Estonia and is situated right on the Russian border. Only the narrow Narva river divides the two countries here, and on one side of the river stands the old Swedish fortress and on the other the fortress of the Russian town Ivangorod. Actually the Estonians have used a picture of the river and the two fortresses on their five Estonian Kroon banknote.⁴ The border point is in the middle of the about 100-meter-long bridge, and several hundred of people living in one country and working in another pass here every day.

When we came to Narva, we found that only one person now working at the office had taken part in the Swedish seminar in Jõhvi in 1995; the others had not. The reason why only one person had taken part was that at the time of the seminar, the rest of the office personnel did not speak Estonian well enough. As was pointed out above (see under subheading 3.) the original idea was to give the course in Russian, but that was later changed.

The language situation is special in Narva, where only about 13 percent of the 76,400 population is Estonian. The rest are Russian-speakers. Because Russians are in the majority, Russian is the most common language. According to the Estonian language laws, people working for the state, which includes the public employment service, must speak Estonian and have Estonian citizenship (in accordance with the law on public servants). In 1995, the personnel at the employment office was largely non-Estonian speaking. Now, however, all the personnel had passed several levels of exams certifying their knowledge of Estonian. One basic problem is that it is hard to find opportunities to practice Estonian in Narva, because everybody speaks Russian. Nevertheless, a good command of the language is a necessity since all official documents are in the state language.

Although this is the largest labour office after Tallinn, with 15 employees and 2500 registered unemployed, very little training and resources have been allotted to this office, probably largely due to the language problems. Now, however, it appears that the situation has been normalised and improvements are on their way. First of all, the personnel's knowledge of the Estonian language has improved substantially. Secondly, the question of ethnic segregation seems to be almost solved. From what we gathered during our one week of contact with the Estonian employment service, there is at least no open harshness or envy from the Estonians' side. The position of ethnic Estonians appear to be that not knowing Estonian is "their problem, not ours". Also, the fact that not only the state but also private employers, even exclusively Russian-speaking employers, now demand a good command of the Estonian language when they hire people, has affected the balance in favour of "Estonian-speakers". At the same time, even some ethnic Estonians in Narva choose not to become Estonian citizens, in order to retain the possibility of studying free of charge at St. Petersburg State University and other prestigious Russian educational establishments. And this appears to

³ For the same reason, the evaluation team had made a special request to go to the Daugavpils in Latvia where the majority of the population is Russian speakers, and only about 13 percent Latvians.

⁴ We were told that the Russians had protested against this, but the central bank of Estonia still prints these notes.

be accepted by the Estonian citizens, at least among those whom we met during our short visit. This means they cannot be hired by the Estonian public services, but pragmatic solutions such as the person working as a private firm and the public service buying their services appear to be used, at least by the employment service.

The Narva office needs resources in the form of repairs of the premises and equipment. Presently, problems with the local governors are solved on the personal level - "we know all the important people". The personnel and the Director, Ms Niina Kirillova, appeared to be very competent and enthusiastic about their work.

Of the 2500 registered unemployed, 1350 get benefits. Of the total stock of registered unemployed, 60 percent are Russian-speakers and 40 percent Estonians. Of those getting benefits 34 percent are Russian-speakers, and 64 percent Estonians. Employment with wage subsidies had been granted to 20 persons. A total of 48 persons had received start-up grants since 1996, which had resulted in 92 jobs, as a result of those getting start-up grants employing other unemployed people. This process is strongly supported by the employment service. Those who have received start-up grants also become the employers most interested in hiring staff with wage subsidies.

The Narva office could be a candidate for a model office, if the Estonian side could guarantee that the premises would be improved. Unemployment is high relative to the average in Estonia. The ethnic situation provides opportunities for interesting development work, which might yield results relevant to other countries in the Baltic area, e.g. Latvia, and Sweden with its labour market problems with immigrants.

Kohtla-Järve Employment Office

On our way to Narva we also visited the Kohtla-Järve employment office. This office has five employees, and at the time of the visit, 1600 registered unemployed. Of these, 300 were mothers of children under 7 years old, and 71 percent were Russian-speakers.

Three of the staff had attended the Swedish seminars. In particular, they mentioned the benefit they had had from what they had learned about how to approach their clients, how to run group consultations, and how to deal with contacts with employers. The latter seemed to be quite well developed at this office. The personnel devote every Friday to work with the employers, either by going out to visit the employers or by inviting them in. Summarising what they had learnt from the Swedish seminars, the Director of the office, Ms Tatyana Kazeko, said that the Swedish courses had given them a systematic way of organising what they had already been doing.

The best employer contacts are with the old type state companies, which are used to and have a tradition of turning to and having contacts with public agencies. There are still problems with private employers, not least because they try to disobey labour legislation. Some previously unemployed people came back to the office after having worked 16-hour working days under terrible conditions.

Considerable time during our meeting at the office was devoted to a discussion about the large contingent of the "unemployed", who are not actually seeking work (primarily mothers of children under 7 years of age), but who turn to the labour offices in order to get benefits and other allowances that the status of being "unemployed" grants them (for instance, the heating of their flats is paid for them). However, the employment office cannot do anything about this as long as the legislation remains as it is. Nevertheless, it is clear that the labour offices largely work on issues which in countries with a more developed social sector would be taken care of by the *social*, not the *labour market*, authorities.

Ida-Virumaa County Labour Office in Jõhvi

A short visit was made to Ida-Virumaa county labour office in Jõhvi. There we met the regional director, Ms Maie Metsalu, who also accompanied us to Narva and Kohtla-Järve. Ms Metsalu is a strong highly competent regional director. The impression was that she has played a central role in ensuring that the rather complicated labour market situation in the Ida-Virumaa county has been handled so well. Of the 200,000 population in the county, 82 percent are Russian-speakers. The unemployment rate was 9.9 percent according to the 1995 labour force survey.

The Jõhvi regional labour office is a nice small office, with 5-6 employees. The office also functions as the local labour office. We were shown the computerised systems for accounting and payment of benefits. The office received all figures from the local offices and all calculations for the whole county were done here. Benefits are paid by this labour office straight into the bank accounts of those who are unemployed. All accounts are delivered to the TTA on diskette every month. We met two persons who had attended the Swedish seminar in Jõhvi, and they specially mentioned that they had profited from the training in a professional approach to their work.

5. Cost Efficiency

Of the total budget of 1.9 million SEK, about 1.8 million SEK, or 93 percent have been used. The costs of the different project components are depicted in *Table III:1*.

AMS-project (BITS 941129, EST 1141, 1.9 million SEK)

Table III:1 Cost of activities in AMS-project 1995-1997

<i>Activity</i>	<i>Number of persons directly involved</i>	<i>Total costs (SEK)</i>	<i>Cost/ person</i>
A i) Forecasting	33	162 295	4 918
A ii) Recruitment seminars in Tallinn	70	104 913	1 499
B. Model office	9	103 661	11 518
C. Training of officers	65	325 936	5 014
D. Management seminar in Sweden (two weeks)	6	210 038	35 006
E. Workshop on the disabled in Sweden	19	166 896	8 784
F. Additional study visits:			
i) on computerised labour market information in Sweden	3	55 030	18 343
ii) on information services for job seekers and employers	10	119 102	11 910
iii) on group counselling models	7	93 015	13 288
Administration		438 328	
Total	222	1 779 214	8 014

On the whole, cost-efficiency is reasonable. In fact, the average cost per participant (and usually this means "participant-week") is slightly lower than in other AMS projects, 8000 SEK. The "per-unit" cost varies between project components, and as usual seminars and other activities held in Sweden are more expensive than those held in Estonia. Please note that the management seminar in Sweden (component *D.*) lasted two weeks.

Table III:2 shows the break-down of costs over remuneration, administration and direct costs.

Table III:2 Break-down of Costs in the AMS-project 1995-1997				
	<i>Total</i>	<i>Remuneration</i>	<i>Administration</i>	<i>Direct</i>
<i>SEK</i>	1 779 214	844 387	438 328	496 499
<i>Percent</i>	100	47	25	28

The distribution of costs over remuneration, direct costs, and administration is in line with other AMS projects in the region. The proportion for administration and project management is 25 percent.

6. Other Donors

Phare Project

There is a new Phare project at the TTA. The partner is the Dutch employment service. The project has a resident consultant at the TTA and an additional 100 hours of expertise time. The project has the following components:

- Labour market policy development
- Data collection and processing
- Labour market information systems
- Group consultations
- Information services
- Improvement of matching

The present Phare project is a continuation of an earlier project which was mainly geared to the computerisation of the employment services. The information systems component in the present project is intended to create an on-line system.

The management of the AMS project has already had contacts with the resident Phare expert and the three additional seminars arranged during the spring of 1997 were agreed upon by TTA and AMS in co-operation with the Phare expert.

The TTA also has a project with a German partner. But this concerns vocational training, and not placement services or other aspects of employment office activities.

7. Future Co-operation

AMS and the TTA have submitted a new proposal for continued co-operation. The needs are assessed in the following way:

1. The employment officers need more training, especially in the area of training for implementing new time-efficient methods in the work with job-seekers.
2. The image of the labour offices must be raised, particularly vis-à-vis the employers. A new law on the compulsory reporting of vacancies is under way. However, Swedish experience shows that in order for such a law to be efficient, it is crucial that at the same time the employment service increases the standard of the services that it offers employers.
3. It is of great importance to follow-up and develop the services through systematic evaluations by the customers, i.e. the unemployed job-seekers and the employers. Such a system needs to be developed in Estonia, starting with the establishing of quality standards.

4. Segregation exists on the Estonian labour market. Measures for dealing with divisions between groups, e.g. men and women, Russian-speakers and Estonians, need to be developed.
5. Management at all levels needs to be improved, especially the aspects of organisation and follow-up of the day-to-day work of the services.
6. Integration with the European Union is an important issue. AMS could provide advice in this area, based on Sweden's recent experiences.

In order to assist the TTA in meeting these needs, the proposal contains the following elements:

- A. Support to two selected offices in the fields of (i) management training, (ii) organisation, (iii) information services, (iv) services for employers, and (v) services for job seekers.
- B. The implementation of systems of evaluation and the drafting of a pilot customer service.
- C. The development of a strategy for internal staff training
- D. The development of methods for supporting equal opportunities in working life for men and women
- E. Support in the integration with the European Union. This project element is intended to be co-ordinated with a similar project component in AMS's Polish project.

The proposal includes a description of the Phare project which will be concluded during 1997. Co-operation similar to that which took place during the spring of 1997 (see project component *F.* in the old project) is planned for. The risks for duplication are minimal, thanks to transparency between the two projects and open information sharing. The German vocational training project will not interfere with this project.

IV The Amu project

General Assessment: Project management and supervision below normal standards

This Amu project differs considerably from the Amu projects in Russia, Poland and Latvia. The main goal of the project is to develop a single vocational technical school into an institute which, apart from educating young people for several professions, is to become a leading institute for training unemployed adults. The other Amu projects that have recently been evaluated have included several training institutes as beneficiaries. In addition, assistance in developing the marketing of the training supplied by these institutes and a system of competitive bidding for the labour market authorities' purchases of training courses are usually prominent project components. These two components are totally lacking in this project.

The project differs in other respects as well. First, unlike other Amu projects where documentation has been of reasonable, and sometimes high, standard, records in this project are very sparse, and reports do not exist in a form fully accessible to outsiders. Secondly, the project is much delayed. It was started during the autumn of 1994, and should have been concluded in the autumn of 1995. In July 1997, the project was far from completed. Thirdly, the project budget, 3.3 million SEK, is at least two times as large as for any other Amu project in Central and Eastern Europe. In fact, it is one of the larger projects Sida has in the region. Despite this, the project has not been specially monitored either by Sida, or by AmuInternational, although the project was subcontracted to a private consultant. Fourthly, it is not clear who is the partner on the Estonian side. The original contract was with the TTA, and later the responsibility was formally taken over by the Ministry of Education. However, the only people who know what is going on in the project are at the TTA, and they are still involved in it.

The project has achievements to show, some of which are good and appear promising for the future. However, the way the project has been managed does not meet the normal standards of a "Sida (BITS)-project", at least not if normal standards are reflected in how other Amu projects have been run in Central and Eastern Europe, or in the management of AMS projects in the same region.

1. Institutional setting

Training is given high priority as an active measure in Estonian labour market policy. About 25 percent of the total labour market budget is spent on training, and about 10-15 percent of the registered unemployed get training. Training is largely geared to adapting people to the "new" (post-Soviet) economy and giving them contemporary skills such as computer literacy and accounting.

The TTA buys about 85 percent of the training from private institutes. This is to a large extent training in languages, accounting, and computer literacy, which can often be run by smaller firms without big investments in buildings, equipment, and other infrastructure. The remaining 15 percent is bought from the vocational schools which are the old Soviet *profuchilishchi*, i.e. traditional vocational schools. The training they provide - e.g. in technical

professions, engineering, etc. - often requires that the training institution has the necessary infrastructure, which is what the old specialised vocational schools have. At least they have buildings and space, though their training methods may be old-fashioned and equipment obsolete.

The TTA does not use a formal bidding system when it purchases training. The private training suppliers are not licensed by the TTA, but are supposed to be registered with the local government. The vocational schools are supervised by the Ministry of Education.

At the start, the TTA was responsible for the organisation of training for the unemployed. Since 1995, however, the responsibility - which involves the organisation of the training, approval of curricula, establishing norms for the training content and examination - was shifted to the Ministry of Education and the State Board of Education (KA). The basic reason for this is that the Estonians want to integrate the adult education into the ordinary education system, and avoid the development of a separate system for the training of adults.

For the Amu project, this shift of responsibility has been problematic. An agreement between the TTA and KA on how the Amu project ought to be handled was signed in September 1995, and was approved by the Ministries of Education and Social Affairs and AmuInternational.¹ Despite this agreement, it appears that the responsibility for the Amu project was never properly shifted to the KA and Ministry of Education in practice. The fact that the newly established KA was abolished already in 1996, has probably complicated matters.

The TTA still appears to be the "operative" partner, who knows what is going on, and wants to see the project concluded. The fact that the TTA lacks full formal responsibility, has only created a vacuum, since it does not seem that the Ministry of Education, after the abolishing of the KA, has engaged itself in the project, despite its relative importance, from the point of view both of its purpose and content, and the amount of funding involved.

Together with the lack of monitoring by AmuInternational of the private consultant subcontracted for the project, and Sida's lack of supervision and follow-up on the BITS decision to fund this project, the result is that the project has developed without systematic reporting and control.

2. *Project Objectives*

According to the BITS decision, EST 1071² of 2 August 1994, the general objectives of the project were to:

- Organise and establish a vocational training institute for adults in the areas of
 - restaurants and catering
 - construction
 - metalwork/welding
 - car repairs
 - electronics and telecommunications
- Develop course plans within these five fields
- Develop a first course in each of the five fields.

¹ See *Appendix A3*.

² The BITS- number of this project has been changed by hand on the decision. The original number was EST 1051.

The project consists of nine specific components:

1. Introductory seminar
2. Consultations regarding course plans
3. Training of management personnel at the institute
4. Seminar for administrative personnel
5. Installation of equipment
6. Training of trainers
7. Tuning seminar
8. Implementation of first courses
9. Evaluation seminar

AmuInternational has subcontracted the private consultant, John Leesis, LETEC, for the project, and he expressed a slightly different view of the specific content of the project components at our first meeting.³ However, it was explained by us and AmuInternational that the evaluation would follow the BITS decision.

3. *Major Results by July 1997*

So far, the major project results are that four of the five planned course plans (curricula) have been developed and adapted to Estonian conditions and they also exist in the Estonian language. The fifth course plan (in restaurants and catering) has been developed by the Swedish side and has been delivered for translation and comments to *Kuressaare Ametikool* (the restaurant school in Kuressaare on the island Ösel, which was chosen in February 1997 for housing this training component).

The main beneficiary of the project, *Lasnamäe Mehaanikakool* in Tallinn, which houses the training in the four technical fields (construction, metalwork, car repairs, electronics and telecommunications) has renovated its premises up to a suitable standard. For example, most of the workshops and changing and locker rooms are in good condition, efforts have been made to locate classrooms for theory classes directly adjacent to workshops for practical classes, etc. A considerable amount of equipment (most of it second hand) has been transferred by the Swedish side to the school and has been installed and is working. Teachers at the school have been trained by Swedish specialists in Sweden and in Tallinn. Swedes have also been present in connection with the installation of equipment and have given instructions on how to use it in training. Also, furniture and teaching and study material (most of it in the Swedish language) has been given to the school.

4. *Reasons for Delays*

At the time the evaluation was started no project documentation was available. At a meeting in June,⁴ the consultant was asked to provide us with documentation on what had been done and to give a description of the reasons for why the project was severely delayed and had not been concluded 1½ years after the planned conclusion. From the information he provided us with later, most of which could also be confirmed during our field

³ The meeting took place 9 June 1997. Present were the evaluation team., Lars Andersson and Alina Maric, AmuInternational, and John Leesi, LETEC.

⁴ Same meeting as in footnote 3.

visit to Estonia, changes in the organisational and personnel set-up of the project have severely inhibited adherence of the original work schedule.

An organisational maze

Originally, the initiative for the project came in 1992 from Arvo Kuddo, then Minister of Labour and Social Affairs. Mr Kuddo resigned in December 1992 and was succeeded by Ms Lauristin. The BITS' decision on the project came in August 1994. Ms Lauristin resigned in October 1994 and was succeeded by Mr Vilosius, who was informed about the project during the winter of 1994/95. However, Mr Vilosius also resigned and was replaced by Ms Siri Oviir. Later Mr Vilosius returned to the position as Minister. Presently Mr Tiiu Aro is the Minister of Labour and Social Affairs.

Also in the Ministry of Education and in the newly established State Board on Education (KA) (described as "skolverket" by the consultant) various kinds of reorganisations have taken place. For instance, the KA was first established and then abolished in 1996. Both these agencies had been active in the initial needs analysis and supported the project.

In addition to the changes on the ministerial level, the General Director of the TTA resigned shortly after the signing of the original agreement between TTA and AmuInternational in October 1994. The new General Director came into position only in January 1995.

Apart from the changes on the personnel side, there have been structural changes in the allocation of responsibilities within the administration. A triparty agreement was signed between the AmuInternational, the TTA, and KA in October 1994⁵ stipulating the roles and responsibilities of the parties. In 1996, however, discussions started on the Estonian side indicating that the TTA should not be involved at all in training matters. The whole project should be passed to the Ministry of Education. It would be reasonable to assume that this would mean that the Ministry of Education would also be the only responsible party on the Estonian side. Nevertheless, during the field mission in Estonia it was obvious that the TTA is still involved. We have also been informed about a new agency, the "Examination and Qualification Agency" (EKK)⁶, which is going to be involved in the further work on the project.

Restructuring on the Swedish side

On the Swedish side, too, the project has suffered from reorganisation. At the start the idea was that AmuStockholm would be the principal supplier of experts. Because of reorganisations, AmuMalmö/Helsingborg/Nässjö stepped in as partners instead. We might also add that AmuInternational has undergone quite drastic changes since this project was started.

5. Specific Results and Problems

Choice of areas

The choice of areas in which training courses should be developed appears to be based on an assessment made by the TTA and the Swedish consultant regarding what they thought would be professions and skills which both consumers and employers would

⁵ It is not clear if the consultant refers to the September 1995 agreement between TTA and KA (*Appendix A3* of this report) which was only approved by AmuInternational, or if this is yet another agreement which has been signed since then and which we have not been given.

⁶ We guess that this agency is subordinated to the Ministry of Education.

increasingly ask for in the near future. The small scale private sector was not very well developed in 1994, and it seemed reasonable to believe that the five suggested areas - restaurants, construction and repair, etc. - would be among the branches to grow.

When asked why four-fifths of the areas chosen were within typical male professions, those responsible at TTA answered that they had not thought about the gender aspect. A major reason for developing training in these areas was that only the traditional vocational schools have the infrastructure necessary for offering such training, and in order to develop the training in such old-fashioned schools, assistance was needed. A lot of more female profession oriented training - language training, accounting, secretarial services - was already provided at that time in an efficient way by private training suppliers.

Establishing a vocational training institute

The original idea was to find an institute that could house all five areas of training. However, having inspected about 10 schools, the consultant was convinced that the restaurant and catering area had to be placed separately.

For the technical courses, the *Lasnamäe Mehaanikakool* was chosen quite early in the process. This was despite the fact that it is actually a "Russian-speaking" school, its director is Russian, as well as most of the teachers, and the students have to know Russian to be able to follow the courses.⁷ For the restaurant and catering training, however, at first it was decided to place the education in Tartu. Later it was realised that Tartu could not provide suitable premises. Only in February 1997, was it decided to place the restaurant training in Kuressaare.

Lasnamäe Mehaanikakool

The *Tallinna Lasnamäe Mehaanikakool* (LTM) is a vocational technical school. It is situated in the Tallinn suburb Lasnamäe. It has about 700 ordinary students, and now it is in principle ready to admit around 60 adult students at a time, 15 on each of the courses developed.

In order to use the school in the project it had to be repaired and even rebuilt, a project that has taken some time. It is the school itself which has taken radical measures to get the premises in order. Considerable renovation work has been done. Everywhere where repairs have been made there are light and pleasant halls and lecture rooms. Workshops and ordinary classrooms are placed in direct proximity to each other to enable a close connection between theoretical and practical training. New changing rooms with showers have been built. The help from Sweden in the form of equipment and other material is evident everywhere. We saw an auto mechanic workshop with second-hand Swedish equipment, a full computer class, and many other items. Furniture such as cupboards, lockers and tables has also been delivered.

Since 1996 the school has accepted adult students (who are taught separately from the young students) from companies and to a much lesser extent from the labour services. A training course for adults costs 4000 Kroon (500 DM) per person per six months. As a rule there are 12-15 students per group. Despite the fact that the school has been developed in the framework of a technical assistance project for the benefit of the employment service, it has problems in selling training to the labour offices. As was remarked earlier, "marketing of training services" has not been a component in this Amu project.

So far 12, unemployed workers in the building trade have been involved in work on the school (putting a workshop in order) as part of their training.

⁷ As is noted in the part of the report on the AMS project, the relations between Estonians and Russian-speakers appear to be harmonious. However, they may not have been so relaxed in 1994.

The school was very satisfied, on the whole, with the help it had got but some deficiencies were remarked upon, e.g. that material was sent in Swedish and that translation of materials had not been included in the project.

Results according to the nine specific project components

1. Introductory work

The major part of the introductory work was not in the form of a seminar but involved discussions and the finding of an appropriate institute. About 10 schools were inspected by the Swedish consultant. Also, work was done on the work schedule of the project.

2. Consultations and development of course plans

At the beginning of 1996, course plans for the four technical professions were delivered to the LMT and were translated into Estonian. A course plan has been delivered to the restaurant school in Kuressaare and is under translation. According to the Swedish consultant, it has been difficult to adjust the course plans to the Estonian situation. Finally this has succeeded, however, and during the evaluation team's field mission, the Estonian side expressed high satisfaction with these curricula. Some adjustments had been made, but the major structure and the modular training philosophy was intact. It was especially remarked by the Estonian side that it was important to follow the Swedish course plans, because these answered to European standards, in terms of the right number of teaching hours, etc.

3. Training of administrative personnel

Because of the difficulties caused by the various reorganisations, there have been difficulties in arranging systematic training for higher administrative staff. During the spring of 1997, ten key persons took part in a seminar including a three-day study visit to Sweden. The purpose was to develop a proposal for a management group for the project. Participants were from the Ministry of Education, the newly established Examination and Qualification Agency - *Eksami - ja Kvalifikatsioonikeskus* (EKK), TTA and the private sector.

The group decided to propose to the government that the EKK be given the responsibility for management of adult training. The EKK was expected to be operational from August-September 1997.

4. Seminar for administrative staff

This seminar is planned for the autumn of 1997, when the issue of the management group has finally been solved.

5. Installation of equipment

A considerable amount of equipment has been delivered and installed at the LMT. During our visit we saw a car mechanic workshop, a computer class, and several separate items complementing the Estonian equipment. The school had also received boxes of instruments for a full class for the car repair and construction courses. The equipment was appreciated by the school and its teachers. Some more equipment is considered to be needed, especially for the car mechanic workshop (modern work stations for about 100,000 SEK). The computer programme for learning electronics needs to be translated from Swedish into Russian or Estonian. The Swedish experts have been on shorter visits to Tallinn in connection with the installation of equipment.

6. Training of the trainers

Eight trainers for the four technical professions were trained in Sweden during December 1996. Two trainers from the restaurant school were trained in April 1997. Unfortunately some of the trainers who have received training have resigned. The newly hired trainers have not been trained in Sweden.

7. Tuning seminar

As far as we can gather, a formal half-way seminar has not taken place. Tuning has probably been taken care of in a more informal way, through meetings.

8. Implementation of courses

The idea of the project has been that it is the Estonian trainers who are to carry out the training in Estonia. The Swedish experts act only as consultants.

At the time of the evaluation team's field mission, the following training for adults was carried out.

Electronics

The training has started and there are two students, and one new teacher.

training but complained about their own equipment, which was not up to date.

Construction

Training for craftsmen capable of carrying out a wide range of work in connection with repairs and reconstruction of houses. The idea was that the premises should be repaired by the first group of unemployed students. A first group has worked on this project, but did not finish it, and unfortunately a second group has not been formed. However, the premises are almost finished.

Welding

Training was going on for 56 adult students, most of whom have been sent by companies. Both the trainers who had been in Sweden are still working and use a lot of the materials and knowledge they had acquired in Sweden in their training. We were shown materials and slides which they had translated into Russian. They were very enthusiastic and thought they could learn more from training in Sweden. The school itself had invested in new welding equipment.

Car repairs

The workshop is ready and the training has started, with approximately 10 students. One new trainer has been hired who has not been trained in Sweden. The person trained in Sweden was satisfied with

Restaurant and catering

The school has some courses for adults. Swedish consultants took part in a three day course during the spring of 1997. The school is also taking part in the Phare project.

9. Evaluation seminars

Evaluation seminars have been held within each field. There is an interest in follow-up seminars, particularly regarding:

- continued development co-operation on the planning of training, methods;
- development of further courses, in particular short courses;
- development of the management of adult education in the country.

6. Cost Efficiency

The cost records of this project are not as complete as for other Amu projects. However, from the information that has been made available, the project budget has been used to about 60 percent. The allocation of the 1.9 million SEK spent so far is presented in *Table IV:1*.

Amu project (BITS decision 1994-08-02, EST-1071, 3 279 000 SEK)

Table IV:1 Cost of activities in the Amu project 1994-1997

Activity	Number of persons directly involved	Total costs (SEK)	Cost/ person
Introductory seminar in Tallinn (4exp/w*)		85 300	
Advisory service (8 exp/w)	50?	225 500	4510
Training for management personnel in Sweden & Tallinn	22 (8+14)	116 300	5286
Installation of equipment		394 600	
Training session in Sweden for trainers (11 p. 2 w, 4p. 1w)	15	199 700	13 313
Half-way seminar		0	
Development and assistance by Swedish experts in Tallinn	15-20?	839 200	
(45exp/w) includes development of course plans in Sweden			
Follow-up seminar in Tallinn		0	
Project management		71 900 (+100000?)	
Total	about 100?	1 932 500 (2 032 500)	19 000 ?

* "exp/w" means "expert- week", i.e. consultant-weeks spent by Swedish experts.

In June when the evaluation team asked for these figures, only the first two components had been invoiced. This means that of the 1,932,800 SEK spent on the project, only 310,800 SEK, or 16 percent, has been paid by Sida. Thus, if these cost figure are correct AmuInternational and/or the private consultant has a claim on Sida of about 1.6 million SEK.

It has been difficult to get the number of people on the Estonian side who have benefited from the assistance. A qualified guesstimate is that about 100 participants (some persons have participated several times) have been involved. This implies that the average cost per "participant-week" lies somewhere around 20,000 SEK, which is high. However, since the training has been geared to "the trainers", one should bear in mind that the multiplier potential is substantial, and it might very well be that the "unit-cost" in this project is normal, and in the long-run quite low.

The large amount of 800,000 SEK for "development and assistance by Swedish experts in Tallinn" is said to include work on the five course plans in Sweden as well. AmuInternational has not been able to separate assistance delivered in Estonia from the work done in Sweden.

The break-down of costs between remuneration of experts, direct costs and administration and project management is quite similar to other Amu projects. Direct costs have been kept low thanks to that the Estonian side has covered e.g. accommodation costs of the Swedish experts when they have visited Estonia. If we have understood the information from AmuInternational correctly, an additional 100,000 SEK will be added to cover remuneration of the project management component, which means that administration costs will rise from the present 4 percent to around 8 percent of the total costs.

Table IV:2 Break down of costs in the Amu project 1994-1997				
	<i>Total</i>	<i>Remuneration</i>	<i>Administration</i>	<i>Direct</i>
SEK	1 932 500	1 244 500	71 900	616 100
Percent	100	64	4	32

The exact cost situation of the project will hopefully become clearer as AmuInternational starts invoicing Sida for the remaining 1.6-1.7 million SEK.

7. Co-operation with Other Donors

The TTA has a Phare project for vocational training involving 13 schools and 13 different specialisations. The strategy in this project has been to let many different schools develop one specialisation each, instead of striving towards the complex concept of having one institute developing a wide range of specialities as has been done in the Amu project. The idea is probably that the schools should later be able to share the 13 specialisations they have developed.

In addition the TTA is involved in bilateral co-operation with Germany on vocational training. Although German representatives came to Estonia at the time of our field mission, we did not have the opportunity to meet them (they were away visiting the schools they work with) and get information about this project.

There is also co-operation with Finland, including a scheme whereby the training costs are shared between the Finnish firm and the TTA, when a Finnish firm or joint venture wants staff and turns to the labour service, which finds a suitable unemployed person who needs some training for the job,

The Ministry of Education has many joint educational projects with Finland, but none of them is concerned with training for adults.

8. Future Co-operation

The parties want to complete the delayed project that is still ongoing, but there is no proposal for future co-operation. Since the labour market board is going to be abolished and the Ministry of Education will be responsible for all training matters, any new proposal should be agreed on with them.

V Conclusions and Recommendations

1. *Main Dimensions of the Evaluation*

This report provides an evaluation of the AMS and Amu technical assistance projects with the Estonian National Labour Market Board (TTA) that have been financed by BITS and Sida between 1994 and 1996. The main dimensions of the evaluation are:

- Achievement of objectives
- Relevance with regard to the labour market situation and the needs the projects are intended to serve.
- Efficiency of project implementation
- Reasons for high/low degree of success in achieving goals
- Side-effects, positive or negative
- Cost-efficiency
- Chances of sustainable effects
- Gender aspects

In addition, the report makes recommendations to Sida on the potential for supporting future projects and suggests improvements in project objectives and design with special regard to:

- Relevance of projects with regard to the needs they are intended to serve and the potential impact of the transfer of knowledge from Sweden.
- Organisational strengths and weaknesses of the Estonian partners
- Tangible results for long term development effects
- Potential for cost sharing in future projects.

2. *Conclusions Regarding Results of Past Co-operation*

Achievement of objectives

Those project components which have been carried through have been reasonably effective in achieving their objectives. Sometimes, sustainable results of specific "Swedish" efforts were difficult to trace, since the Estonians convey the impression that they are well able to cope by themselves. One clear result of Swedish efforts is the introduction of group consultations at labour offices where staff have undergone training. On the whole, the staff expressed satisfaction with their improved awareness of how to receive and talk to clients and generally with having acquired a more professional attitude to work. The forecasting component has partially succeeded. The questionnaire for employers is used at the local level, and is an important element in the development of employer contacts. However, there has been no development in forecasting at the national level. Apparently because of problems in hiring and retaining staff with adequate knowledge in economics and statistics at the central level, local data is not collected systematically to produce prognoses capable of being used to monitor the labour market situation and to plan labour policies in a more accurate way.

Likewise visible and sustainable is the introduction of modular course plans at the *Lasnamäe Mehaanikakool* and the establishment of modern workshops for training at this school.

The achievement of objectives has been hampered by personnel changes and reorganisation on the Estonian side. This is one major reason why the Amu project has not yet been concluded. Uncertainty regarding who is actually responsible for labour market training and for this particular project - the TTA or the Ministry of Education - was still a problem in July 1997.

The AMS project has also suffered from the changes in the National Labour Board, but here almost all project have been completed. The establishment of a model office in Pärnu was not carried out because the office in Pärnu was not deemed ready for such a project. Instead additional seminars in Sweden for management staff at the TTA and regional offices were arranged during the spring of 1997. These seminars were organised in co-operation with the Phare project on labour policy and employment services at the TTA.

Relevance

Estonia has an unemployment rate of at least 10 percent. It follows that labour market projects are of relevance. However, the economic political climate in Estonia is very liberal and unemployment is not seen as a great problem. The registered unemployment rate, which is the figure cited officially, is around 5 percent.

Whatever political priority the problem has, we find that the Estonian employment service has an important role to play in informing and adapting the labour force to new conditions, as well as in making the process of filling vacancies more efficient. We also find that the employment offices cope with their tasks in an efficient and accurate way. During the transition period the offices are performing tasks which are not strictly the responsibility of an employment service. However, in a country without a functioning social service and authorities capable of guaranteeing that the labour legislation is followed, the employment service fills an important function by stepping into the gap, and by assisting the unemployed not only in their search for jobs but also by informing them of their rights, influencing employers, etc. Naturally, assistance should eventually be geared to relieving the employment service of these tasks when social services, trade unions, and labour market courts develop.

Thus, the area is relevant, and we find that Swedish experience is of great value to the Estonian side. Both sides have shown high capability in delivering and receiving the assistance and are interested in continued co-operation.

Efficiency of project implementation

The Amu project is over one-and a half year behind schedule, which indicates low efficiency in the project implementation. The main reasons for the delay are the repeated organisational changes on the Estonian side, weak project management, and insufficient monitoring, support and follow-up of the project by AmuInternational and Sida. As noted above, however, those components of the project that have been delivered appear to be of high or reasonable quality, and the Estonian side has expressed satisfaction with the training and the advice they have received.

As far as we have gathered from discussions with the Swedish consultants as well as the Estonians who have taken part in the project, each component delivered in the AMS project has been of high quality.

Reasons for high/low achievement

The project implementation has been severely hampered by reorganisation and personnel changes on the Estonian side, which has caused delays particularly in the Amu project. Also on the Swedish side certain problems have disturbed the implementation, especially the reorganisations within AmuGruppen.

Supervision of the Amu project has been passive both on the part of the central management of AmuInternational and by Sida, although the project was subcontracted to a private consultant. Reporting on project activities has been very sparse, and is below the standards of other Amu projects. Nevertheless, the private consultant has informed the agencies of the delays and the organisational problems encountered. This might have called for rather more active involvement and support, not least because the project is larger than any other Amu projects financed by Sida in the region.

In the AMS project no project co-ordination has taken place between different project components, which means that none of the consultants have had an overall picture of the situation on the Estonian labour market or what other assistance has been given. Co-ordination would probably have made the project and its results stronger. Other AMS projects in the region have been managed by one regional Swedish county labour board, thereby securing project co-ordination.

Cost-efficiency

The AMS project is reasonably cost-efficient and has a cost profile in line with other AMS projects in the region. The cost-efficiency of the Amu project is difficult to judge since information on costs, and particularly on unit cost, is very deficient and uncertain. It will probably be possible for Sida to pursue this question, as the consultant will invoice Sida. Of the 1.9 million SEK spent, only about 300,000 SEK (16 percent) had been invoiced at the time the evaluation was started.

Chances of sustainable effects

The conditions for sustainable effects of the projects are good. The Estonian side has matched Swedish training efforts with improvements in working conditions for the staff at the employment offices. The employment service is computerised and a lot of functions, as for instance payments of benefits and accounting, are performed in a fully up-to-date way.

The courses developed at the *Lasnamäe Mehaanikakool* are concrete and sustainable results, and the material conditions in the form of repaired and adapted premises look promising for the continued development of training at this school. This is hopefully also true of the training developed at the restaurant school in Kuressaare

Gender and ethnic aspects

The gender question has not been specifically addressed by either of the projects. As in other Central European countries, the majority of the employment service staff are women who have profited from training in the AMS project.

The Amu project has mainly been directed towards an institution which trains in traditionally male occupations. It may be noted, that the unemployment rate is higher for men than for women according to the Labour Force Survey, so although the choice was not made with the gender aspect in mind, it might be considered correct in the sense that it addresses the relatively worse labour market situation of men. However, one should also bear in mind that the new conditions in the Estonian economy have resulted in many women leaving the labour force.

The ethnic question was addressed in one component of the AMS project which was targeted to the Russian-speaking part of the country, the seminar in Jõhvi in Ida-Virumaa County. However, the result of the seminar was weakened to some extent since it was held in Estonian, and not Russian, which excluded potential participants from the large employment office in Narva, who at that time had insufficient knowledge of Estonian. The fact that Estonian was used as the seminar language is due to the fact that the laws on language and civil servants stipulate that the personnel of public services must know the state language. Nevertheless, staff from the Kohtla-Järve and Jõhvi offices participated and have obviously profited from it and put substantial parts of the acquired knowledge into practice in their day-to-day work.

3. *Recommendations (R#) for Future Co-operation*

Relevance of project area

R1 Importance of Labour Market Policy

Unemployment is around 10 percent in Estonia, and the development of a well functioning labour market policy is of great importance. The policy needs to reinforce the informational, matching, training and protective functions of public agencies in the labour market field.

Sida is recommended to continue financing well-defined projects with Estonia in the labour market area.

R2 Importance of Employment Service

The economic reforms, the independence of Estonia from the previous Soviet republics, and the liberal economic policy conducted by the Estonian government, have resulted in structural change, job losses and job creation. It is of great importance to develop the employment service to ease the redirection of labour from shrinking branches to the growing private sector. The employment service today is well organised and capable of developing its role in Estonian society. In addition, due to the deficiencies in the social services and the lack of organisations and state agencies acting to protect both the unemployed and the employed, the employment service fulfils an important social and to some extent "legal" function. Of course, when other agencies are ready to take over these responsibilities, the employment service should be relieved of them and focus on its main tasks, namely directing job seekers to new jobs and filling vacancies.

Sida is recommended to fund projects aiming to develop the Estonian employment service.

R3 Labour Market Training

In a time of structural change and vast job destruction and job creation, the need for retraining and adapting the labour force is substantial.

Sida is recommended to see to it that the present Amu project is concluded and could consider funding of new proposals, provided that project management is strict and it is clear who is the responsible partner on the Estonian side.

Project design

R4 Co-ordination and Information Sharing

Better project co-ordination between different project components, and information and experience sharing between consultants managing projects in different

countries, would probably improve the project design and efficiency of the projects of both AMS and Amu. Increased information and experience sharing between AMS' and Amu's partners in labour market projects in the Central and East European region would improve the efficiency of the development of the employment service and labour market training in this region.

Sida is recommended to provide thorough support for the co-ordination of different components of individual projects thoroughly - for AMS projects it is recommended that regional labour market boards should have the responsibility for project implementation - and to support initiatives (e.g. in the form of conferences, seminars, dissemination of project reports) aiming at improving the co-operation between experts and partners taking part in labour market projects in different Central and East European countries.

R5 Project Documentation

Project documentation in the AMS project is good. In the Amu-project, however, it is almost lacking. We therefore repeat a recommendation from an earlier Evaluation.¹

Sida is recommended to develop instructions for reporting on Sida financed projects. Sida should also make sure that the consultants who have operational responsibility for projects have received all relevant Sida documents (e.g. the Sida decision), and the instructions as to how project results should be reported.

R6 Supervision

The Amu project is over one-and-a-half year behind schedule. As far as we gather, this has not resulted in any special action from Sida.

Sida is recommended to consider a review of its practises regarding the follow-up and supervision of projects.

Organisational issues

R7 Changes in the central organisation on the Estonian side

The TTA is under reorganisation. The parties must take this into account, and see to it that agreements are made with the right party. From the present reorganisation plans it appears that AMS's main partner should be either the Department of Labour at the Ministry of Social Affairs or the Labour Market Centre. For Amu it appears that the Ministry of Education should be the partner if projects concern the design and organisation of training. Activities targeted at staff in the employment service - e.g how to purchase training, how to evaluate the efficiency of training, etc. - appear to remain with the labour market agencies.

Sida is recommended to make sure that there is a well defined partner on the Estonian side before approving any further projects. If further reorganisations take place on the Estonian side, the Swedish consultants should be urged to inform Sida of this, and should also be able to count on assistance in re-negotiating agreements if necessary.

Project specific recommendations - AMS

R8 Model offices

The new AMS-TTA proposal contains a component devoted to the development of model offices. It is important that these are chosen according to relevant criteria.

We suggest that the following criteria might be used:

¹ See Oxenstierna & Pihlgren, (1997).

- The office should be quite large in terms of staff in order to get as many employees as possible involved and to avoid the effects of training being lost due to key persons leaving.
- The office needs to have premises in good condition or capable of being renovated to contemporary standards.
- The office needs to have - or may acquire - all the technical equipment necessary for modern employment services.
- The director of the office should be seriously involved and very interested in the project.
- The unemployment rate could be used as a criterion, i.e. an unemployment rate higher than the average in the country. However, the vacancy situation should also be considered. Without free jobs available, the employment service cannot fulfil its functions.

In the evaluation report, two offices, the one in Tallinn and the one in Narva, have been identified as suitable candidates for model office activities.

R9 *Involve regional level in planning*

The regional labour offices will probably have greater responsibility and independence after the reorganisation and it is of great importance that the regional offices that are to be involved in project activities are also involved in planning and that their interest and potential for participation are secured.

The Swedish side should make sure that the regional offices concerned or that have staff participating in projects are already involved in the planning stage and that they have a strong interest in participating or having staff participating in project activities. This is particularly important for model office activities.

Project specific recommendations - Amu

R10 *Completion of the Present Project*

The Amu project has not yet been concluded. Results of the project activities which have taken place are good and sustainable. The main reason for the delay appears to be the repeated reorganisation on the Estonian side.

*Sida is recommended to organise a meeting with AmuInternational and the subcontracted private consultant to discuss and plan in detail the conclusion of the project. Sida should also consider assisting the consultant and AmuInternational in straightening out the organisational tangle on the Estonian side and demanding that the project has **one** fully - i.e. both formally and practically - responsible partner. We recommend that the responsibility for the conclusion of this project should lie with the TTA. If this is not possible, due to yet another reorganisation, it should be made clear to the Estonian side what conditions and obligations must be guaranteed by another fully responsible partner, if Sida and AmuInternational are to fulfil their part of the agreement and bring the project to a conclusion.*

R11 *The Market for Training*

How to market training courses for the unemployed, and how the labour market authorities may use competitive bidding systems when purchasing training courses, are two components lacking in the present Amu project. This weakens the utility of the efforts put into developing the training institutions. (This is exemplified by the difficulties of the vocational school on which assistance has been concentrated in this project in selling courses to the employment service.)

In the concluding phase of the present Amu project, or in further Amu proposals, it should be considered whether the schools involved could be given assistance with the marketing of courses for the unemployed. Also, the development of a competitive bidding system for purchasing training would be a valuable complement to the skilful work already done by the TTA (or its successor at the Ministry of Social Affairs).

Co-operation with other donors

R12 Co-operation with the Phare-project

During the spring of 1997, three seminars were held by AMS for the Estonian party in co-operation with the ongoing Phare-project. This is an efficient way of using resources and all involved appear satisfied.

Further co-operation with the Phare project is recommended in order to avoid the duplication of efforts and to maximise the effect of Swedish contributions. In the area of labour market training, too, where there is also a Phare project, co-operation is strongly recommended, not least for spreading the courses developed in this project throughout the country.

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TERMS OF REFERENCE

Evaluation of BITS/Sida's support to labour market institutions in Estonia

Background

AMS (The Swedish Labour Market Board) and Amu International (the Swedish state-owned vocational training institute) started co-operation with the Estonian Employment authorities in 1992. These projects were then continued and financed by BITS/Sida 1994-1996.

Sida has decided to undertake an evaluation of the achievements to date including to identify whether any motives for continued assistance to the sector are at hand. To undertake this evaluation, Sida intends to recruit an independent consultant (the Consultant). These terms of reference will guide the work to be performed by the Consultant.

Up to this date the support has come to comprise 2 projects at a total cost of SEK 5 196 600. Counterparts in these projects have been AMS and Amu International on the Swedish side and the Estonian State Employment Board. on the Estonian side. The projects subject to evaluation are:

1. AMS - BITS decision EST-1141; Development of labour market institutions, SEK 1 917 600 .
2. AMU - BITS decision EST-1071; Development of the labour market training in Estonia, SEK 3 279 000.

The overall goal of the AMS projects is to support the establishment and development of an administrative system for employment services on the central and local level. The project includes: 1)Forecasting, 2) Financial planning and monitoring, 3) Placement services, 4) Management, and 5) Services to disabled. The expected results are better knowledge of employment services and vocational guidance at the local and central level. In particular, assistance to the local office in Pärnu should result in concrete improvements. This office should after the assistance serve as model offices.

The objective of the AMU project is to support the Estonian authorities to develop and introduce an effective system for labour market training, with the ambition to increase the competitiveness of the Estonian industry. The projects includes: 1) organisation and creation of an institute for labour market training within the following areas: resaurant and catering, building and construction, electrical welding, vehicle engineering and electrical engineering, 2) developing and carrying through one course for each of the above areas, 3) elaboration of a curricula for the above areas.

2. Purpose

The purpose of the evaluation exercise is to evaluate the relevance, results, cost-effectiveness, sustainability and effects of the support so far provided to the Labour Market Institutions in Estonia.

3. Scope of work

The evaluation should evaluate past co-operation and review the opportunities of continued co-operation. The main dimensions are:

Evaluation of past co-operation

- * Achievement of objectives. Achievement of the project goals as defined in the contracts, taking into account possible changes in circumstances.
- * Relevance. The relevance of the project approach, goals and services provided during the technical co-operation in the perspective of the labour market situation and in relation to the needs they intended to service.
- * Efficiency in the project implementation
- * Reasons for high/low achievements of goals
- * Side effects
- * Cost efficiency
- * Conditions for sustainable effects of the projects
- * Gender aspects. Have gender aspects been an integrated part of the projects. If not, what are the reasons.

Opportunities for continued co-operation

- * The relevance of proposed long- and short term objectives and potential impact of the transfer of knowledge from Swedish inputs
- * Organisational strength of and weaknesses of the concerned Estonian organisations

- * Tangible results and long term development effects
- * Need for co-ordination with other institutions and other donors
- * Possibilities of cost-sharing in future projects

In addition the evaluation report should describe the institutional structure, including roles and responsibilities, in the field of labour market policy and labour market training in Estonia.

Based on the above findings, the consultant should give Sida recommendations on the potential of supporting future projects and, if relevant, suggest improvement of existing proposals with regard to project objectives, organisation and other aspects relevant for achieving the best development effect.

4. Method of work, Time plan and Reporting

The evaluation should be based on interviews with key persons and participants engaged in project implementation and activities, and on the study of all relevant materials, i.e. BITS/Sida-decisions, project reports, and materials produced in the course of the execution of the projects.

The project is expected to start in June 1997, with interviews with key persons in Sweden and collecting of relevant materials. Then follows a field mission to Estonia, July 7-11, for meetings with key persons in the projects and participants in various project activities.

The assignment will be presented to Sida in a draft report in English within 7 weeks after the field visit to Estonia (31 August). The final report should be submitted to two weeks after Sida has commented on the first version.

The assignment is expected to take 22 working days for the consultant including preparations in Sweden, work in Estonia, report writing and presentations (including writing the Sida Evaluation Newsletter for Estonia (and Latvia). The consultant will during all phases of the evaluation be assisted by Henrik Huitfeldt (Sida).

5. Undertakings

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

Estonian National Employment Board, Tallinn

Urve Vool	General Director
Peeter Ugand	Director of Regional Development
Heiki Randma	Director of Training Issues
Reet Aro	Director of Personnel Department

Employment offices in Ida-Virumaa County

Maie Metsalu	Director of Ida-Virumaa County Employment Office, Jõhvi
Tatiana Kazeko	Head of Kohtla-Järve Labour Office,
Anu Needu	Head of Kivioli Labour Office
Niina Kirillova	Head of Narva Labour Office
Natalia Skvortsova	Training consultant, Narva Labour Office
Sergei Fedorov	Consultant, Narva Labour Office

Employment office in Jõgevamaa County

Ene Lainemäe	Director of Jõgevamaa County Employment office, Jõgeva
Ene Tods	Placement officer

Ministry of Education, Tallinn

Raivo Niidas	Head of Management Division
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Lasnamäe mehaanikakool, Tallinn

Vladimir Belõi	Director
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Phare project, Tallinn

Leni van der Meer	EU Project Leader
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AMS

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Bertil Danielsson	Head of Labour Office in Skutskär
Åsa Sjöborg	Personnel development, AMS
Torbjörn Israelsson	Senior Economist
Tord Strannefors	Senior Economist

AmuInternational

Lars Andersson	
Alina Maric	
John Leesi	Director, LETEC

Approved by (in four pages)

Concerted.
Minister of Culture and
Education



Concerted.
Minister of Social Affairs

Siiri Oviir
" 27 " 09 1995.

Concerted.
Authorized
representative of
AMU International
(effective with the
copy of authorization)

" 20 " 09 1995.

AGREEMENT

between the State Board of Education and the National Labour Market Board
no. /no. 16

This Agreement is conducted between the State Board of Education (hereinafter KA), represented by general director Georg Aher who acts under the BA statute, and the National Labour Market Board (hereinafter ETA), represented by general director Urve Vool, who acts under the ETA statute as follows:

I GENERAL PROVISIONS

- 1.1. On conducting, fulfilling, modifying, suspending and terminating this Agreement the parties follow the laws and other legal acts of the Republic of Estonia and this Agreement.
- 1.2. This Agreement is concluded in the Estonian language in two legally equal copies, one for each party.
- 1.3. This Agreement shall be approved by the authorized representative of AMU International, Sweden, who will keep one copy of this Agreement which is translated into the English language.
- 1.4. This Agreement is valid together with the attached Agreement On Continuation of Estonian-Swedish Development Cooperation Within The Labour Market Sector (Appendix 1).

II OBJECTIVE OF THIS AGREEMENT

2.1. The transference of the rights and obligations of ETA, fixed in the agreement in Clause 1.4, to KA.

2.2. Organizing labour market training between the Labour Market Board and the State Board of Education in the following fields of employment:

- restaurant and catering
- building and construction, including repairing and restoring old houses
- electrical welding
- vehicle engineering, including repairing and maintenance
- electrical engineering, including repairing of telecommunication equipment.

III OBLIGATIONS OF PARTIES

3.1. The parties undertake to establish a 5-member leading committee to fulfill this Agreement which includes two members from ETA, two members from KA and one as a representative of AMU International (hereinafter JK), to establish its work, activity plan and responsibility to fulfill this Agreement. JK shall set up a work group to practically fulfill this Agreement (hereinafter TG) and establishes its staff, activity plan, rights and obligations.

3.3. LMB undertakes

3.3.1. to transfer the rights and obligations of ETA fixed in the agreement between ETA and AMU International on training the unemployed and jobseekers to KA.

3.3.2. to deliver the equipment fixed in the cooperation project of ETA and AMU International to the vocational educational institutions selected by KA for creating conditions to train the unemployed and jobseekers.

3.4. KA undertakes

3.4.1. to take up the obligations which belonged up to the present to ETA fixed in Clause 3.3.1.

3.4.2. to guarantee the delivery of the equipment received under Clause 3.3.2 to vocational educational institutions and application in training the unemployed and jobseekers.

3.4.3. to guarantee the creation of training conditions for the unemployed and jobseekers by October 1995 in the fields of employment fixed in Clause 2.2.

IV MODIFICATION AND SUSPENSION OF THIS AGREEMENT

4.1. This Agreement may be modified by agreement of the parties. The party applying for modification of this Agreement must submit a written notice to other party in two weeks' time giving its reasons for modification.

4.2 This Agreement may be suspended only upon mutual agreement between the parties or in case of extraordinary reasons which impede the fulfillment of this Agreement. upon immediate notification in writing to the other party.

4.3. Suspension of this Agreement must not last for more than six months, unless the parties otherwise agree.

V DURATION AND TERMINATION

5.1. This Agreement becomes effective on the date of signature and is valid until signature the final report.

5.2 This Agreement may be terminated by either party by agreement or in case this Agreement cannot be fulfilled for extraordinary reasons or for reasons out of control of either party upon immediate notification in writing to the other party.

5.3. This Agreement may be terminated by either party if one of the parties violates the terms of this Agreement, neglects or performs its obligations insufficiently or impedes the other party from the appropriate fulfillment of this Agreement.

5.4. This Agreement may be terminated for the reasons fixed in 5.3. by at least one-month prior notice to the other party. During this month the parties shall set up a work group which includes two members of either Party. The representatives of the Parties shall analyze the reasons for termination and exert their best efforts to remove these reasons during the period of notice. The results of the work group meetings shall be fixed in a separate protocol.

5.5. If the reasons are not relevant as to the other party, the aim and the funders of this Agreement and they will be removed during the period of notice, this Agreement can not be unilaterally terminated.

VI SETTLEMENT OF DISPUTES

6.1. Any dispute arising out of or in connection with the fulfillment, modification, suspension and termination of this Agreement shall be settled by agreement of the parties. If the agreement is not attained disputes will be settled by higher authorities or in court.

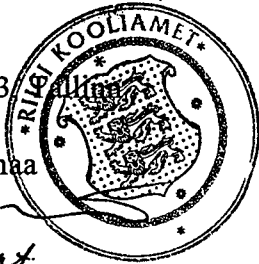
VII LEGAL ADDRESSES OF PARTIES

STATE BOARD OF EDUCATION

Sakala 23

Ivo Eesmaa

13. sept 1995



NATIONAL LABOUR MARKET BOARD

Tahtsa 15, Tallinn

Ove Vool

16. sept 1995



account 0123033964, North-Estonian Bank

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