

Cooperation with

Estonia

a results analysis

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RESULTS ANALYSIS OF COOPERATION WITH ESTONIA, 1995/96 - 1998

SUMMARY

Since Swedish support to the processes of reform and transition in Estonia was initiated in 1990, a total amount of SEK 409 million had been disbursed up to and including 1997. Projects in the areas of the economy and public administration have dominated the programme of cooperation and 48 per cent of the funds have been used in these areas, while 23 per cent has been allocated for environmental projects, 20 per cent to democracy-oriented projects and 10 per cent to projects concerning national sovereignty and security. Cooperation with Estonia reached its peak during 1994 when an amount of SEK 132 million was disbursed, but thereafter the amounts approved annually have decreased and in 1997 an amount of SEK 25 million was allocated.

The present period of cooperation with central and eastern Europe expires in December 1998. This results analysis covers the fiscal years 1995/96 and 1997 and a part of 1998. A main issue for the results analysis is the assessment of the relevance of cooperation, in the first place in relation to the stipulated objectives: to promote common security; to deepen the culture of democracy, to support socially sustainable economic transition and to support environmentally sustainable development.

The previous support for national sovereignty was transformed into **support for the promotion of security**, which, during the period, has included support for the expansion of coast and border surveillance in Estonia. Five radar stations, three coast-guard vessels and a great deal of other equipment have been provided. The police force and the customs have also received support in the form of vehicles, communication equipment and other equipment, as well as training programmes. During the period a total amount of just over SEK 25 million has been used in these projects.

The area of **support to deepen the culture of democracy**, which received SEK 43 million between 1995 and 1997, includes, among other things, cooperation between Swedish and Estonian NGOs which is a central component in cooperation for the reform process between the two countries. During the fiscal years 1995/86 and 1997 some SEK 20 million was granted for projects in Estonia. The largest grants were channelled via Olof Palme International Center, the Federation of Swedish Farmers, and the LO/TCO Council of Trade Union Cooperation.

In the same way most of the projects in the programme of twinning cooperation between Swedish and foreign municipalities concern the strengthening of democracy. In 1996 a total of SEK 50 million had been disbursed in the form of grants from Sida, of which 34 per cent had been allocated for projects in Estonia. According to an evaluation made of the programme, twinning cooperation contributes to the development of local democracy, to a greater awareness of the environment, and has an effect on both the educational system and other social sectors. A corresponding programme of cooperation has been established between county administration boards. A pilot project was started in 1993 with the aim of strengthening democracy and improving the professional skills of the regional and local administrations in the Baltic countries. An evaluation makes the assessment that the overall results are satisfactory. The cooperation is highly appreciated in the Baltic countries and is regarded as valuable for the further development of the countries.

Part of the Swedish support to the reform process in countries of the former Soviet Union is channelled via the Swedish Institute (SI) in the form of information about Sweden, cultural activities, scholarships, Swedish language training, and special projects in the area of integration. From a results analysis perspective the SI's work appears to be successful, not least in the area of integration. With the exception of the support for integration, the SI's projects in Estonia have not been

formulated with the objectives for cooperation with central and eastern Europe as their point of departure, but have nevertheless been assessed as relevant in this perspective. They contain projects of good quality which are also relevant for the process of reform.

Support to the legal system in Estonia concerns the Estonian courts system, the prison administration and the prosecuting authorities. Two further projects - a training programme for public servants in EU legislation and advisory services for the adjustment of the Ministry of Justice to the EU - have recently been approved. The overall assessment of Swedish support in the legal field is somewhat mixed. Good projects have been implemented but otherwise the support seems to have come to a standstill.

Some small projects have also been performed in the field of gender equality. However, from a results analysis perspective this area is somewhat unfairly treated. The objectives for cooperation with central and eastern Europe provide the foundation for more vigorous projects than those which have been implemented.

The Swedish support for **socially sustainable economic transition** in Estonia amounted to just over SEK 76 million for the period 1995 to 1997. A series of projects in the productive and social sectors as well as in the public administration have been included. In the primary sector support has been provided for satellite-based forest inventories, training of forest consultants, coastal fish conservation and preparations for the membership negotiations with the EU.

Extensive support has been provided to the Estonian agricultural reform, mainly in the area of land survey and cartography, consisting of advisory and training projects, as well as support for mapping which also resulted in a database for physical planning at county level. It can be said that Estonian cartography has been built up with Swedish inputs. The Swedish projects have received a positive assessment in Estonia.

In the transport and communication sector support has been given to civil aviation, the postal service, shipping, the road system and the railway. The projects, which have included advisory services, training programmes and material support, have been of importance for the status of Estonia prior to the EU negotiations.

The private sector in Estonia is supported in particular by two major programmes: Start- East and Advantage Balticum. Start-East focuses on the development of small companies while Advantage Balticum has the aim of promoting exports from the Baltic countries to Swedish and western European markets. Support in respect of exports has also been provided to the National Standards Board of Estonia. The projects in the private sector are considered to be relevant even if they have been small and relatively widely spread. The elements of human resource development and exchange of know-how have been strong.

Support for regional development has partly been provided for the establishment of business centres in four small towns, and partly for the rural development project, Kodukant, which has the aim of mobilising local resources and promoting local initiatives. An adviser has also been located at the unit for regional development in the Ministry of the Interior. The relevance of the projects lie in their focus on business development in those parts of the country in which economic and social development has been weak.

Sweden has also provided support in the labour market area, partly to build up an Estonia labour market agency and partly to establish an institute for vocational training. An evaluation performed in 1997 makes the assessment that goal fulfilment is reasonable. However, the long-term results of the vocational training projects are expected to be small.

The Estonian banking system has received support, partly in the form of a Swedish financial expert for the World Bank programme via Sida, and partly in the form of risk capital to Estonian banks through Swedfund.

Support to the social sectors in Estonia has been limited during the period under review.

Three major projects concern information, training and development in the medical services at the regional level, and a relatively extensive programme of support via the East Europe Committee of the Swedish Health Care Community (ÖEK). In the past Estonia has not given high priority to social sectors in programmes of cooperation with Sweden but a rethinking of this policy has now been announced. In a results analysis perspective the social sectors in Estonia have hitherto constituted an under-utilised opportunity to provide important inputs.

The central administration in Estonia has received relatively extensive support from Sweden, among other things for the computerisation of budgeting and accounting in the government administration and for the development of the production of central statistics. Support in the form of an adviser has been provided to assist Estonia's adjustment to the EU. The projects have produced valuable and apparently sustainable results.

In support of **environmentally sustainable development** in Estonia, Sweden has implemented projects amounting in total to SEK 6 million between 1995 and 1997, in the areas of the environment, geology, energy and radiation protection. The largest project concerns the sewage treatment plant in Haapsalu, but the treatment plants in Kõrgessare and Narva have also received support from Sweden. Projects have been implemented in oil disposal in Paldiski's harbour and air surveillance in Tallinn. A programme of institutional cooperation has been established between the Swedish Environmental Protection Agency, SNV, and the Ministry of the Environment in Estonia. Sweden's University of Agricultural Sciences has been engaged in the Baltic Agricultural Run-off Action Programme. The programme of cooperation between county administration boards and the programme of twinning cooperation have also included a large number of environmental projects. The environmental projects have not yet been evaluated. However goal fulfilment seems to be high and the results of the projects appear to be sustainable and relevant.

A programme of cooperation between the Geological Survey of Estonia and the Geological Survey of Sweden in, among other things, geological information and research into peat production, has consisted of training, advisory services and technical equipment.

The Estonian energy sector has received extensive Swedish support. An energy adviser and a procurements adviser have been made available. The Government's energy programme has received credit financing. Technical studies have been made for Tartu and Pärnu. Energy support has contributed to the rehabilitation of vital parts of the district heating systems in Tallinn, Tartu and Pärnu. The National Board for Industrial and Technical Development, NUTEK, has financed extensive projects in the energy sector in parallel with BITS/Sida. It has been possible to observe a certain amount of overlapping between BITS/Sida and NUTEK. The overall impression is that the Swedish projects are highly relevant. The level of goal fulfilment is mostly high and the results are most often sustainable.

The area of radiation protection has also been the subject of Swedish support for, among other things, taking care of radio-active waste at the submarine base in Paldiski, human resource development in the radiation protection organisation in Estonia and Estonian preparedness in cases of accidents.

In addition to the results achieved, the overall **assessment of cooperation** must also take into consideration the closeness in several respects between Estonia and Sweden and the rapid pace of

development and economic growth which the country has experienced. It should be possible to make great demands of programmes of cooperation and to expect good results from them.

Where the large majority of the individual projects are concerned, they seem to be acceptably or highly relevant at project level. At the aggregate level the results of the programme of cooperation seem more mixed. Certain sectors or programmes are highly relevant to the reform process and/or the transition to a market economy and democracy than others, at the same time as the degree of relevance also varies over time. Security cooperation was thus exceptionally relevant during the early part of the 1990s. When looking at development in the country at the end of the decade, the relevance of the social projects has increased.

At the same time most projects are relevant in respect of several of the objectives of Swedish cooperation with central and eastern Europe. This applies in particular to the NGO support, twinning cooperation, county administrative board cooperation, and projects in the areas of economy and public administration. Support to the legal system and equality, as well as the environmental and energy projects have a more clear-cut link to their respective goals. During the period under review all programmes and sectors concerned have been directly relevant to the objectives they have been linked to. Direct relevance has been particularly great for cooperation in the field of security, public administration support, the social projects and environmental cooperation.

In addition most Swedish projects have also succeeded in taking the special EU problems prevailing in Estonia into consideration, for example the training of civil servants in the public administration. Even parts of the support for security, legal support, and projects in the fields of infrastructure, land reform and the environment are judged to have an extra dimension of relevance in respect of the EU within the framework of this results analysis.

The overall assessment of the relevance of cooperation at two different levels is thus clearly positive. Swedish cooperation is relevant, in part very relevant. The assessment shall also include what has not been done. Certain goals have not been fulfilled as successfully as others, most obviously in the social sectors and in respect of equality.

The majority of the projects have been implemented recently, or are still in progress. Therefore in many cases it is only possible to comment on the immediate results - in other cases there are none at all to comment on yet. In those cases in which assessments can be made, **goal fulfilment** in terms of stipulated project goals is good or acceptable. The costs of achieving stipulated goals are relatively low largely due to the great element of voluntary work, and to the fact that Swedes are allowed to participate in programmes of cooperation with Estonia during paid working hours.

The main part of the programme of cooperation is being implemented by Swedish and Estonian agencies or other parties in the public sector. The development cooperation expertise of the Swedish parties has previously been criticised. However today it can be said to be improving, largely due to the fact that the Swedish resource base has now participated in programmes on the other side of the Baltic Sea for a number of years. In certain cases shortcoming in precision and realism can be observed in the parties involved. Reports on the fulfilment of goals in programmes in Estonia, not least in terms of measurable objectives and predetermined indicators, are without exception weak.

The discussion on **sustainability** has another character in Estonia than in cooperation with developing countries. The relevant question is whether the effects achieved have been of use in the transformation process, i.e. it has been possible for the recipients of the support to use the results to make further progress. It is the main impression in this results analysis that this is the case. One

exception can be cooperation in the labour market area. At the same time sustainability in the traditional sense of the term is high - the treatment plants are in operation - not least due to high levels of professional expertise in Estonia and the good capacity of Estonia to take full advantage of the Swedish projects.

The main impression of Swedish cooperation with Estonia is extremely positive. The only major objection made in this results analysis is in respect of the limited engagement in the social sectors and in issues relating to equality. In a results analysis perspective it can also be stated that the rapid development in the country has had the effect that the Swedish parties, including Sida, are now faced with the need of developing new forms of cooperation and relations.

Now there are demands for **new forms of cooperation**, forms which are directly linked to the transition to normal neighbourly relations. Several of the Swedish agencies which cooperate with their counterparts in Estonia also have, in general, a certain self-interest which is currently being met by development cooperation financing, but which in the long-term should be given priority in regular forms of international cooperation and be given the financing necessary. At the same time projects which arise between the agencies on both sides, and which involve real transfers of resources, should continue to be financed by the appropriation for cooperation with central and eastern Europe.

1. Background

Swedish programmes of support to the reform and transition processes in Estonia after the country's independence from the Soviet Union were initiated in 1990. Of the SEK 6.2 million which was allocated that year, SEK 5.2 million was provided for projects which focused on the economy and public administration, and SEK 1 million was allocated to democracy-oriented projects. The first-named group of projects have dominated cooperation since then and have been allocated SEK 194 million (48 per cent) of a total amount of support of SEK 409 million up to and including 1997. Of the remainder SEK 92 million (23 per cent) was allocated to environmental projects, SEK 83 million (20 per cent) to democracy-oriented projects and SEK 39 million (10 per cent) to projects concerning issues of sovereignty and security.

Cooperation with Estonia grew rapidly from 1990 onwards and reached a peak of SEK 134 million in 1994. Thereafter the amounts granted each year have declined and in 1997 an amount of SEK 25 million was allocated. By then the predominance of economy and public administration had increased to 64 per cent, while 23 per cent was allocated for cooperation in the area of security, 10 per cent to democracy-oriented projects and three per cent to environmental projects.

There are statistics available up to the end of 1997. The table below, based on the overall statistics of the Ministry of Foreign Affairs, shows amounts granted, in SEK '000, for cooperation with Estonia for 1995, 1996 and 1997, broken down by the four objectives of Swedish cooperation. However only part of the amount for the calendar year 1995 is applicable to the period in question.

Amounts approved for cooperation with Estonia for 1995, 1996 and 1997 SEK '000

Goal	1995	1996	1997	Total
Promoting common security	3.550	15.973	5.795	25.318
Culture of democracy	33.865	6.837	2.447	43.149
Socially sustainable economic transition	33.288	27.126	15.844	76.258
<u>Environmentally sustainable development</u>	<u>4.971</u>	<u>416</u>	<u>801</u>	<u>6.188</u>
Total	75.674	50.352	24.887	150.913

Comparable statistics from the Estonian Ministry of Finance show that during the period 1992 to 1997 Sweden was Estonia's fourth largest donor, with 12.7 per cent of total grant aid to Estonia, after the EU Commission (32.9 per cent), Finland (14.2 per cent) and Denmark (12.8 per cent). Sweden was the dominant donor in the areas of security and democracy while Finland strongly dominated cooperation in the environmental sector. Denmark's major sectors were education, energy and the environment. As in the table above the figures refer to funds granted which means that the amounts disbursed were in general less. An overall picture of support to Estonia during the period 1992-1997 is given in appendices 1 and 2.

The present programme period for cooperation with central and eastern Europe, 1995/96-1998, expires in December 1998. Parliament has recently approved the Government bill 97/98:70 on a new programme for the years 1999-2001. Prior to the preparation of country strategies for the partner countries in question, Sida has engaged external consultants to make results analyses for the last period. The assignment refers to two entire fiscal years - 1995/96 and 1997 - and a part of the period's third year 1998.

The results analysis was performed by Krister Eduards and Lennart Peck during the spring of 1998. It has been based on available documentation, not least evaluations of a small proportion of the projects, and interviews with, in particular, representatives of the Estonian agencies and other partners in cooperation. The assignment has not included making any evaluations.

A main issue for the results analysis is the assessment of the relevance of cooperation. In this report the assessment of relevance has been structured on two levels. In part the relevance of the projects is assessed in relation to the stipulated objectives for cooperation, or what could be called relevance for the processes of transition and reform in the country. Another level of relevance is EU adjustment where the question is the extent to which a project has contributed or is contributing to strengthen Estonia's position in the membership context or for the preparations for or implementation of the negotiations. The overall assessment of relevance takes both levels into consideration to the extent they are in question.

Initially some issues concerning methods deserve mention. One is that the method used gives a good coverage of the material, in the sense that recently performed evaluations can be used in a results analysis with a certain level of ambition, while other projects must be assessed on the basis of sometimes superficial, sometimes incomplete data. As far as possible the report compensates for differences of this type through supplementary interviews and studies of documentation.

In certain cases the use of evaluation reports raises a question of perspective. Sida's evaluators are, to various degrees, experts in their own areas. Subject experts have by definition good prospects of assessing projects in their own professional areas. The assessments can thus be expert and reliable where the sector in question is concerned, or at project level. On the other hand there can be a risk that the large amount of expertise in respect of the professional area is not matched by an equally reliable capacity to assess the relevance of the sector in a wider context, the relevance of the project for the sector, or for the nation. The evaluator can thus tend to overestimate the importance of the activity in a wider context. The report tries to take this risk into consideration.

The limitations of the material available also include the fact that the evaluations have, in general, a relatively short-term perspective and only take up long-term results in exceptional cases, and that they do not permit comparisons to be made between sectors or programmes.

A third issue in respect of methods, which affects the work of the results analysis, concerns interviews with persons who represent a recipient interest. Such persons often have to deal with the problem of both expressing gratitude and an interest in the continuation of cooperation. In this situation there is a risk that possible complaints or negative assessments are held back or minimised. At the same time it is obvious that it is in fact these persons who should be asked about the effects and relevance of

cooperation. The results analysis team has tried to take this risk into consideration, for example by varying questions, asking counter-questions, asking about problems and listening to both what is said between the lines and what is not said at all. Nevertheless there is a danger that the report is a little too positive in individual cases.

In the following an account is given of the Swedish projects in Estonia under four headings which correspond to the objectives laid down by Parliament for cooperation with central and eastern Europe. The classification into categories suffers from the weakness that several projects shall fulfil two or more objectives. They have therefore been referred to the area in which their contribution is expected to be greatest. The report concludes with brief discussion and assessment of the implementation, and the results and relevance of the projects.

2. PROMOTING COMMON SECURITY

In 1995 the former support for sovereignty was transformed into support to promote common security. The new form of support has by and large the same focus and content. During the period from 1991 to 1997 bilateral projects amounting to SEK 60 million were implemented in Estonia as well as a considerable proportion of the regional projects which amounted to SEK 131 million. Estonia's share of Swedish support for sovereignty has diminished during recent years - the bilateral projects during the fiscal years covered by the results analysis, 1995/96 and 1997 amounted to SEK 5.6 million and SEK 1.5 million respectively.

The support for the promotion of common security has been evaluated recently. The following text is based on the evaluation report, which at present (June 1998) is being circulated for comments.

Three Swedish government agencies are supporting the expansion of coast and border surveillance in Estonia. The Defence Materiel Administration (FMV) has supplied five radar stations and requisite spare parts, training, operation and maintenance, and plan a study for the further extension of marine surveillance. The Swedish Coast Guard (KBV) has contributed three coast guard vessels, ten snow-scooters, workshop and store containers and three lifeboats. The National Police Board (RPS) has provided vehicles, a patrol boat, equipment for checking documents etc. The RPS has also provided support for the police force in the form of some 40 vehicles, radio communications equipment and other equipment, and training programmes. The Estonian customs has received support via the Swedish Customs (GTS) in the form of communications equipment, vehicles, mobile X-ray equipment and training programmes. In all just over SEK 30 million has been used for the projects mentioned above during the period 1991-1997.

At an early stage in the programme the strengthening of the Estonian coast guard was given a different focus than that originally planned since the used radar equipment proved not to meet requirements. A rapid intervention of a temporary nature took place instead in the form of five radar stations which were intended to provide operative experience for the design of a long-term marine surveillance system.

Four of the five radar stations supplied are located on the country's eastern border in Lake Peipus and the Narva River, while the fifth has been installed on Runö in the Gulf of Riga. They are in continuous operation and provide a good service. The staff have mastered the technology. FMV supplies certain support for maintenance but, with the growing economic and technical capacity in the country, it should be possible to phase out this support. The project demonstrates good effects and appropriate adaptation to needs and possibilities.

In addition to the three coast guard vessels supplied, the KBV has sold one more to Estonia. They are reported to be of great use in the Gulf of Finland and on the west coast, as are the life boats and the snow scooters which are in use on Lake Peipus. The coast guard vessels, which are however

taken up on land during the winter when more powerful tonnage is used for patrols and emergencies, are reported to have saved twelve lives during the three years they have been in service. Since 1994 the maintenance of the vessels has been performed in Estonia with a certain amount of spare parts support and technical advice from Sweden. Initial maintenance problems appear to have been rectified. The project is well received and integrated into the Estonian border surveillance. It may well be asked to what extent the vessels supplied are suitable for patrol work at sea in consideration of their small size, but the main focus of the previous support, to make use of used Swedish materiel, clearly limited freedom of choice.

The support to border surveillance via RPS is considered by the evaluation to have been used well. All vehicles which are in service at different border posts and other units in the organisation, are reported to be in serviceable condition. The vehicles which the RPS supplied to the Estonian police are also reported to be in good condition and well used. These used vehicles provide examples of cost-efficient projects since the cost of their remaining life is low. However, at the same time the method carries the risk that the equipment is regarded as being of low value.

The RPS has gradually increased its training and advisory projects in Estonia at the expense of the inputs of equipment. The transfer of know-how has been directed in particular towards the Police Academy in Tallinn, but it has also benefited other parts of the Estonian police organisation. In the future it is, in particular, further training programmes and exchanges of experience which are requested from Sweden.

The radio communications equipment supplied by the GTS has been distributed to personnel at customs posts in ports and at land borders. According to the evaluation it appears to be well used. The vehicles and the mobile X-ray equipment is likewise reported to be well utilised, the latter is in daily service. The training programmes are also appreciated. The customs projects appear to be highly relevant and, in consideration of the relatively low total cost, represent as a group probably the most cost-efficient input in Estonia of those assessed by the evaluation.

Assessments made by the Estonian side of the Swedish support to promote security are, according to the evaluation, without exception positive. There are a few individual question marks about the former principle to provide used materiel. The one clear request from Estonia is that cooperation with Sweden in the above-mentioned areas should be more extensive and, above all, closer.

The participating Swedish agencies consider cooperation with Estonia to function relatively well. Even if the scarcity of resources has often been troublesome, it has, as a rule, been possible to avoid serious delays and other complications. One exception is the delayed decision in respect of the extension of the above-mentioned future marine surveillance system. The embassy considers the Swedish projects to be, without exception, successful but point out a need for better coordination on the Swedish side.

The evaluation makes the assessment that some of the complications in the programme of cooperation reported by the participating Swedish agencies, are basically of the type which constitute in fact the reason for the support - chiefly that it is a question of a serious shortage of resources in the recipient countries, a lack of experience and know-how in subjects and methods of great importance for the administration of a modern society, in general a relatively low level of education, inadequate internal coordination and shortcomings in making priorities between proposed projects. These deficiencies are common to the three Baltic countries.

Developments and the reform process have proceeded more rapidly in Estonia than in its neighbouring countries. According to the evaluation, cooperation with Estonia also functions best. Even if the scarcity of resources has often been troublesome, it has been possible, with a few exceptions, to avoid serious delays and other complications. Plans drawn up jointly are implemented. The parties on the Estonian side assume responsibility and try to find rapid and

effective solutions to the problems which arise. Without exception the Swedish projects are relevant and successful. The success is ascribed not least to good cooperation on the Estonian side. At the same time cost-efficiency varies between the Swedish projects. It should also be possible to improve coordination on the Swedish side.

The evaluation makes the assessment that support to Estonia in the area of security is highly relevant even at the overall level of objectives. At the same time as the evaluation finds reason for further reinforcement of the cooperation with Estonia, it finds, in the light of the strong development in Estonia, that the degree of financing via cooperation funds should now be discussed.

The evaluation also draws certain administrative conclusions from the projects implemented. Two of these conclusions are taken up here. They are also taken up in the discussion in Chapter 6.

In part the evaluation finds that cooperation in the area of security, which is mainly in the form of cooperation between agencies in neighbouring countries, has provided considerable scope to meet Swedish interests, a fact which should be more thoroughly reflected in the financing of programmes of cooperation than is the case today. The strong self-interest makes it unreasonable for the appropriation for cooperation with central and eastern Europe to carry all the costs of the programmes. The evaluation recommends an approach in which only direct project costs for transferred resources are charged against the appropriation for cooperation with central and eastern Europe, while the agencies' costs for regular cooperation are carried by their own budgets. The agencies should be instructed to find a place for future cooperation over the Baltic Sea in their regular activities, at the same time as they should also receive funds for the purpose.

In part the evaluation points out that the construction of programmes of cooperation in the area of security has the result that, in principle, only projects proposed by Swedish agencies have been established. The programmes of cooperation need to be supplemented with a method which makes it possible to systematically identify and take up relevant projects outside the mandate of the agencies. According to the evaluation, one way of achieving this can be for the governments to hold regular talks on the focus, priorities and other conditions of the programmes of cooperation. In this way rolling overview plans for each country could be drawn up for cooperation, partly to guide the agencies and partly for the preparation, in suitable forms, of project proposals outside the mandate of the agencies.

3. DEEPENING THE CULTURE OF DEMOCRACY

3.1 NON-GOVERNMENTAL ORGANISATIONS

Building up non-governmental organisations (NGOs) is of importance for the democratic development of society since NGOs engage citizens in social life and also act as pressure groups in political life. Support to the programmes of cooperation of Swedish NGOs with NGOs in Estonia is provided by Sida. During the period 1995/96 to 1997 it was a central component in cooperation in the field of reform between the two countries. For the fiscal year 1995/96 SEK 11 million was allocated to 53 different projects, in 1997 SEK 9.2 million to 51 projects and up to May 1998 SEK 2.9 million to 18 projects. Most of the SEK 11 million disbursed in 1997 were channelled via seven so-called frame organisations, mainly the Olof Palme International Center (SEK 3 million), the Federation of Swedish Farmers (SEK 1.5 million), and LO/TCO Council of Trade Union Cooperation (SEK 1.5 million). Just over SEK 2 million was distributed directly by Sida to other Swedish NGOs.

The Estonian popular movement tradition has its roots in the 1860s. During the Soviet era no independent popular movements could work freely in the country. Since the end of the 1980s the

number of civil NGOs has increased considerably and in 1996 amounted to 3,200 organisations. Many are small where membership is concerned. A third of the NGOs, including the largest, are based in Tallinn.

The lack of experience of civil initiatives impedes the growth of NGOs as does the lack of awareness of their potential as forces of change and mobilisation in society. Their know-how in the areas of organisation development and information is also limited. The concentration of the organisations to the Tallinn region also constitutes a problem for the Estonian civil sector.

The objective of the support for cooperation between Swedish and Estonian NGOs is to contribute to restoring and consolidating the institutions of democracy and the rule of law, to reintroducing a functioning market economy and to improving the environment, particularly in the Baltic Sea. In the beginning of the 1990s the support mainly consisted of consignments of used equipment and humanitarian projects but it has gradually changed its focus which is now on organisation development.

Sida had an evaluation made of programmes of cooperation between Swedish NGOs and NGOs in the Baltic countries financed by contributions from Sida. The evaluation report, which was presented in December 1997, focuses on the content and development of partnership, and on the strength of the results of the programmes. It included 14 Estonian NGOs.

The evaluation draws the conclusion that most of the NGOs concerned are a well on the way to developing a sustainable democratic structure for their work. At the same time most of the organisations are dependent to a great extent on external support both for their regular work and for their strategic development work. All the Estonian NGOs studied have developed in a democratic direction and work explicitly for building up a democratic society. However the sustainability of the results of cooperation is affected negatively by continuing difficulties in financing activities.

Support from the Swedish NGOs has, in most cases, provided concrete results in terms of capacity building, particularly in respect of the awareness of the need of democratisation in the organisations and in respect of the capacity to function as democratic fora. The Swedish support has also contributed to greater independence in human resource development and financial respects. The programmes of cooperation also give the impression of being cost-efficient.

The evaluation, which points out the problems in respect of methods which can be found at several levels, shows the relationship between cause and effect and emphasises, as one important lesson, that cooperation must be gradually adjusted. In the initial stages no one knew how the political conditions would change. The most important task for the Swedish organisations at that time was to be able to provide emergency support. Occasionally ambitions were set both too high and too low in programmes of cooperation, and the professional expertise on both sides was misjudged. The importance of being sensitive is emphasised and the initial phase of programmes must be permitted to be tentative.

To sum up the evaluation concludes that cooperation has generated the intended results which are sustainable to a reasonable extent. The effects have mainly been within the areas of strengthening democracy and organisation development. The Swedish projects are considered in general as acceptable in respect of human resource development, even if misjudgements have been made on both sides.

In terms of the four main objectives of cooperation with central and eastern Europe, NGO cooperation is regarded as relevant for the democracy objective. The programmes of cooperation are highly relevant. However, several of the Estonian NGOs concerned have ambitions and activities which are also of relevance for other main objectives, mainly for the objective of supporting socially sustainable economic transition and also, to a certain extent, the environmental objective. NGO

cooperation lacks in principle direct relevance for the security objective. To sum up the support for the programmes of cooperation between Swedish NGOs and Estonian NGOs must be considered highly relevant.

The lessons for the future which are given prominence in the evaluation should also be of interest in a wider perspective. One is that while programmes must be permitted to be somewhat tentative initially, expectations and undertakings must be clearly defined as soon as conditions permit. Another experience is that goals which are worded in overly optimistic terms and with narrow time perspectives can tend to lead to extended engagements in projects. A third lesson points to the importance of defining final dates and the state of affairs desired when a development cooperation financed project can pass into a phase of genuine partnership independent of development cooperation funds.

Interviews held in connection with the results analysis indicate that support to Estonian NGOs provides a suitable way to reach groups which have not yet been reached by the actions and measures taken by the public sector. Supporting NGOs can provide both a contrast to the dominating preoccupation with economic growth and liberalisation, and contribute to the re-creation of a tradition of consultations and openness which was suppressed during the Soviet era.

The interviews confirm the conclusions made in the evaluation on the results and effects of the support via Swedish NGOs, but also give indication that local dynamics continuously change conditions, even for cooperation between NGOs. In particular an increasing number of Estonian NGOs feel a growing need of another type of cooperation than that which has been used up to the present time. They say that have learnt a great deal from their Swedish partners in cooperation and have developed rapidly, partly due to that help. Now a more mutual type of cooperation is wanted, with a greater amount of give and take. The support has been highly relevant for the process of transition in Estonia. Estonian NGOs have still not recovered the prestige they had in pre-war Estonia. Further support from the Swedish NGOs is important but if the support is to be highly relevant in the future it is necessary that the Swedish NGOs gradually adapt their working methods to changes in conditions.

3.2 TWINNING COOPERATION

Twinning cooperation between Estonia and Sweden started to be built up soon after the collapse of the Soviet Union and was initially financed by the municipalities themselves. The possibility of applying for additional finance in the form of government support via BITS came into being in 1991. The objective of the BITS programme was to widen and deepen cooperation and to support democratic development. The Swedish Association of Local Authorities undertook to administer the funds, i.e. to examine applications and to approve grants on the basis of given guidelines.

Twinning cooperation has been evaluated in 1993 and 1996. At the point in time for the evaluation of 1996 a total of SEK 50 million had been disbursed in the form of grants. Of this amount 34 per cent had been allocated to projects in Estonia which was thus clearly the largest recipient of this type of financing. Of the grants approved by the Swedish Association of Local Authorities, 43 per cent referred to the strengthening of democracy. Just over a fifth were allocated to both the environmental sector and the social sector.

The evaluators are enthusiastic in their overall assessment of the results of the support for twinning cooperation. It has had a decisive influence on the development of local democracy, introduced new thoughts, ideas and principles in municipal operations, contributed to a greater awareness of the environment and influenced both the education system and other social sectors. In Estonia it had also had an effect at the national level in that the new Estonian local government law was drawn up

with the Swedish law as a model.

Twinning cooperation was also considered to be clearly cost-efficient, particularly in consideration of the results achieved in relation to the small budgets of the projects. The recipient municipalities were given a decisive influence over the choice of areas and the programme had resulted in the establishment of networks between the two countries.

On the recipient side the evaluators note that, among other things, the municipalities in Estonia are really too small to provide the social services expected by the citizens. At the same time the national association of local authorities is weak, is in a phase of being built up, and is seeking its role. Cooperation between municipalities in Estonia is also fragmented since several Estonian associations are involved. Closer cooperation needs to be established in this respect.

The evaluators note that equality between women and men could have been given a greater focus in the programme of twinning cooperation and that a certain duplication of effort had occurred in respect of training materials. The evaluators also note a certain exhaustion in Sweden where twinning cooperation is concerned and that the language issue still limits discussions on new areas for cooperation. Even though the number of Swedish municipalities constitutes a limit for a further expansion of the programme, the evaluators recommend that Sida continues to support twinning cooperation.

Subsequent interviews with Estonian representatives confirm in general the evaluators' conclusion that the programme of twinning cooperation is appreciated. From the central resource allocation perspective it has the advantage that the participating municipalities gain access to resources which the government would be unable to mobilise. At the same time a demand for Estonian funding can arise which the Government might have problems in meeting. Twinning cooperation is considered to be of importance for the reform process by focusing on social sectors and problems which have hitherto received too little attention. There is still a role for twinning cooperation to play: to lead municipalities into the national development process, for example by helping them directly into the IT society.

In addition to the broad programme of twinning cooperation presented here, the **Swedish Association of Local Authorities** has implemented three projects of its own in support of the reform process at the municipal level in Estonia. A project, at a cost of SEK 321,000 seeks to **strengthen democracy in the local government administration**. The second project, estimated at SEK 752,000 refers to the insurance of local government property. The project has the aim of giving municipalities in Estonia greater awareness of the risks and the amount of damage which occur in their operations, and of creating a strategy for how the municipalities themselves shall solve their administration and financing of damage to municipal property, and thus have greater prospects of running their operations without disruptions. A third project has the aim of creating a common base for **local government auditing** partly by drawing up overall principles and good administrative practice for local government audit and partly by improving the professional expertise of the municipal auditors and supporting the development of the role of auditing. The target group is both auditors and accountants and elected officials in municipalities and audit committees.

A decision to finance the first two projects was made by Sida in the latter part of 1997. Only a part of the first project has been implemented hitherto, the training of the clerks of municipalities in democracy and public administration. The joint final report of the Swedish Association of Local Authorities and the Estonian public administration institute emphasises that the experience of the Swedish municipal administration is relevant to Estonian problems, for example mergers of municipalities and various aspects of local government democracy. The Estonian clerks of municipalities participating in the programme express their great appreciation of the study visits to the Swedish municipalities.

From the overall results analysis perspective the Swedish support to the Estonian reform process at municipal level appears to be of great value. Through the twinning cooperation programme, support at a concrete level and at a low cost is achieved which also yields a considerable added value in the form of permanent contacts between the two countries. The quality of the projects in the programme varies. However, on the other hand the programme can show both low costs and an extensive personal engagement which in turn is a great asset in cooperation. The sustainability of the results can be difficult to assess but the fast pace of the reform process has the effect that results achieved can soon become obsolete. However they can also form the foundation for new efforts. The twinning cooperation programme and municipal cooperation is highly relevant to the Estonian reform process.

3.3 COOPERATION BETWEEN COUNTY ADMINISTRATION BOARDS

After the twinning cooperation programme at municipal level had been established between Sweden and the Baltic countries which had just regained independence, BITS wished to try a corresponding form of cooperation between county administration boards. A pilot project was started in 1993 in Estonia and Latvia with the aim of transferring know-how and exchanging experience between Swedish county administration boards and their counterparts at regional and local level there. The pilot project was extended the following year to Lithuania.

The explicit objective of the programme of cooperation has been to strengthen democracy and to improve professional expertise at the regional and local administrations in the Baltic counties. It is intended that the goal shall be mainly achieved by the transfer of know-how in the working areas of the county administration boards. The programmes of cooperation shall be concrete, well defined, and lead either to sustainable results or to strategic effects on the reform process. With the aim of avoiding duplication of work and of taking advantage of the administrative capacity of the county administration boards, Sida delegated the responsibility to select and implement projects collectively to the county administration boards in accordance with stipulated guidelines. The partners in cooperation were to agree jointly on the objectives and intended production results of each project.

Cooperation between the county administration boards in the three Baltic countries was evaluated in 1996. The evaluator found that a number of different projects had seen the light of day and that no fewer than 20 county administration boards in Sweden and 30 regional and local administrations in the Baltic countries had participated in the programme. Over 2,000 persons had cooperated in the 120 different projects. Of the total amount of SEK 12 million disbursed during the period 1993 to 1995, almost 50 per cent had been allocated to Estonia.

The evaluator makes the assessment that, with few exceptions, the projects have achieved their goals and the overall result is satisfactory. Approximately half of the projects focused on public administration or development of rural areas and directly supported the democratic process. A fifth were environmental projects while five per cent were equality projects. Among the Baltic states Estonia has had the most even regional distribution of the programme. In Estonia only two counties, which are among the least developed in the country, did not participate.

The programme of cooperation is highly appreciated in the Baltic countries and is seen as valuable for the countries' further development. The lack of a long-term perspective in the programme has, however, impeded the strategic approach and had had the consequence that the programme was made unnecessarily ad-hoc. On the other hand this has also probably facilitated networking and resulted in more contacts of value for future cooperation. Initially there was a lack of awareness on the Swedish side of the conditions for cooperation which partly explains the lack of a strategic approach.

The evaluator considers to be flexibility and the small amount of bureaucratisation of the decision-making process and implementation of projects as being among the greatest advantages of the programme. Another advantage is that the parties met as professional colleagues and have been given the opportunity to build up long-term relations. The administration of cooperation in Sweden is considered to be simple and practical.

Subsequently Sida decided to allocate SEK 5 million per year for a continuation of the county administration boards' programme of cooperation for the period 1997 to 1999, and the programme has also been given a longer-term perspective where the development of regional agencies is concerned. The positive assessment made in the evaluation in 1996 has been confirmed by interviews held in Estonia in connection with the work on the results analysis. The programme, which includes both the transfer of know-how as well as joint projects and development work, has been valuable and has contributed to the development and consolidation of the regional and local administrations. However the interviews indicate that it is now time to proceed further in the programme of cooperation, for example to raise the levels of ambition in the training programmes. Basic know-how acquired can now be used for more specialised projects, for example in the area of environmental economics.

In a results analysis perspective the county administration boards' programme appears, as the twinning cooperation above, to be cost-efficient and productive. The evaluation reports high levels of goal fulfilment. The partners want to continue the programme. The programme must be considered as highly relevant for the reform process.

3.4 CULTURE, LANGUAGE AND INTEGRATION

A part of the Swedish support to the reform process in the former Soviet Union is channelled via the Swedish Institute (SI). In 1997 SI allocated a total amount of SEK 71 million to various areas in countries in central and eastern Europe. Of this amount SEK 46.9 million came from the appropriation for cooperation with central and eastern Europe. Of these funds, which are relevant for the purposes of the results analysis, SEK 4.9 million was allocated to Estonia. In addition there are parts of the regional projects amounting to SEK 12 million. Where the regional projects are concerned, the budget for cooperation with central and eastern Europe finances the SI's information programmes on Sweden and cultural activities in an amount of SEK 1.5 million each, scholarships amounting to SEK 0.7 million and Swedish language teaching in an amount of SEK 1.1 million. Special projects with a direct link to the reform process are included in the programme, including the projects which SI support in the area of integration.

SI, whose main task is to spread knowledge and information about Sweden, has also been commissioned by the Government to support and develop contacts in the social, cultural and educational fields with countries in central and eastern Europe, especially in the Baltic Sea area. The objective of SI's cooperation with countries in central and eastern Europe is to transfer know-how from Sweden in areas which are requested by the country concerned and in which Sweden is considered to have special expertise.

Cultural cooperation, which focuses on deepening the culture of democracy, is used to promote cultural solidarity and the development of knowledge. Its point of departure is the free artistic and cultural life. In the area of cultural cooperation 31 projects amounting to SEK 656,000 were approved in 1997.

Within the framework of **information on Sweden**, material on Sweden which is in demand is produced in Estonian. Among other things a multi-lingual map of Sweden has been produced in

3,000 copies. The Sweden information programme also includes a relatively extensive exchange of experts which provides opportunities for personal exchanges, participation in conferences and seminars, and project support.

In cooperation in the field of **education and research** finance is provided for a programme of cooperation between university colleges in the countries, individual scholarships for Estonian and Swedish research workers and participants in SI's summer courses, and training in the Swedish language at the university and university colleges in Tallinn, Tartu and Narva. In the programme of university college cooperation a total amount of SEK 1.9 million was granted in 1997 for nine projects mainly in the fields of natural sciences and the environment. Several Estonian scholarship holders were given the opportunity to study at different institutions in Sweden. Some 20 Swedish scholarship holders received, in total, an amount of SEK 4 million for various purposes, of which some focused on several countries. At the same time funds were also allocated for approximately just as many minor field studies in Estonia.

In its bill on cooperation with central and eastern Europe of 1995 the Government announced "substantial inputs" in Estonia to facilitate the **integration of population groups** which do not have the language of the country as their mother tongue. Language teaching was emphasised as a main instrument. Language skills are a prerequisite for citizenship, facilitate the exercise of democratic rights, and contribute to greater trust between different groups in the population.

During the two fiscal years 1995/96 and 1997 SI provided a total of 34 grants amounting to SEK 2 million for various activities for the promotion of integration in Estonia. The most important areas covered by the projects were a radio station in Narva, the training of non-Estonians in the Estonian language, culture and history, translation of Estonian literature to Russian, and projects which focused on Russian-speaking young people and their teachers. A large proportion of the projects have been implemented in northern Estonia.

The Swedish support to the work of integration in Estonia was started in 1993. At the end of 1997 a total amount of SEK 4 million had been disbursed. An evaluation of the whole programme was presented in early 1998. The evaluation, which focuses on the fiscal years 1995/96 and 1997, examines 11 major projects during that period. Through their actual, and in certain cases measurable, results the projects have supported the integration process in Estonia. One complication where the evaluation of more general integration-promoting projects is concerned lies in the difficulty of measuring the integration effects and of assessing how many people have been affected by them.

Direct integration-promoting effects are considered to have been generated through a refunds of course fees for training in Estonian in Narva, a summer camp for 400 children and young people with language training in Estonian, and a further education programme in Estonian for some 300 Russian speaking teachers in north-east Estonia. Of the projects which the evaluation considers to have a more general integration-promoting effect, special mention is made of the establishment of a local Russian language radio station in Narva which has greatly increased the availability of Estonia-oriented news reports in the north-eastern part of the country. Among other general integration-promoting projects the evaluation gives prominence to the support to use debates in language training programmes and to produce Russian language TV programmes on Estonia's cultural history.

SI's support for integration has been provided in a context in which the Estonian Government has not accelerated the process of integration through its own strategic preparations or projects. It was firstly in 1997 that the Government started strategic work in respect of integration and language training in Estonian. Neither has SI laid down a strategy or directed its support to certain target

groups. The evaluator sees this as a reason why certain projects have been less cost-efficient and relevant. On the other hand the support has been characterised by flexibility and has been sensitive to Estonian priorities.

The evaluator draws attention to the fact that the great amount of foreign support for integration-promoting measures in Estonia - which in total have greatly exceeded the Estonian allocations for the purpose - can have made a more extensive input from the Estonian side unnecessary. In addition Estonia may have failed to secure institutional development and know-how since foreign contributions have not been followed up by Estonian projects to an equivalent extent. However, she also identifies a certain amount of institutional development which has emanated in particular from the efforts to coordinate a broad spectrum of foreign support. In addition this support can have speeded up Estonian efforts to formulate a strategy for work in this area.

The fact that SI's integration support is flexible is confirmed by interviews made later in Tallinn where it also emerged that, for this very reason, the support has met local needs and reached the target group for the integration process to a greater extent than support from other donors. At the same time attention is drawn to the difficulties of really knowing where the Swedish funds have gone, due to the variety of projects. The above-mentioned Estonian work on a strategy has had the result that in the spring of 1998 the Government adopted a uniform school system for the country, created a foundation for the integration of non-Estonians, and approved a language training strategy for inhabitants who do not speak Estonian.

As a complement to the SI support to the Estonian integration efforts - and partly as a result of the fact that this has been rather tentative from the strategic point of view - a joint Nordic-UNDP programme has now been drawn up in Tallinn. The UNDP has a respected expertise in the subject and has now, together with the Nordic embassies, drawn up a proposal for support to the above-mentioned, newly established Estonian foundation. Swedish support can therefore be provided in three ways to this area - via SI, via Nordic countries-UNDP, and via Phare which is increasing its allocations for the same purpose. Nevertheless the embassy in Tallinn considers that there is no danger that there will be too many donors where integration is concerned since the task is so unusually extensive.

From the results analysis perspective the SI support for integration appears to be successful. The project's results and effects are considered to be good on average. It is true that cost-efficiency varies but there is, at least in part, an explanation for the variations in the shortcomings to be found in the development of strategies and policies. These deficiencies also affect SI, even if work on a strategy is now taking place in the agency. The sustainability of the effects appears to be reasonable, particularly in consideration of the fact that integration work is dynamic and consequently in many cases effects only need to be short term. The support for the reform process in Estonia, as in the EU adjustment perspective, must be considered to be highly relevant.

A further project can be added to this part of Sweden's support to Estonia during the period - implemented outside the SI support - a small project which focuses on press-ethics questions.

SI's classic information, cultural and educational exchange programmes were established long before Swedish cooperation with central and eastern Europe came into question. The activity is of the same type as that which takes place in a number of other countries, and with financing from other appropriations than that used in this particular case. The activity has been considered relevant in a perspective of cooperation with central and eastern Europe and can therefore be financed by that appropriation - and the activity can thus be of a much larger size than if this had not been the case - even if such considerations and conclusions do not follow as a matter of course.

No information is available on the extent to which SI has allocated resources for the development of a policy or strategy for the assignment, for example how cultural cooperation shall be best organised in a post Soviet context. The activity has not been evaluated.

In a results analysis perspective it can be stated that even if information, cultural and educational exchanges had not come into being as a response to the objectives of cooperation with central and eastern Europe - and in certain cases did not even have any relevance for them - there is nevertheless scope for projects of good quality which are also relevant for the reform process and for closer relations between the two countries.

3.5 THE LEGAL SYSTEM

Swedish support for the reform process in the legal field was first provided in 1992 with a direct cooperation agreement between the two countries' Ministers of Justice on the restructuring of the **Estonian courts' system**. During the years immediately thereafter some twenty small projects were implemented, mainly in the form of two-day seminars on different legal subjects, in order, in the first place, to transfer Swedish expertise and experience to Estonia. Half a dozen study visits to Sweden have been arranged for some 35 people. Special attention has been given to court procedures, and to constitutional law and human rights issues.

In 1995 a programme of direct cooperation between the prison administrations and the prosecuting authorities in Sweden and Estonia was included in the agreement.

In 1996 Sida had a review made of experience gained from cooperation in the legal field between Sweden and Estonia. The study established that cooperation up to and including 1995 had been relatively modest and found that the situation in the country justified its continuation and expansion. If decisive effects were to be expected, it was necessary to increase the allocations considerably.

The projects implemented were considered to be unusually cost-efficient, due in particular to the fact that the participating Swedes had made their contributions during paid working hours or during their spare time. At the same time the study is ambivalent in its assessment of the relevance of the projects. They have mainly been limited to presenting Swedish problem-solving in different areas, sometimes together with a discussion on the advantages and disadvantages of the solutions. The Swedish side has however, as a rule, gone no further and participated in the process of change in Estonia. The overall assessment was that even if the projects had had positive psychological effects and had been able to influence attitudes, the demonstration of Swedish models and methods is now of no great interest.

The recently started programme of cooperation in the field of correctional treatment is however considered to be of great interest. The programme, which was based on solid Swedish experience, had been permeated by enthusiasm and determination. The study points out that even areas outside the direct field of correctional treatment should be given attention, for example preventive projects among young people and the post-institutional care of released prisoners.

In addition to the above-mentioned areas the study recommends Swedish support to the Legal Centre in Tartu which was established in 1995. The study also calls attention to the fact that the Estonian desire for preparatory projects prior to EU membership had not received a response in the form of a specific Swedish engagement. However Swedish objectives with this content have been formulated at a later date.

A follow-up study made in 1997 shows a more positive assessment of the Swedish projects in the further training of judges than in the previous study, and that the proposed support to the Estonian Legal Centre in Tartu had not materialised. On the other hand the programme of cooperation in

the area of correctional treatment has proceeded and achieved good results, mainly through two exchange visits per year by staff on both sides. However, a cooperation agreement was reached in 1997 within the framework of a Nordic-Baltic cooperation arrangement under which, in the future, Sweden shall concentrate its efforts in the field of correctional treatment to Lithuania and not expand its support in Estonia beyond the ongoing twinning cooperation programme with three prisons. In the spring of 1998 a new agreement was concluded which contained an extension of this relatively limited programme.

According to information received from Tartu it had not been possible to implement the idea of support for the Legal Centre in Tartu since the judges and the Ministry of Justice had different views on how the future programmes of further education should be pursued. In places where the ministry wants to have a strong German influence and participation, the judges would like to see a greater mixture of external participation. In the lack of agreement between the Ministry and the Legal Centre on this issue, a project proposal could not be forwarded to Sida. However at the end of May 1998 an agreement was reached between the two sides on how the foreign projects in the area shall be balanced against each other. It would thus appear that an obstacle to an extension of Swedish support has been removed. Cooperation in this area was confirmed in the summer of 1998.

The Legal Centre, which has recently undertaken to participate in the Sida-supported programme for the training of public servants in EU legislation during the second half of 1998, expresses great interest in Swedish support in other areas than further education programmes in law. Particularly urgent needs were pointed out in the police force and the correctional treatment system. There is also an interest in establishing a regionally designed further education programme for young lawyers.

During 1997 an assessment was made of a proposal for more long-term and systematically organised cooperation in the legal field. A list of project proposals was handed over by the Estonian Ministry of Justice. It was intended that this list should form the basis for the planning of different projects and regular activities for several years. The most extensive section in the plan of action takes up a number of measures for EU adjustment in respect of legislation and education. In addition activities are proposed in the following areas: probation, human rights, direct daily cooperation between the two countries' ministries of justice, and certain additional inputs in the fields of education, information and administration.

A consultancy project was performed by Sida during the autumn of 1997 to carry cooperation forward. However apart from two projects - the recently mentioned training of public servants in EU legislation and the advisory services to the Ministry of Justice in EU adjustment - the list of proposals presented has not led to an agreement between the two countries. For the Estonian side the outlined programme of cooperation with Sweden is still given strong priority, a priority is based on a long background of trustful cooperation. The Ministry of Justice still attaches great importance to establishing the proposed cooperation arrangement. A further two of the 30 projects proposed in the action plan are now being assessed and can be implemented during the period in question. The two approved projects in the Ministry of Justice are parts of broader Swedish support to Estonia's adjustment to the EU which also contain projects in different parts of the administration.

The overall assessment of the Swedish support in the legal area is somewhat mixed. Cooperation in the area of the courts, prior to the period under review, mainly appeared to be valuable, with the reservation that parts of it were a demonstration of Sweden's solution to problems rather than active support to solve problems in Estonia. After 1995 good results have been achieved in the correctional treatment system which, however, cannot expand due to the Nordic-Baltic agreements on coordination. Both that programme and the courts' programme are highly relevant in their respective contexts in Estonia. The remainder of the cooperation in the legal field seems to have

come to a standstill which is regrettable particularly in light of the ongoing EU membership process. A recently submitted interim report by the Commission for International Development Cooperation in the Legal Sector, KUR, appears to make more active cooperation possible in the future.

3.6 EQUALITY

In 1996 and 1997 Sida offered Estonia support in the area of equality with a special focus on integrating aspects of equality into the programmes of bilateral cooperation. In 1997 support was given to a **development centre for women** as a continuation of a previous programme of support to rural development. The project has the aim of creating alternative possibilities for employment and earning an income and to promote social development for women in rural areas. A further project amounting to SEK 785,000 was implemented in 1997 via the Swedish organisation Kvinnor Kan (Women Can) to the Estonian professional women's organisation, EENA. In the first place the project included training of women business executives and managers in the form of three conferences in Estonia. The Swedish project is considered valuable by the Equality Office at the Estonian Ministry of Social Affairs.

The dialogue between Sida and, in the first place, the Ministry of Social Affairs which included among other things an information and training visit by Sida's equality adviser, led to a review being performed at the end of 1997. The review had its point of departure in the development of relations between women and men which has taken place in Estonia since the process of transition started in 1990. While differences and inequality between women and men have increased in several areas, it is still difficult to discuss these issues publicly. The very concept of equality is often met with suspicion and is connected more with obligations and public interventions.

Even if, on average, women have a higher level of education than men, they do not have corresponding advantages on the labour market. Of all the registered unemployed in the country in 1996, 67 per cent were women. Women are also seriously under-represented at all levels in political life. No organisations or movements with any influence have yet taken up the struggle for the interests of women on their agenda.

After the Beijing conference the Estonian government started to build up a national structure to promote equal conditions for women and men. An inter-ministerial committee, IMC, was appointed in 1997. The IMC had the task of drawing up a plan of action in the beginning of 1998 which was to form the basis of a working programme for the Office for equality between women and men in the Ministry of Social Affairs. The IMC has laid down four priority areas for the immediate future

- to build up a structure for equality in the public administration;
- to review all Estonian legislation from the perspective of equality;
- to produce gender-disaggregated statistics
- to improve the positions of women in the labour force and at decision-making levels

The review also took up cooperation with Sweden and recommended among other things that gender aspects of twining cooperation via the Swedish Association of Local Authorities and energy cooperation via the National Board for Industrial and Technical Development should be monitored better. Otherwise it was recommended that Sida pursues the work on gender disaggregated statistics, cooperates with Finland in the area of equality, pursues equality work in the Nordic Council of Ministers and the EU, and takes the initiative for a gender equality study which focuses on minority groups in Estonia.

In addition to the above-mentioned projects two equality-oriented projects have been implemented during the period in question. One refers to **Estonian participation in an international conference for visually handicapped women** in Sweden in May/June 1996. The objective of

the conference is reported to have been fulfilled and the conference is considered to have contributed to situation in which an increasing number of women shall hold appointments and participate in social life in the future.

A second project, which focused on producing gender-disaggregated statistics with the aid of Statistics Sweden, was planned for implementation in 1997. In order to obtain a greater impact from the resources allocated, the preparation of the project has been coordinated at the regional level for the three Baltic countries. After a regional pre-study has been implemented by Statistics Sweden, it is intended that bilateral projects can be implemented in all three countries.

The Equality Office in the Ministry of Social Affairs has expressed a need for research and a survey of the situation and development in the country with the aim of being able to giving information to a partly uninterested public. The Office had also hoped that Sida would emphasise equality issues more actively in programmes of cooperation since it is underlined as an important factor in official texts on Swedish support. From the results analysis perspective it also appears to have been treated somewhat unfairly. It is true that there is little interest in allocating resources to this area on the Estonian side. But the objectives of cooperation with central and eastern Europe during the period under review provide the basis for more vigorous efforts than those which have been made.

4. SUPPORT FOR SOCIALLY SUSTAINABLE ECONOMIC TRANSITION

4.1 THE PRIMARY SECTOR

The relatively small amount of Swedish support for the reform process in the primary sector - apart from land reform - in Estonia has been allocated to agriculture and fisheries. An early project amounting to SEK 1.5 million in the area of **satellite-based forest inventory** was finalised during the period. The project was intended to develop, test and introduce a system for the follow-up and surveillance of the forests in the country. According to the joint Swedish-Estonian final report the project resulted in the acquisition of highly relevant know-how and methods for making forest inventories and producing forest maps by the Estonian forest surveillance centre.

A further Swedish project is taking place in the forest sector, **the training of forest consultants**. As a result of the land reform some 100,000 new private forestry companies will come into being in the country. Most of these lack knowledge and experience of both forestry and running a company. This new situation affects half of the Estonian forest area.

In the light of this the Estonian forestry agency has decided to train forest consultants. In 1998 the Swedish National Board of Forestry is implementing a project, estimated at SEK 1.5 million, which is expected to result in 45 Estonian public servants acquiring both theoretical and practical training in methods, teaching methods, and advisory techniques. After the training programme the forest consultants shall assist new forest owners with comprehensive and professional advisory services within the framework of a newly established field organisation.

The final report is not yet available. However, the project is clearly of relevance for the economic recovery of the country as well as for the conservation of natural resources in the country.

Within the framework of Nordic collaboration, the Ministers of Agriculture in Denmark, Finland and Sweden, and Estonia, Latvia and Lithuania decided at the end of 1996 to cooperate in a programme of **support prior to the forthcoming membership negotiations with the EU**. Of the seven sub-sectors concerned, Sweden assumed responsibility for support in the sectors of animal and vegetable foods and products and fisheries. The planned project would include the identification of problems and a survey of desirable projects in order to come up to EU requirements

in connection with the negotiations. The work was seen as a first stage in a review of the regulations. Sida decided to provide SEK 0.4 million in the form of support to the project. The project was common to the three Baltic countries.

The above-mentioned projects led to a proposal for further work which would mainly focus on the training of government employees in the three Baltic countries. During this phase, within the framework of Nordic coordination, the Swedish projects would focus on the market economy and the foundations of the common agricultural policy, EU's market regulations in the areas of animal and vegetable foods and products, market regulations in the Nordic countries and the fisheries sector. According to Sida's memorandum the project was expected to result in well trained government employees and specialists in the areas in question.

In the project support memorandum Swedish expertise and the advisory services support is considered to constitute a great asset for the Baltic countries. The memorandum makes the assessment that aspects relating to both the environment and equality had been taken into consideration. An amount of SEK 2,670,000 was allocated for the project which is expected to be completed in November 1998.

As in the previous case there are still no reports on the implementation of the project. Therefore it is not possible yet to assess the quality of the Swedish project or the results achieved. However, the stipulated objectives for the project must be considered as highly relevant for the EU adjustment process. It is also of interest to note through these types of projects the contacts between colleagues in the ministries on both sides of the Baltic Sea are strengthened, and networks can be established and rapidly enter into a active phase.

Cooperation in the primary sector also includes certain fishery projects via Swedmar, the National Board of Fisheries' consultancy company. After a project amounting to some SEK 2 million in respect of coastal fish conservation in the Baltic countries was started in 1994, the three Baltic countries requested at the end of 1995 Swedish support for acoustic assessments of the stock of fish on the coast. The aim of the project was to make it possible for the Baltic countries to determine the actual size of the fish stock in their coastal waters. The project was to include theoretical and practical training of two representatives from each country as well as the supply of portable echo-sounding apparatus and further local training in the countries concerned. Swedmar is also responsible for this project.

The project, which is not finalised yet, appears to have produced the intended results hitherto. This project, as the others mentioned here in the primary sector, is relevant for both economic transition and recovery and for the conservation of natural resources in the country.

4.2 LAND REFORM

The Swedish support to Estonian land reform has mostly consisted of a programme of support to the work of developing functioning land survey and cartography functions. Earlier projects took place for example in the field of physical planning where an exchange programme has been in progress for a period of several years with Swedeplan as the partner in cooperation on the Swedish side.

During the period covered by this results analysis, institutional support has been provided in the form of advisory services for the Estonian land agency and training in property systems, land survey and valuation via the National Land Survey's subsidiary company Swedesurvey, amounting in all to SEK 3.3 million. In addition to this considerable support has been provided for Estonian map production, including basic maps, aerial photography, production of different types of maps. The projects in the area of mapping, including an ongoing but not yet formally approved project, amount

in total to SEK 22.5 million. The main part of this work has also been implemented by Swedesurvey.

The **advisory project in the area of institutional support** has consisted of the long-term engagement of the National Land Survey's former director general in building up an Estonian government agency. However the map function has been given to an independent company. The advisory services have focused on strategic issues, including the production of a scenario for the development of the agency into the next century. The project, which took six months, has been received with great appreciation by the Estonian side which recently requested a prolongation of a further six months.

The extensive **support for mapping** started with a project by Satellitbild for the development of basic maps in Estonia. Thereafter Swedesurvey has used its own plane for aerial photography of different parts of the country, section by section. After the ongoing aerial photography programme, which is planned to end in 1999, the whole country will have been covered. Reliable maps can be produced from aerial photographs. Basic maps are partly being produced on a scale of 1:50,000 which is of vital importance for the implementation of the land reform. Of the 112 map-sheets for the country, 67 have already been printed. However, a lack of financial resources has prevented the further printing of the maps in Estonia and therefore some of the map-sheets will be printed in Sweden. An orthographic map is also being produced from the aerial photographs. This was initially done in Sweden but can now be produced in Estonia.

In the opinion of representatives of Estonia what is more important than the maps themselves is the database which is a result of the programme of cooperation, a Global Information System (GIB) database, which is used for physical planning at the county level. The database is said to be fully used and updated regularly.

The support provided by the Swedish National Land survey constitutes support for the implementation of the land reform in Estonia. The responsibility for implementation is at county and municipal level but capacity varies considerably. In particular in the administrative capacity of the many small municipalities - the country's smallest municipality has 88 inhabitants - is extremely limited. Even where there is greater capacity, the municipal authorities have preferred in general to act cautiously rather than to take risks in sensitive and complicated matters relating to the ownership of land. The initially relatively slow pace of implementation has, however, increased every year. According to present plans the land reform will be implemented in its entirety by the year 2000.

The Estonian side express great appreciation of the Swedish support and consider that its importance cannot be overvalued. Estonian cartography has been built up with Swedish projects. It has also been possible to adapt the Swedish support to changing circumstances in the country. The continuity is also appreciated - the same persons have participated on the Swedish side since the start of the programme of cooperation five years ago. Even if in the beginning the Swedes may not have completely understood what sort of country Estonia was, this is not the case any more. Hopes have been expressed that the programme shall continue as hitherto, partly since the Estonian authorities have financial problems.

The Swedish support to cartography and land survey in Estonia appears to have resulted in the products intended - maps, know-how, institution building. The effects appear to be sustainable to a reasonable extent. The Swedish projects have been given a positive assessment in Estonia. The support must be considered to be highly relevant both for the reform process and in a EU perspective.

4.3 TRANSPORT AND COMMUNICATIONS

The Swedish support to transport and communications in Estonia has been allocated to aviation, postal services, shipping, railways and the roads administration.

At independence the Estonian government took over that part of the Soviet Aeroflot structure which was located in Estonia, including airlines, air fields and air traffic services. There was no civil aviation authority and no air safety service. With the aid of financing from BITS the Swedish Civil Aviation Administration's international consultancy company, Swedavia, provided acute projects in the basic functions of civil aviation including language training. After the initial phase of the programme of cooperation it has concentrated increasingly on equipping Tallinn's airport, on the further development of the civil aviation service and on the training of air traffic controllers.

Swedish support up to and including 1995 was evaluated in 1996 together with corresponding projects in Latvia and Lithuania. The evaluator states that a air traffic structure had been installed and was functioning adequately enough at that point in time. The former Soviet air traffic routines had been replaced by western routines. An independent national civil aviation administration had been established which was fully capable of handling the increasing amount of air traffic. The evaluator also states that the process had proceeded remarkably rapidly.

Four projects had been implemented up to 1995, two containing broad institutional support and two associated with the rehabilitation of Tallinn's airport. To sum up the evaluator finds every reason to regard cooperation in the field of civil aviation as successful. It should now be possible to meet further needs for improvements and rehabilitation with the aid of the revenue generated by air traffic.

During the two fiscal years covered by this results analysis two more projects, amounting in total to SEK 6.2 million, have been fully implemented. One refers to institutional development in the area of civil aviation and includes the development of a management and organisation model for air navigation services. It is directed towards the government air navigation company, EANS, which is now responsible for operations at Tallinn airport. The other project partly supports the category upgrading of Tallinn airport and partly the air school in Tartu. The components of the two projects referring to air safety and aviation medicine, still remain to be implemented.

The Estonian assessment of the two projects is positive. One contribution to the positive result has been the fact that EANS has been well established since the beginning of 1998. Estonian assessments also confirm the conclusion of the above-mentioned evaluation in respect of the value of Swedavia being able to become established in the region - the two companies are now undertaking consultancy assignments in Russia together.

In this connection an **aviation project of a mixed civil and military character, ATMAS**, financed under cooperation in the field of security and implemented in 1997, should also be mentioned. According to information obtained in interviews the project's civil component has been more successful than the military component due to the stronger mobilisation of national resources in the civil side. However the project has provided a good base for Estonian participation in the Baltnet project for air space control.

To sum up it appears that the Swedish civil aviation support has been successful. The Swedish projects have been assessed as well adjusted to prevailing circumstances and well implemented. Hitherto the effects seem to be sustainable. Cost-efficiency appears to be reasonable. The projects are highly relevant both for the reform process and in a EU perspective.

Extensive support has been given to shipping in Estonia. Five bilateral projects amounting in total to

some SEK 7.5 million which have focused on the safety of ships, modernisation of lighthouses, the maritime infrastructure, sea safety systems and sea rescue services, as well as a regional project for training in sea rescue, have been implemented by the National Administration of Shipping and Navigation.

The first project has the objective of supporting the production and introduction of national rules for handling hazardous goods, including the production of instructions for the classification and practical handling of the goods. The lighthouse project has the aim of strengthening the capacity of the Estonian institutions involved in safety at sea to implement the technical inputs which are necessary to renovate sea safety installations and maintain the installations in good working order. The third project comprises support for the transition from the former Soviet so-called cardinal system for marking shipping lanes to the internationally recognised so-called lateral marking. This project also includes rehabilitating shipping lanes at Paldiski. The sea safety project has the aim of improving legislation and of further strengthening the capacity of the Estonian shipping agency to ensure that the law is observed. The fifth project includes producing manuals for sea safety, routines for a maritime rescue centre and methods for making searches etc, and for forecasts of oil slick movements.

In addition to the bilateral projects Estonia has also participated in a regional project which has had the aim of building up the capacity of the Baltic countries to participate in the planning and implementation of oil destruction activities and sea rescue actions in accordance with current international conventions.

The relatively extensive programme of cooperation has mainly been finalised during 1996 and 1997. An evaluation made in 1995 concluded that the Swedish projects had had a clear and relevant focus and had been implemented successfully. It had had the result that Estonia had been able to establish a shipping agency which had gradually built up its professional skills in different operational areas and was capable of discharging its responsibilities in accordance with recognised standards. However, the evaluator pointed out that the Estonian shipping agency was not yet a fully mature organisation and that it worked under inadequate legislation.

Representatives of the Estonian shipping agency express great appreciation of the Swedish projects. The early Swedish support was particularly meaningful, since large parts of the Russian key personnel who controlled shipping in Estonia during the Soviet period had left the country together with essential equipment, such as power plants for the large lighthouses. The later projects are greatly appreciated as support for the further improvement of Estonia's possibilities to participate in international shipping and sea safety cooperation. The Estonian shipping agency would like to continue cooperation with a focus on greater integration and cooperation in respect of shipping in the Baltic Sea, not least in the form of cooperation in the so-called Vessel Traffic System, VTS, which is now being built up and which combines various functions associated with shipping such as pilots, sea rescue and sea surveillance.

The Swedish support to the Estonian shipping agency appears to have had an appropriate focus and been well implemented. It has focused on the adjustment and rehabilitation of vital parts of the civil shipping sector. The stipulated results appear in general to have been achieved. The support is highly relevant both in terms of the reform process and EU adjustment.

The **Estonian road system** has also received a relatively substantial amount of Swedish support. An extensive road administration study, budgeted at SEK 4.7 million, has been supplemented with institutional support to the Estonian road administration, cost estimated at SEK 1.8 million. Both projects, which were finalised in 1997, were implemented by the National Road Administration's consultancy company, Sweroad.

The institutional support has included several training programmes, often of a technical nature and at a basic level. Staff of the Swedish Road Administration - for example mechanics and road surveyors - worked for certain periods of time together with their Estonian colleagues, and a certain amount of equipment was also made available. Today representatives of the Estonian Road Administration consider that this project as valuable when it was implemented, but point out that needs in respect of know-how are now at another level.

The road study, which partly makes a review and classification of the road network and partly goes into management issues such as organisation and resources, planning, budgeting and follow-up, also includes a section on private roads. This issue is of great importance in Estonia which has some 30,000 kilometres of private roads. Since independence the responsibility for the maintenance of these roads has rested with the county administration boards which, however, do not have the resources for the purpose. The Swedish model, with private road associations which look after a local road network and which can receive government support for a part of the costs, has aroused great interest and shall be tried in Estonia. The study was completed in 1997 and is at present being translated into Estonian.

The study is considered by the Estonian side to be very valuable. Its content is already being used in different parts of the administration. The Estonians hope to proceed to a second phase which is planned to contain a further development of issues relating to the private road network and of functions in the road administration such as maintenance and long-term planning.

The Estonian side consider the programme of cooperation with Sweroad as very good, cooperation which also takes place in the Nordic Road Association. After cooperating, mainly with Swedes and Finns, for several years they know the strong and weak sides of their partners and can choose. Stipulated goals of the programme have been achieved. The effects appear to be sustainable to a reasonable extent. From the results analysis perspective the programme of cooperation stands out as being clearly relevant, primarily for economic recovery in the country.

A **transfer of knowledge project in the railways sector** has been implemented during the period, a course held twice directed at some 20 Estonian railway officials. The course which was held by Swederrail took up, among other things, the restructuring of railways, management and control issues, finance and budgeting, market orientation and safety. In their evaluations the participants write of important effects for the development of the railways in Estonia and state that a foundation has been laid for long-term cooperation between the railway administrations in the two countries.

4.4 INDUSTRY AND COMMERCE

During the first few years after independence Sweden financed a number of small projects to support industry and commerce. The approach was broad since there was uncertainty on both sides in respect of needs and solutions. Since 1995 support has focused in the main on two programmes Start-East and Advantage Balticum.

Start-East, which was started in 1994, focuses on the development of small companies. With the aid of cooperation between Swedish and Estonian companies the aim is to start up productive and profitable activities as soon as possible. The programme offers loans, which can be written off, for training programmes in the Estonian company in connection with the start-up of a business project. In addition loans are given for certain investments. From 1998 the total amount may not exceed SEK 750,000 and cover 30-40 per cent of the project cost. The programme is administered in cooperation with ALMI Företagspartner.

There has been a great interest in Estonia among Swedish companies. Of 171 applications, Sida

approved contributions to 72 projects corresponding to SEK 16 million in write-off loans and SEK 3.5 million in conditional loans. Of these projects 20 projects are currently in progress. Cooperation between 33 companies on both sides has continued after the support to them ended. The most common sectors were electrical goods and optical instruments, furniture and associated products, textiles and ready made clothing, and building and installation. Of the 72 projects, only 24 referred to Tallinn and 48 to other parts of the country. This means that there was a relatively even geographical distribution compared for example with the projects in Latvia and Lithuania. Due to the rapid development of industry and commerce in the country, Estonia has not been included in the Start-East programme since 1998.

The Start-East programme was evaluated in 1997. The programme was then described as relevant and well managed. The evaluators state that Start-East has resulted in an increasing amount of business cooperation between small companies in Sweden and the partner countries. The effects of human resource development are emphasised. The evaluation is based on a sample of projects in all countries and the conclusions do not therefore automatically refer to Estonia. In view of the positive economic development in Estonia and a harder screening of projects (due to a larger number of applications) in the country, it can be assumed that the results for Estonia have probably been better than for the programme on average. To obtain a complete picture of the results of the programmes an assessment has to be made at company level.

Advantage Balticum is a programme which has the objective of promoting exports from the Baltic countries by introducing Baltic exports to the Swedish and west European markets. During 1996-1997 a total amount of SEK 1.3 million was utilised for the region which was considerably lower than the budgeted amount. The programme has included arranging contacts, participation in trade fairs, training, and the production of presentations for Estonian exporters. In Estonia cooperation has mainly focused on two sectors, textiles and furniture. The programme has not been evaluated. However it has resulted in a number of business contacts and export orders for Estonian companies which would not have occurred without Advantage Balticum. The adviser for the textiles sector has made a rough estimate that hitherto it can be a question of export volumes of SEK 15-20 million. The export successes are said to be important for the privatisation process.

Between 1992 and 1995 Sida also supported the establishment of the **National Standards Board of Estonia** (NSBE). In order to export products it was necessary that the products were of international standard and the Swedish Standards Association, SIS Service, contributed training and advisory services to the NSBE. An evaluation made in 1997 makes the assessment that the Swedish services are satisfactory. On the other hand the relevance and sustainability of the project is questioned as is the commitment of the Estonian party. A number of planned activities were never implemented. It should be mentioned in this context that the NSBE's mandate was changed during the course of the project. It is still too early to express an opinion on the long-term effects of the support. An application for further support was submitted in 1996 but no action has been taken since the NSBE is in the process of being privatised.

Swedfund International AB have made investments in five companies in Estonia. In 1996-1997 two new loans totalling SEK 0.6 million were granted to companies which manufacture textiles and plastic carpets. In addition the agency is responsible for the implementation of the Phare Joint Venture Programme, an EU programme which aims to create co-financed projects, and is the adviser to the Ministry of Foreign Affairs in respect of the so-called Baltic Sea billion.

The engine of economic and social development is a vigorous trade and industry. In this perspective projects in the field of industry and commerce are clearly relevant. However the idea is that companies shall be able to be self-sufficient and to survive in a competitive situation. A recurrent question in this connection has been how distortion of competition can be avoided. However, the

Swedish projects have been small and relatively widespread. Elements of human resource development and exchange of know-how have been strong. Both Start-East and Advantage Balticum are based on the market interest from the Swedish side.

In the years after independence support from abroad was of crucial importance to enable Estonian companies to move into international markets. Since 1995 levels of know-how have been improved. The flow of information and the supply of capital have increased. A considerable level of exports to the West has been established. However, many companies still have market problems, both large companies and small companies.

4.5 REGIONAL DEVELOPMENT

Development in Estonia has been rapid but uneven from the geographical point of view. There was no Estonian regional policy at the time of independence. Sida has therefore financed a number of projects for regional development.

In 1992 a programme was started via the National Board for Industrial and Technical Development, NUTEK, to promote the development of companies through the **establishment of business centres**. Four business centres were established in small towns. Through Phare four more were established in large towns. Over time the activity has expanded and today there are 16 units, including branches, which provide credits to small companies and promote the development of companies. Recently work has been in progress on integrating the various business centres on the ALMI model. Sida approved a project with this objective in 1997 (SEK 1.5 million) which is still in progress. A Regional Development Agency has now been established under the Ministry of the Interior which purchases services from the 16 business centres. Sweden is providing assistance in the form of advisory services. The result of the programme of cooperation has been on two levels. In part the regional policy has been given greater attention, and in part an organisation has been established which supports local businesses.

The rural development project **Kodukant** aims at mobilising local resources and promoting local initiatives. The former social system often made the citizens passive. Through Kodukant an attempt is being made to create local engagement in local development. The project was started in 1992. The decision on the third phase, which has recently been completed, was made in 1995 (SEK 950,000). This included the dissemination of experience on rural development, theme projects (IT, Estonian country food, young people, eco-tourism etc), training of entrepreneurs, and twinning contacts. In the final report it is stated that on the whole the third phase of the project has been implemented according to plan. Among the effects mentioned it is stated that Kodukant and the popular development philosophy which the project represents have been spread over practically the entire country through village meetings, regional information meetings, newspaper articles, rural congresses etc. Local development work, under the themes mentioned above, has accelerated. The project has also had an effect in Estonian politics. Today Kodukant receives funding from the Ministry of the Interior as one of eight national programmes for regional development.

Since 1992 Sida has also, in different spells, financed **an adviser at the Ministry of the Interior's unit for regional development**. The adviser has been seconded from Swedepan but has been employed in the Estonian public administration. He has been the driving force behind the above-mentioned projects, coordinated them, and also had an important role in the contacts with the Council of Europe and the EU. He has functioned both as an adviser and as an Estonian civil servant and has been able to contribute Swedish expertise on regional development in close cooperation with the Ministry of the Interior.

The relevance of the projects lie in the fact that they focus on those parts of the country where economic and social development is weak. There is a clear link to the development of industry and

commerce, even if the projects in this respect are even more clearly directed towards small companies and the local level. The fact that both Kodukant and the Business Centres are now largely self-sufficient indicates that the objectives have been fulfilled and that the results can be expected to be sustainable.

4.6 LABOUR MARKET

As a result of the economic reforms there was a rapid increase in levels of unemployment. Since previously there had been no free labour market or open unemployment, labour market policy measures in the Swedish sense of the term were unknown. As a response to this situation Sweden has provided support in the labour market area, mainly through the Swedish National Labour Market Board (AMS) and Amu International. These projects were evaluated in 1997.

Cooperation between **AMS and the National Labour Market Board** (NLMB) started in 1992, financed by the Ministry of Labour. In November 1994 BITS/Sida made a decision to provide institutional support to NLMB. The project budget amounted to some SEK 1.9 million.

The project consists of a number of sub-projects which, according to the evaluation, first seem to be rather disparate but which, from an Estonia perspective, soon fall into place. The overall objective was to strengthen NLMB institutionally. The different sub-projects were advisory services to NLMB for forecasting purposes, the building up of a "model employment office", training of officials, seminars for management, workshops in Sweden on labour market measures for the handicapped, and study visits.

According to the evaluation it is difficult to identify any individual results from the project but it is obvious that the project has played an important role in the development of labour market policies and measures. According to the evaluators probably the most important contribution is that it has created an understanding of the necessity of labour market measures.

The sub-project to improve forecasts was implemented as planned and has been appreciated by NLMB. The evaluators state, however, that not all goals have been achieved due to lack of staff, professional skills and resources. The establishment of a "model office" has not been successful and the Estonian side has decided to discontinue this component. A total of 65 officials were trained in five seminars, each of a week's duration, six persons from management took part in a two-week seminar in Halmstad on Swedish experience of labour market measures, and six persons have been given practical experience on the production of labour market services for the handicapped. Moreover there was a number of study visits to Sweden in respect of information management and advisory services.

According to the decision made by BITS in 1994, the AMU project had the aim of organising and establishing an institute for vocational training in five subject areas: restaurant cookery, building, metalworking and welding, car repairs, electronics and telecommunications. It included the development of syllabuses and the planning of courses. The Swedish services have included the provision of advice, training, installation of equipment and holding courses. The budget for the project was some SEK 3.3 million.

The project was delayed by approximately one and a half years. The reasons for this were institutional problems on the Estonian side, but the evaluation also points out that reorganisations on the Swedish side and deficient reporting makes it difficult to follow what actually happened.

The immediate results are that the syllabuses were produced in the five subject areas and that classrooms in a school were rehabilitated and equipped. However, NLMB points out that today the school has difficulties in recruiting students. Last year the employment office ordered only 10 places

(of a total of 10,000) at the courses established by AMU and no increase in this number is foreseen in the future. The courses are too expensive and training programmes in the same subjects are offered in many other places.

The evaluation made in 1997 describes goal fulfilment in the AMS and AMU projects as "reasonable" and is of the opinion that the possibility of obtaining long-term effects from the programme is good. At the time of writing it was not possible to give an opinion on the long-term results. Where the AMS project is concerned, there is still reason to be relatively optimistic. NLMB has obviously assimilated the know-how provided by AMS and has invested considerable resources of its own in the areas which were included in the Swedish project. However, one problem to which NLMB calls attention is that many of those who have been trained have left the organisation. Where the AMU project is concerned, the indication is that the long-term results will be very small.

The evaluation makes the assessment that the measures in the labour market area are highly relevant in view of unemployment in Estonia. However, the rapid change on the Estonian labour market must however be taken into consideration. At most unemployment was 10 per cent but the economic recovery has meant that this figure has decreased substantially (information varies due to different methods of calculation). Many companies have a lack of skilled manpower. In this light an efficient labour market institution with good capacity to make forecasts is highly relevant.

In addition to unemployment, labour market training is motivated today to an equal extent by the companies' need of skilled manpower. However, NLMB points out that at present there is an over-capacity where labour market training programmes are concerned and this applies in particular to the five subject areas which AMU have worked with. In addition since 1996 Phare has worked with the rehabilitation of 13 vocational schools. Due to this over-capacity it is now planned that 20 vocational schools shall be closed. The AMU project may possibly have been relevant when it was started but, partly due to delays, it cannot be said to be so when it was completed. In the opinion of NLMB what is lacking is financing for training and more specialised training programmes. It can also be questioned whether it was a wise strategy to invest in building up a special institute for labour market training rather than reinforcing the large number of existing schools.

As a separate project amounting to SEK 0.8 million, Sida has financed **an AMU training programme of 20 persons from NLMB and the Estonian Management institute**. The objective was that these persons should be able to implement programmes of further education for high level officials and specialists, mainly in Estonian industry and commerce. The course was implemented in the form of six separate seminars of one week each in Estonia and a study visit to Sweden. The project has not been evaluated. The subjects were of a fairly general nature. The benefit obtained by the participants from the course is not known. However, NLMB state that it is only in exceptional cases that the participants function as teachers.

In addition to the AMS and AMU projects Sida has provided support for a **welding training project** in Märjamaa with the objective of creating a training centre for training in welding which can be extended. According to the final report the project was implemented with certain difficulties. The results of the project are not known but NLMB states that the school has not been engaged by the employment offices.

Up to 1995 the National Board of Occupational Safety and Health had an extensive programme of cooperation with its Estonian counterpart which was financed by the Ministry of Labour. It included seminars, study visits and information work. A continuation of this programme has been planned. Furthermore at present there is also a plan for the continuation of cooperation between AMS and NLMB.

4.6 BANKING AND FINANCE

One cornerstone of Estonia's transition from a planned economy to a market economy has been the establishment of a banking system. At independence the country had no commercial banks and those which started often had considerable initial problems. During recent years there has been a process of consolidation in the banking sector and today there are about ten relatively effective and efficient commercial banks. BITS contributed training and advisory services at an early stage, partly through the Estonian banking association. Since 1995 Sida has supported three projects in the field of banking and finance.

Between 1995 and 1997 a Swedish banking and finance expert was financed to work in the Financial Institutions Development Programme, which was supported by the World Bank and Sweden (SEK 2.6 million). The programme aimed at contributing to the development of the banking sector and improving the availability of company financing, and would thus contribute to economic development in its entirety. It partly included the establishment of credit lines and partly technical cooperation for support to the banking sector. A so-called Core Advisors Group consisting of three experts was appointed for the implementation of the project. One of these (Accounting/Operations Adviser) was recruited from Sweden. His task was to assist the banks in developing accounting systems which fulfilled international standards. The expert was in his post for two years and the Ministry of Finance has expressed its appreciation. For macro-economic reasons only a small part of the World Bank credit was disbursed. On the other hand the Ministry of Finance emphasised the importance of the training programmes. During the project the expert had 235 working meetings with the management and staff of the banks.

In 1997 a **training programme for bank staff** was held by Kastellgården AB with the Estonian Banking Association as the Estonian partner in cooperation (SEK 750,000). The objective was to improve the capacity of key members of staff in the commercial banks and the Estonian central bank through a theoretical and practical training course in Sweden. The aim was that after the course the participants could hold internal training programmes in their own banks.

The project was implemented as planned with a one-week tailor-made course in Sweden for four different target groups with ten persons in each group. In the project's final report it is stated that the participating banks stated that the participants had received very useful and important expertise for their work at their banks. In particular the practical inputs and the study visits were greatly appreciated. However, certain participants were of the opinion that the level of the training was far too basic. In a questionnaire which was sent to the participants shortly after the seminar, several participants stated that they intended to hold, and in some cases already had held, internal training programmes in their own banks.

Sida has also financed a project for **IT security and IS Auditing Enhancement**. The background is the importance of bank security in general and IT security in particular. Particular attention had been drawn to the issue by the World Bank Core Advisers Group. The Swedish company Backupcentralen AB was therefore engaged by the Estonian Banking Association to make an analysis of the situation and to propose action to be taken in the Estonian banks. The objective of the project was to transfer know-how on IT security and IS audit. Generally speaking the project was implemented as planned during 1997. The results of the project were an analysis of 10 banks and a report with proposals for action to be taken. The degree to which the banks have implemented the proposals is not known, but the Banking Association point out that today several commercial banks are working with IT security and that the project came at the right point in time.

Since the autumn of 1995 **Sweden Financial markets**, a subsidiary company of Swedfund, has made risk capital investments in Estonian banks and thereby contributed to stabilising the financial system. Share acquisitions amounting to SEK 41 million have been made in Eesti Uhispank. Earlier,

now terminated, acquisitions were made in the Estonian Investment Bank (SEK 9 million) and Tallinna Pank (SEK 7 million). Furthermore Swedfund Financial Markets have provided mortgage loans to three Estonian banks (in total DEM 7 million). One of the loans will have to be written off due to bankruptcy.

Sweden is also contributing to promoting investments in companies through the Nordic Investment Bank (NIB) and the European Bank for Reconstruction and Development (EBRD).

Without doubt an effective and efficient banking system is of great importance for economic and social development. In this sense the three projects are clearly relevant. Today the banks and the Banking Association purchase courses on a commercial basis. This shows that there is a demand for training on the part of the banks and also that the training does not need to take place in the form of a development cooperation activity.

4.8 SOCIAL SECTORS

The social sectors in Estonia have received a limited amount of Swedish support during the period under review. A project in the area of **social information**, which was started during the previous programme period with the aid of Sweden's Federation of Social Insurance Offices (FKF) was completed in 1996. It had the aim of developing and subsequently introducing a method and a system for the registration and administration of social data on conditions at the local level. A model was designed for the application of Swedish experience on Estonian conditions was tested locally and introduced during 1995/96 throughout the entire country. According to the final report the new social information system had been taken into use throughout the entire country. The project is praised by the Estonian Ministry of Social Affairs which finds both the programmes and their results good. The FKF's programme of cooperation with its Estonian partners is greatly appreciated.

The most extensive project in the social area concerns **training and development of the medical services at the regional level**. Medical and administrative management staff in the hospitals and administration have participated in broad training programmes on leadership, planning, organisation and administration, budgeting and procurement, personnel management and motivation, and quality control and services control. The training programme has been based on the task of producing a medical plan for a county.

The Swedish project, which came into being within the framework of a World Bank project and is being implemented by Stockholm Care, has the form of a programme which shall cover the entire country. A first stage of the programme included the counties of Põlva and Võru, while Vaga and Pärnu were included in the second stage. The cost estimate for the programme is SEK 1.1 million. A third stage is being planned now for the counties of Jõgeva and Viljandi. The Ministry of Social Affairs plans to engage the public health department at the faculty of medicine at Tartu University in the work with the aim of gradually taking over the Swedish role, but considers the participation of Stockholm Care to be necessary at least for one more stage. The Ministry considers the Swedish project to be valuable, to have a strategic focus, and to be implemented well.

A third project via the Ministry of Social Affairs in the area of health education has recently been approved by Sida. The project, which is a training programme for trainers directed at district nurses, is estimated at SEK 0.7 million and it is planned that the programme shall be implemented by Stockholm Care. The partner responsible for the project on the Estonian side will be the Ministry of Social Affairs' centre for training and promotion of health.

A relatively extensive amount of assistance is channelled via the East Europe Committee of the Swedish Health Care Community (ÖEK), which was formed by the National Board of Health and Welfare in 1992. The task of the committee is to promote the development of good health and

medical care in countries close to Sweden through the transfer of know-how. In 1995/96 Sida allocated SEK 12 million for its activities and in 1997 SEK 9 million. In addition to this the committee receives allocations for special areas. In 1997 the committee received a total of SEK 19.9 million in government allocations.

Estonia has been the largest recipient of projects via the committee. In 1997 Estonia fell back into third position after Russia and Latvia. Sida's contributions via the committee are used for auscultation activities in Sweden for medical staff, building up model institutions with the aid of Swedish staff and equipment, training of health and medical staff, and strategic and/or long-term projects to support the ongoing reform process. Just over half of the funds are used for training projects. Maternity and child welfare and care of the handicapped are the two largest areas of activities. The committee's activities are greatly appreciated. They make possible a broad transfer of know-how programme in the health and medical services, mainly with a clinical focus. The activities are based on a strong commitment in the Swedish care sector for the needs of neighbouring countries, a commitment which is both a strength and a weakness. It provides a foundation which enables the care sectors of neighbouring countries to grow closer to each other to the benefit of all. The activities have not been evaluated.

Apart from the projects mentioned above, three small Sida-financed projects have been implemented in the social sectors in Estonia during the period under review. With the aid of the Royal Caroline Institute a **mortality atlas** has been produced. The National Swedish Association for Sexual Information (RFSU) has participated in a series of **sexual information seminars** arranged by the Estonian family planning society. The municipality of Norrtälje has supported the establishment of an independent centre for distance education of adults, particularly the unemployed.

The Ministry of Social Affairs has problems in making an assessment of cooperation with Sweden. The programme could contain more commitment and be better structured. The Ministry would like to see direct and regular contacts with Sida, which is lacking at the present time. After the merger of BITS and SIDA the contours of the new Sida have appeared vague.

The Ministry of Finance, which has not previously given the social sectors priority in the framework of cooperation with Sweden, now however present a new approach in which the negative effects of rapid economic development in terms of exclusion from the labour market and other social problems are given prominence in the discussion of further cooperation.

During the period under review the Swedish engagement in Estonia's social sectors has been modest in terms of the number of projects and their scope. The ambitions which are formulated in the country strategy for the period have not yet been realised even if certain initiatives have been taken. However, the majority of the projects which have been performed have been implemented well and are highly relevant at project level. Certain projects, in particular the regional health planning training programme, are also highly relevant to the reform process. In a results analysis perspective the social sectors in Estonia, when taken together, seem to represent an under-utilised opportunity to perform projects which could have been highly relevant for the reform process and for EU adjustment.

4.9 THE CENTRAL ADMINISTRATION

The reform of the **Estonian public administration** has received relatively extensive Swedish support. Since 1993 BITS/Sida have supported the development of a **computerised system for budgeting and accounting** in the government administration. The project is being implemented by a firm of consultants which, in addition to using its own staff, has also engaged expertise from the Swedish National Audit Office (RRV). In total Sida has allocated SEK 15 million for the purpose. In

1996 an external evaluation submitted a report on the preparatory phase of the programme. The evaluation provided information on which the decision was made to allow the programme to enter the main phase with a further SEK 9 million. It is still in progress and will be finalised at the end of the year.

The evaluation indicated that the planned results of the preparatory phase had been achieved. In the light of this, and the fact that a reliable financial management system in the central government sector is of great importance for Estonia's future relations with West Europe and for its prospects of combating corruption, the evaluation recommended a continuation of the programme. At the same time it pointed out the requirements which a continuation would necessitate: new planning and budgeting methods and procedures need to be introduced in different parts of the government administration, indicators for measurements of quality and productivity must be developed as well as methods for budget follow-up and analysis, and relations with other countries in western Europe need to be strengthened.

Among the experience gained from the programme of cooperation the evaluation gave particular prominence to the factors which it considered were behind the success of the project: there was a strong demand in Estonia for the Swedish project, the Swedish National Audit Office had good know-how to contribute, the project was well prepared and those responsible for the project on both sides had great interest and a good capacity to solve the problems which arose in implementation.

Since then the programme has proceeded and is now on the verge of its final phase. Two fifths of the work has been done. Some 4,500 government employees are now involved in the project work. A new law is being processed by Parliament in the summer and is expected to come into force at the turn of the year.

The project, whose point of departure is to introduce a uniform system for budgeting, disbursements, accounting and reporting for all levels in the government administration, has also aroused interest in other countries. Representatives of the Ministry of Finance express their great appreciation of the Swedish project. The Swedish advisers have combined a good understanding of what is needed locally with a habit of presenting alternative solutions. The projects must be considered to be highly relevant both in an EU perspective and for the process of transition in general.

The **Estonian central office of statistics**, SOE, has received support from Sweden since 1990. Initially a BITS-financed programme of cooperation was performed with the participation of Statistics Sweden. This project focused on the introduction of a system of national accounts for the reporting of GNP. The project is valued highly. It provided the data for the presentation of the country's first modern GNP statistics as early as in 1992. Cooperation with Statistics Sweden also continued after this but was then financed by EFTA/EC funds. The statistical cooperation with EFTA/EC covered 35 special areas of which Statistics Sweden assumed responsibility for 16. In 1995 the programme became part of the Phare programme in which Statistics Sweden continued to support the development of statistics in Estonia. SOE has been given an undertaking by Phare under which Phare will continue to finance cooperation in six statistical areas which have been given high priority. Swedish support is also being sought for other areas with equally high priority.

In 1996 a bilateral project was started which had two purposes. One was to develop a method to determine the cost of the statistical products supplied by SOE. The project was started in 1997 and has the aim of improving the production of statistics by creating a description of the product cost for a statistical survey and building up a new accounting system. The other was a major cooperation package which was presented for Sida financing in the summer. The total cost of the two projects is estimated at SEK 625,800.

The project for the production gender disaggregated statistics, presented under 3.6 above, also is part of the programme of statistical cooperation.

The Estonian assessment of the Swedish projects as support for the reform process and the further development of the national production of statistics in Estonia is very positive. During interviews the SOE representatives could not point out anything which they would have wanted to have been done differently. One or two individual seminars may have been not so interesting, but the programme in its entirety is regarded as very valuable and is much appreciated. The area is of great importance for the reform process and for growing closer to the EU. The Swedish support is thus highly relevant.

The support to the public administration includes certain projects which have the aim of contributing to **Estonia's EU adjustment**. In 1996 and 1997 an advisory input was implemented in the Europe Integration Office of the State Chancellery. The project is considered to have been valuable for the Estonian administration. It has also prepared the ground for the larger Phare project which is in progress now and which is fulfilling corresponding functions. Due to a change in conditions the cost efficiency of the project was lower than had otherwise been possible. It is highly relevant.

The EU adjustment process includes harmonising laws and regulations with those of the EU. To facilitate this process a project was started in 1998 in the Estonian Parliament to train staff in finding and using information, databases and documentation within the EU.

According to the evaluation and interviews the projects in the public administration sector have achieved valuable and apparently sustainable results. Cost efficiency has varied somewhat between the projects, but to no serious extent. The above-mentioned projects are relevant both at project level and in consideration of the reform process and EU adjustment.

5. SUPPORTING ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

In line with its objective of supporting environmentally sustainable development, Sweden has supported projects in the areas of the environment, geology, energy and radiation protection.

5.1 ENVIRONMENT

The political and economic reforms after independence had the result that Estonia's serious environmental problems attracted attention and the country was given the opportunity to take action. In 1992 the countries bordering the Baltic Sea agreed, within the framework of the Helsinki Commission (HELCOM), on an action programme to restore the ecological balance in the Baltic Sea: the Joint Comprehensive Baltic Sea Environment Programme (JCP). The programme identified 132 so-called hot spots of which 47 were given particularly high priority. JCP extends to the year 2012 and is being implemented in close cooperation with the World Bank and leading regional investment banks. In parallel with the Baltic Sea programme Estonia has made considerable efforts to improve its air and land environment.

Support to Estonia includes one project within the framework of JCP, the water treatment plant in Haapsalu, projects concerning the Baltic Sea which are not part of JCP, and environmental projects in other areas. Apart from the investment project in Haapsalu, support has mainly been provided in the form of technical cooperation.

The sewage treatment plant in Haapsalu, Sweden's largest environmental project in Estonia, was officially opened in December 1997. Haapsalu lies on the Baltic Sea coast and has 15,000 inhabitants. Haapsalu has traditionally been a recreation centre but the lack of sewage treatment has created considerable environmental problems. In JCP Haapsalu was therefore included on the list of priority hot spots.

With the aid of financing from BITS' consultancy fund at the World Bank, SWECO performed a pre-study in 1994 together with Bohlin & Strömberg and Eesti Project. The study contained a technical and financial proposal to improve sewage treatment and the water supply in Haapsalu. Discussions were held in parallel with different financiers. In 1994 the Government gave BITS the task of finalising negotiations and assuming responsibility for project follow-up at the treatment plant in Haapsalu.

The project has included the construction of a new sewage treatment plant, the renovation/extension of the sewage mains, an improved water supply and institution building. The total cost of the project has been SEK 47 million of which Sida has contributed SEK 12 million. The remainder has been provided by the World Bank, the Estonian Government, Finland and the municipality of Haapsalu.

The funds have been used for the procurement of Swedish goods and services for the construction of the treatment plant. Where training and human resource development are concerned, Sida has also financed a programme of twinning cooperation between Haapsalu and Haninge waterworks as well as a special project to build up a management information system (MIS). The new treatment plant is now in operation but the work of connecting more households to the system and the renovation of the mains (which is outside the Swedish project) is still proceeding. As a part of the project a new tariff system has been introduced which has meant an increase of just over 100 per cent in the tariffs. This, in combination with the fact that all households have installed a water meter, has had the result that water consumption has been halved.

The results of the project are at several levels. The most obvious is the treatment plant itself, which is far more effective than the previous plant. To this should be added the human resource development and institution building components. Today Haapsalu waterworks is by and large a self-sufficient and financially self-supporting company. There is a strategic 15 year plan to enable it to meet the future.

The environmental effects are considerable. The pre-study foresaw considerable reductions in BOD (Biological Oxygen Demand), suspended solids, phosphorus and nitrogen. Tests made on different occasions during the first six months of 1998 indicated that the objectives have been reached and sometimes exceeded, with the exception of phosphorus. The values measured lie clearly under the stipulated limits.

In connection with the project the Royal College of Technology in Stockholm has made measurements in Haapsalu Bay within the framework of the Visby programme. The work has been done together with Tallinn's technical university. It has been established that the Bay constitutes a complex ecological system in which the cleaning of certain substances has an effect on the environment in its entirety. The Royal College of Technology has analysed the situation before and after the commissioning of the new treatment plant and has built up a simulation model which can be used to determine how cleaning shall be done in order to achieve an optimal ecological balance in Haapsalu Bay.

Furthermore Sida has supported the construction of a treatment plant in the municipality of Kõrgessare on Dagö at a cost of SEK 2.2 million. The local party involved has been the municipality of Kõrgessare and the Swedish party Stockholm Water Action, which engaged a company, Purac AB, for implementation. The project was started in 1995 and included design, advisory services for procurement and construction, training, a water tariff study and a plan for sewage treatment. According to information received from the Ministry of the Environment the treatment plant is functioning well. The amounts of BOD, nitrogen and phosphorus have decreased to acceptable levels. The project has also probably had a positive effect on employment on Dagö since it has made the establishment of industries possible.

A feasibility study for a treatment plant in Narva with Sida financing of SEK 950,000 has been implemented by VAI VA Project. The study has not yet been approved by the Estonian authorities due to differences in opinion on the study's technical proposals and in view of coordination problems with Russia.

Furthermore Sida has financed a feasibility study on oil disposal in Paldiski (SEK 340,000). Formerly a Russian military base was located in Paldiski. The town is struggling with major environmental problems, amount other things oil leakage from the district heating plant. A company, Golder Associates, was engaged to make a technical and financial study for the local authorities for clearing the area. The study included the identification of leakage, localisation and assessment of oil pollution, and other specifications in respect of the oil, composition, amounts etc. Furthermore proposals for solution for clearing the land were presented. The project covered 30-35 working days. According to information from the Ministry of the Environment clearing work is in progress and the Swedish study is one of several studies used for the purpose. However one limiting factor is the financing of the clearing work.

Together with the Tallinn Environmental Board Sida has financed an air surveillance system in Tallinn (SEK 5.4 million). The project, which was started in 1994, has its origin in the programme of twinning cooperation between Gothenburg and Tallinn in which solid waste management was a component. Sweden's contribution has been in the form of equipment, transfer of technology and training supplied by Conexor Sensus AB in cooperation with the city of Gothenburg. The system which consists of three monitors, a computer system and a database is in use. It produces information which is partly used to inform the general public and thereby create an awareness of the environment, and partly for decision-making purposes. One example of the latter is that information from the system was used for the planning of a new road. Two persons have the requisite skills to look after the equipment and a further two can utilise the system to produce data. Tallinn Environmental Board has applied for a phase 2 of the programme which involves a further development of the system.

In 1994-1995 a programme of cooperation was financed between the Swedish Meteorological and Hydrological Institute (SMHI) and its counterpart in Estonia, EMHI. The aim was to support the planning of water resources and environmental planning by strengthening EMHI's capacity and by implementing hydrological forecasts. According to the final report the project was implemented according to plan.

A programme of cooperation between the AMU group and the Estonian Ministry of Agriculture (SEK 800,000) for training in modern refrigeration technology was implemented in 1997. The background was the spread of certain ozone degrading substances (ODS) from refrigeration equipment in the agricultural industries, chiefly dairies. The project aimed to train 20 technicians and teachers in handling and maintaining refrigeration equipment. The course duration was 2+2 weeks. The extent to which the participants have been able to transform their knowledge into practice is not known.

Furthermore Sida has financed institutional cooperation between the Swedish Environmental Protection Agency (SNV) and the Estonian Ministry of the Environment. Among the projects, mention can be made of the accreditation of laboratories, training of environmental inspectors, environmental projects at Lake Peipsi and in Matsalu and support for the library and office. In 1997 an evaluation was made of SNV's programmes of environmental cooperation with the Baltic countries and north-west Russia financed by the development cooperation budget. The evaluation did not contain a separate account of cooperation with Estonia, nor did it contain information on concrete project results, but is nevertheless supplies certain indications. The evaluation is overwhelmingly positive to the programmes of cooperation. It states that the objectives of the activities are wide but they are based on one, common, international frame of reference in which the

participants are competent to select suitable projects. Among the factors which have been positive for cooperation prominence is given to the establishment of contacts between officials and experts at equivalent levels and the fact that the financial support has been relatively limited. The Estonian Ministry of the Environment expresses its appreciation of the support.

Between 1994 and 1997 the Swedish University of Agricultural Sciences (SLU) was engaged in the Baltic Agricultural Run-off Action Programme (BAAP) with the aid of funds from the Ministry of the Environment. One serious environmental problem are the discharges of nitrogen and phosphorus from farming activities. The aim of BAAP, which also includes Latvia, Lithuania, Poland and Russia, is to improve the quality of water in the Baltic Sea as well as the quality of local surface and ground water by drawing up strategies and taking long-term measures to reduce these discharges.

Among the results of the programmes of cooperation are new legislation in the areas of farming and the environment and preparations for the adjustment of legislation to EU rules. A new environmental surveillance station has been established which measures the leakage of nitrogen and phosphorus. Moreover in Kabala outside Tartu a demonstration area has been built up in which environment-friendly cultivation methods and techniques are demonstrated. Some 1,000 farmers and agricultural advisers have participated in training programmes and seminars. In addition a national network has been established which includes the Ministries of the Environment and Agriculture and the universities. The aim is surveillance and implementation of agricultural legislation as well as to strengthen cooperation and increase the impact of the measures taken.

As mentioned above a large part of the country administration board cooperation programme has had an environmental focus. The Swedish Association of Local Authorities has also received funds from SNV for its programmes of twinning cooperation.

Among ongoing projects, mention can be made of a programme of co-operation between the county administration in Pärnu and the country administration board in the county of Västmanland in Sweden (SEK 440,000) in respect of integrated coastal zone management (ICZM) for Kihnu channel. Kihnu is described as a valuable, environmentally sensitive and expansive area. By training local officials in ICZM and drawing up a ICZM plan the project shall contribute to the sustainable development of the area.

In 1998 Sida has allocated SEK 25 million for environmental projects in agricultural areas in the Baltic countries. This also concerns Estonia. The objective is to reduce the leakage of nitrogen and phosphorus from agriculture to surrounding surface and ground water, to preserve biological diversity and to contribute to development which environment-friendly.

In the planned support to Estonia's Ministry of the Environment there is also a project for **physical planning** which has the aim of training planners and architects and of increasing knowledge about participation and cooperation between planners and politicians.

No extensive evaluations have been made of Sida's environmental projects in Estonia. Reports supplemented with interviews indicate, however, that goal fulfilment is high. This applies to both the immediate project goals such as supplies of equipment, training etc, as well as the overall objectives. One reason why the Estonian side seems to have been able to take full advantage of the Swedish support can be that the level of technical education in Estonia has in general been high.

There is a great deal which indicates that the results are sustainable. For example the investments in treatment plants have been supplemented by institution building and a change to the tariff system to guarantee financing. The long-term effects of the training programmes are always difficult to follow up but should be considerable.

The projects are highly relevant in several respects. All projects are included in the broad objective "environment" but there is also agreement between the Swedish environmental objective, international agreements (such as JCP) and Estonia's own efforts. Estonia has invested substantial resources in all projects. This indicates that the projects have really been given priority. Some have certainly been more urgent than others but all projects are acceptably relevant.

In this connection the Ministry of the Environment points out that Estonia's international cooperation has gone through different phases. Initially there was a strong degree of supply-side orientation. According to the Ministry this was necessary since the requisite expertise was not available in Estonia. After 1995 the international cooperation has been overwhelmingly demand-side oriented. The Estonian authorities have a good grasp of the needs and can ensure that the projects have a desirable focus. Recently the needs have been dictated by the requirements which arise prior to future membership of the EU.

The projects are also relevant seen from the point of view of Swedish expertise. Sweden holds its own well in international competition in the environmental field. However, the Estonian parties are of the opinion that certain services were available, and could have been procured less expensively, nationally.

There is an extensive amount of international cooperation with Estonia in the environmental field. However the borderlines of the Swedish projects have been clearly defined and nothing indicates that serious overlapping has taken place. Sida's strategy of participating in cooperation with other parties has generated additional financing and contributed to the implementation of major projects which otherwise would not have come into being in the immediate future.

5.2 GEOLOGY

Geological information is used in a number of different contexts, for example the planning of infrastructure, economic activities and the environment. In connection with independence Estonia took over the responsibility for the country's geological surveys which led to difficulties due to a limited budget and limited international experience. This was the basis of the programme of cooperation with the Geological Survey of Estonia and the Geological Survey of Sweden (SGU).

The programme of cooperation has cost some SEK 3.5 million and has consisted of a number of sub-projects: systems for geo-information, geochemical maps, ground water surveillance, geochemical research on soil pollution and environment-friendly peat extraction. The Swedish support has consisted of advisory services, training programmes and technical apparatus. The concrete results include maps, analysis material and databases.

SGU's programmes of cooperation with the three Baltic countries were evaluated in 1997. The various project components were considered to relevant both in the sector and for the countries. It was stated that the use of modern information technology and methods for taking samples and making analyses are fundamental for modern geological surveys and that the project can be expected to influence both attitudes and methods at the partner organisations. According to the evaluation it was established at an early stage that the technical levels at the partner organisations were relatively high. However the evaluators found a lack of concrete projects for institution building.

According to the evaluation, goal fulfilment has, in general, been good and in certain cases has been exceptional. However it is possibly the case that the goals were set at too low a level from the beginning. During the spring of 1998 Sida stated that certain project components had still not been finalised. Sustainability is assessed as good but is dependent on a few persons. The evaluation makes the assessment that there is an obvious need for further support for the geological survey in the three Baltic countries.

5.3 ENERGY

After independence Estonia's energy situation rapidly became critical. The previous economic system had not provided any incentives to save energy and the country was greatly dependent on imported fuel. However there was a threat that oil and gas supplies from Russia could be reduced or stopped for political reasons. On the eve of winter the heating of houses and working places was an acute problem in many places. Higher costs for energy were a heavy burden for government finances. There was also a clear link between energy consumption and the environment. Part of the Swedish support therefore focused at an early stage on the energy sector. In 1992 BITS made an energy adviser available. During the years thereafter a number of projects were supported within the framework of the country's energy programme. Most important has been the support to the programme initiated by the World Bank for the rehabilitation of district heating. The programme has included the rehabilitation of the district heating systems in Tallinn, Tartu and Pärnu, energy saving measures in combined heating and power stations (CHP) in Tallinn, and the conversion of boilers to permit a greater use of local bio-fuels. Sweden has contributed an investment credit and technical cooperation, in the first place for the rehabilitation of the district heating system in Tartu for the conversion of boilers and for the establishment of a project coordination unit.

The energy adviser had the task of supporting the Estonian government in drawing up and implementing an energy programme. The major task during recent years was to prepare and negotiate two credits, one from the EBRD, and one from the World Bank, Sida and the EIB in respect of the rehabilitation of district heating systems. The investment volume of these projects amounted to some USD 100 million and the projects were implemented between 1993 and 1998. Since 1994 the adviser has worked as the project coordinator in the district heating project.

As a part of the total funding of the programme Sweden contributed a credit of USD 10 million of which USD 6.8 million referred to Tartu and USD 3.2 million for boiler conversion. The credit, which has a fixed rate of interest of 8.6 per cent, is issued by BITS/Sida. Other financiers have been the World Bank (USD 38 million), Sida (USD 10 million), EIB (USD 10 million) and Estonian parties (USD 7 million).

Part of the Swedish credit (approx USD 3.5 million) was cancelled in May 1997 when some USD 5 million was disbursed. Furthermore the period of disbursement for the remaining USD 1.5 million was extended. According to the Swedish energy adviser the reasons were that the credit was no longer attractive to Estonia, that Tartu had exceeded the budget at an early stage in a World Bank financed contract and therefore did not want to increase its total debt, and that the boiler conversion component faced competition from a NUTEK programme which offered more advantageous terms.

In addition to the credit, BITS/Sida have financed advisers for the implementation of the programme. The project coordination unit in the Ministry of the Economy has consisted of the above-mentioned energy adviser from EnergiPlanerarna AB, a **procurement expert** from Hifab International AB, and a secretary. Their functions have comprised providing professional advice to the Ministry of the Economy, training programmes in procurement and the administration of credits, and support in various implementation matters. The Estonian authorities say that they are very satisfied with the Swedish services.

A **feasibility study** for the Tartu component (SEK 12.8 million) included an analysis of the existing district heating system, the production of an investment programme, a cost-benefit analysis and procurement documentation. The services were supplied by FVB Fjärrvärmebyrå AB. After political changes had taken place in Tartu the study was criticised by the new administration.

However, an independent analyst from the World Bank rejected the criticism. After the event it can be said that, for various reasons, the demand for heating is lower than anticipated which has had a negative effect on the profitability of the converted boilers.

Support for implementation in Tartu was provided through FVB Fjärrvärmebyrå AB between 1994 and 1998. The services included design, production of technical specifications, installation, technical surveys, and evaluation and reporting. In connection with this training programmes were also held for local consultants in the modern design of district heating systems. According to the adviser at the Ministry of the Economy, the technical services have been of high class and greatly appreciated in Tartu. Unfortunately, for political reasons, it has not been possible to implement some simple measures which would have improved the economy of the investments made.

Furthermore institutional support has been provided to **Tartu Soojus**, the company responsible for the district heating system (SEK 1.3 million). The services have been supplied by Coopers & Lybrand and have included assistance with restructuring, in the first place bookkeeping and budgeting. The energy adviser at the Ministry of the Economy states that the programme has been valuable at the practical level and has contributed to skills improvement, provided new software for accounting and a new budgeting model based on modern principles. However due to greater competition the company has not obtained the central role which was foreseen, but has been reduced to a pure services company. Neither has the necessary change of heating tariffs been approved by Tartu.

An advisory services project in respect of **boiler conversion in Pärnu** was implemented by JD-gruppen AB (SEK 1.9 million). The support was appreciated in Pärnu but there were certain coordinatory problems with the main consultant from Denmark.

The energy adviser concludes that the positive effects of the programme are that vital parts of the district heating systems in Tallinn, Tartu and Pärnu have been rehabilitated. Ineffective control systems in district heating plants have been replaced with effective systems which has resulted in savings in heating and fuel of up to 25 per cent where measures have been taken. Boilers in Tartu and in Pärnu and in many smaller places have been converted to enable them to use local bio-fuels instead of oil and gas. If the plants are used in the right way this will reduce fuel costs, contribute to providing job opportunities, and make the supply of heating more secure. On the other hand it has not been possible to establish an efficient organisation for district heating activities in Tartu. At present the system is not being run as efficiently as possible.

In parallel with these activities NUTEK has financed extensive projects in the energy sector. These include support for the introduction of new fuels and credits for the rebuilding of properties for energy saving purposes. In particular NUTEK has worked at municipal level. It has been possible to establish that there has been a certain amount of overlapping between Sida's department for Central and Eastern Europe and NUTEK. This is taken up in a report published in the spring of 1998.

Sida has also supported a small number of projects outside, but in line with, the programme for district heating rehabilitation. In Tartu a **pilot project in energy saving** has been implemented. This has covered twelve housing blocks. FVB have supplied the services to Tartu. The cost has amounted to SEK 800,000. Svensk Bygglösning AB, together with Jögioja Building Physics Company, has **revised building regulations and standards** in respect of insulation (SEK 430,000). According to information received from the Ministry of the Economy this work is reflected in the new legislation. At present a demonstration and information project is being prepared in a programme of cooperation with Stockholm Fastighetskontors Energi och Miljöbyrå and the Ministry of the Economy.

No comprehensive internal evaluation has been made of the support to the energy sector in respect of relevance, goal fulfilment and sustainability. In general it can be said that energy is of central importance for the country's economy, for the social perspective and for the environmental situation. The overall relevance can therefore be regarded as considerable. The different project components can also be assumed to be highly relevant in view of the extensive preparatory work and the many parties which have been involved. On the other hand it can be noted that the need of the Swedish credit diminished during the course of the programme on account of the reasons given above. Goal fulfilment most often appears to be high. The overall effects have been financial savings, improvements to the environment, improvements to professional skills and new job opportunities. However, for political and other reasons the expected results have not been achieved in Tartu. Since the project entails financial savings for Estonia and the technical support has been supplemented with programmes of human resource development, the sustainability of the programme should be high. The project is an example of Swedish cooperation with other donors and credit institutions. It has therefore been possible to place the Swedish project in a larger context. At the same time it can be said that coordination of this type can be demanding.

5.3 RADIATION PROTECTION

Estonia has received support in the area of radiation protection, in the main from the National Institute of Radiation Protection (SSI). The most important project has been to take care of radioactive waste from the nuclear submarine base in Paldiski (SEK 10.1 million for the fiscal years 1994/95-97), general human resource development support for the radiation protection organisation in Estonia (SEK 2.8 million for the fiscal years 1994/95-97), and support for preparedness and early warning in case of accidents (some SEK 3 million for the fiscal years 1994/95-97 in the form of regional support). The problem of securing the dam filled with radioactive waste, a result of the use of uranium in Sillamäe, has attracted greater interest in recent years (some SEK 500,000 for the fiscal years 1994/95-97). In total up to and including 1997, Estonia has received SEK 18 million in direct bilateral radiation protection support and an estimated SEK 3 million within the framework of regional projects.

The Paldiski base has undergone a comprehensive cleaning up operation and has been converted into a modern store for low and medium active waste. However a great deal of work remains to be done for which the need of Swedish support can be foreseen. The Estonian organisation which has been built up for the activity has a high level of professional expertise but still lacks sufficient breadth and experience to proceed further with the work on their own.

The work of restoring the Sillamäe dam near Narva which contains large quantities of radioactive waste as well as poisonous chemicals has now been started. The dam is located very close to the Gulf of Finland and is being weakened due to erosions at the water line. There is also a risk of leakage into the ground water.

The Estonian Radiation Protection Centre is still weak and is currently being built up. Modern legislation in the area of radiation protection has been produced with Swedish legislation as a model. Work is being done on producing more detailed regulations for the application of the legislation. The Swedish support has been very important and SSI is obviously the most important partner in cooperation. Further cooperation with SSI is important.

The organisation to improve the state of preparedness is also being built up. Good contacts with SSI have been established and the most important equipment is now in place in Estonia due to Swedish (and Danish) support. It is considered to be joint Swedish-Estonian interest that the programme continues and that the organisation and equipment is given the finishing touches and is regularly tested in Estonian exercises and joint exercises.

6. SUMMARY AND ASSESSMENT OF RELEVANCE

The following contains a discussion of the significance of the Swedish support for development in Estonia in the light of the results of support to Estonia during the period 1995/96 to 1998 presented above. The point of departure of the discussion is the country strategy for cooperation approved by the Government in March 1996.

The background to the assessments includes the close vicinity of Estonia to Sweden in several respects - geographical, cultural, political, historical. There has also been a strong interest in Estonia on the part of government agencies, companies and organisations in Sweden. During the period under review the country has also experienced rapid development and economic growth in which, among other things, serious levels of unemployment were replaced by a shortage of manpower, at least locally. It should therefore be possible to make considerable demands on the programme of cooperation and to expect good results from it.

However the comments in the introduction to this report should also be borne in mind, the comments which concerned the risk of receiving far too positive responses from certain persons interviewed on the programmes implemented.

6.1 RELEVANCE

As mentioned above an assessment is made here of the relevance of the Swedish projects, partly on the aggregate level in relation to the overall objectives of Swedish cooperation, and partly what can be called the EU level. It should also be remembered that the basic data for the results analysis varies considerably between different projects.

At the same time as the majority of the individual projects must be assessed as acceptably relevant or highly relevant, with certain variations, the impression of development cooperation at the aggregate level is mixed. Certain sectors or programme are more relevant for the reform process and/or the transition to a market economy and democracy than others, and their relevance also varies over time. In consideration of the ongoing and previous process of development in the country it would appear that, for example, cooperation in the field of security was of unusually great relevance for Estonia's independence during the early part of the 1990s. Since the middle of the decade its relevance has diminished somewhat, but is still considerable.

At the same time the majority of the projects are relevant in respect of more than one objective of Swedish development cooperation. The projects which have been grouped under the democracy objective in this report appear to have somewhat weaker links to their objective than the projects linked to under the other objectives. With the exception of support to the legal system and equality, the projects have a broad focus with a bearing on several goals and on cooperation between Estonia and Sweden itself. NGO cooperation, the programme of twinning cooperation, the country administration board programme and support via the Swedish Institute all are of great significance for long-term relations between the two countries, an important effect which, however, does not correspond to an explicit goal in the country strategy. At the same time they do not all have a clear link to the democracy goal. However, in the case of support to the legal system and equality a more direct link to the democracy goal can be observed which should have motivated greater efforts in these fields.

Even the projects in the field of the economy and public administration have, in several cases, effects of relevance for more than one objective. This applies particularly in the areas of transport and communications, the social sectors and the public administration itself. Other areas, for example the primary sector, banking and finance, as well as transport and communications have a more specific relevance for the process of economic transition. It must be stated that all sectors or areas presented

under this heading are highly relevant for economic transition. If the rider to the objective - that economic transition shall be socially sustainable - is also applied, the assessment "highly relevant" applies then in the first place to the projects in the central administration and in social sectors.

Where environmental and energy projects are concerned, a more clear-cut link to their goal can be established. All projects are assessed to be highly relevant for the stipulated objective of supporting environmentally sustainable development.

An overall assessment of relevance at this level of objectives has the outcome that all programmes and sectors concerned, during the period of the review, are of relevance for the objective they are linked to, while relevance is particularly great in respect of security cooperation, the central administration, the social sectors and environmental cooperation.

In the case of Estonia there is also, as was mentioned above, reason to try to assess the extent to which the Swedish support has also succeeded in taking the EU problem into consideration. This question became highly topical in 1997 due to the Commission's positive response to the Estonian application for membership. Certain Swedish projects have focused directly on preparing the country, or assisting it in some other way, in its efforts to become a member of the EU. This includes the training of officials in the Ministry of Agriculture and the two projects in the State Chancellery. These three projects in particular, but also parts of the support for security, legal support, public administration support and the projects in the areas of infrastructure, land reform and the environment are assessed, within the framework of this results analysis, to have an extra dimension of relevance.

The overall assessment of the relevance of cooperation at the two different levels is thus clearly positive. Cooperation is relevant, sometimes highly relevant. The programme of cooperation - possibly with the exception of some of the SI's projects - lies well in line with the objectives, even if the objectives often appear to have the function of setting limits rather than actively governing the programmes. It should be noted that the limits which the objectives set up are wide and can include a wide spectrum of activities.

The assessment also includes the question of what has not been done. With the point of departure in the country strategy for cooperation it can be stated that certain objectives have not been fulfilled as well as others. Here the two ambitions that cooperation shall be extended in the social sectors and be permeated by a perspective of equality have clearly not yet been realised to the extent intended. For example certain project proposals have been considered within Sida not to have an effect on equality in the country. From the outside this appears to be difficult to understand in the light of the situation and developments in the country.

Here the material indicates, among other things, a connection with how actively Sida acts to give prominence to certain goals or areas in the dialogue with the Estonia parties concerned. Sida appears to have been less forceful in the two areas mentioned but has a relatively strong presence in, for example the energy and environmental fields. A stronger Sida engagement would probably have resulted in more extensive equality-oriented or socially-oriented activities. In this respect, in the evaluation of security cooperation, the observation made on the absence of an all-encompassing management and control framework for the programme, cf section 2 above, has a certain relevance. The use of this type of programme framework, supplemented with sector programming where appropriate, had probably resulted in a stronger engagement, for example in the work of the Estonian Ministry of Social Affairs.

The earlier, at least partially, supply-side orientation of cooperation at project level appears to have diminished, even if certain examples can still be seen. The main reason for the stronger demand-side orientation is probably the growing degree of expertise on the Estonian side both in respect of its own priorities and in terms of language skills and negotiation experience.

In connection with the discussion on relevance, two more characteristics of the programme of cooperation with Estonia should be noted. The first is that Swedish support to Estonia is relevant in relation to the Swedish resource base, i.e. it gives priority to areas in which Sweden has a comparative advantage in one way or another. The other is that no disturbing cases of duplication of effort have emerged in this results analysis. In certain cases different donors' experience is presented, but this type of procedure should be in the interest of the recipient country as a method of creating the possibility to make comparisons and choices.

6.2 GOAL FULFILMENT

The majority of the projects described above have been implemented recently. In several cases they are still in progress. Therefore in many cases only the immediate results can be commented on, in other cases no results have yet been presented.

In those cases in which assessments can be made, goal fulfilment in terms of project goals appears, without exception, to be good or acceptable. Project goals which are not fulfilled at all must be the exception - there is no such project in this programme. On the other hand there are several projects in which individual components are still outstanding. This can partly be explained by the short observation period.

The cost of achieving goals is relatively low. One of the reasons for the high average levels of cost-efficiency - not least in comparison with support to developing countries - is the large proportion of voluntary work, as well as the fact that Swedes are permitted to participate in programmes of cooperation with Estonia during paid working hours. However on this point the results analysis can state that there is a certain exhaustion, a slight decline in enthusiasm on the Swedish side, which carries the risk in the long term that cooperation will be reduced to a great extent to commercial terms and market-based solutions. The high degree of cost-efficiency is clearly also due to the closeness and similarities between the two countries and that the Estonian partners in cooperation are active and efficient.

6.3 THE IMPLEMENTATION OF THE PROGRAMME OF COOPERATION

The main part of the programme of cooperation has been implemented between Swedish and Estonian agencies or other parties in the public sector. In earlier evaluations it has been stated that Swedish agencies have lacked requisite skills in development cooperation work, a phenomenon that has not least been visible in a lack of understanding of the possibilities to support the reform and transition process in an effective and efficient way. To some extent this impression is still valid, but the main impression today is that there is an improvement in the skills. In cases in which deficiencies in the requisite skills still can be noted, there is in general a connection to - and an explanation in - the lack of continuity on the Swedish side. The explanation for the improvement in the levels of skill in development cooperation work in the parties concerned can also be found in the fact that the Swedish resource base, and organisations in Sweden, have now participated for several years in different types of cooperation across the Baltic Sea. This has also created a certain amount of development cooperation expertise there.

Among the shortcomings which are still the subject of comment - cf the above-mentioned evaluation of NGO cooperation - can be mentioned precision and realism in respect of objectives and time frames for agreed projects. A certain amount of over-optimism can be noted in respect of how rapidly the project shall achieve a result and how much the project shall attain. In this connection it can also be noted that there is often a clear need to review and adjust goals and funds in the light of the rapid developments in the country. However, to define in advance desirable final points in time

and the desirable state of affairs at the conclusion of projects can nevertheless be of great value for the efficient use of resources. At the same time it should be underlined that reports on goal fulfilment in programmes of cooperation with Estonia, not least in terms of measurable goals and indicators stipulated in advance, are in general inadequate.

The discussion on the implementation of projects also includes the fact that requests for Swedish support are channelled via, and examined by, an Estonian inter-ministerial committee based in the Ministry of Finance which, in comparison with other donors, gives the Swedish programmes valuable additional support and assures the relevance of programmes on the basis of the Estonian government's own objectives.

6.4 EFFECTS AND SUSTAINABILITY

Assessments of the effects and sustainability of cooperation at the project level have been made in each section above. As was also pointed out in the evaluation of cooperation with central and eastern Europe in 1997, "Developing cooperation between neighbouring countries", the step from project level to the four overall objectives of cooperation is too great to make possible an assessment of that level in other terms than that cooperation has contributed to the positive development in the country. But even with that reservation it is quite possible to state that cooperation has provided a clear contribution to the development experienced by Estonia during the period under review. As mentioned above, in several cases representatives of Estonian agencies have described Swedish support as being of crucial importance for the development which has taken place.

Discussions of sustainability have another character in Estonia than in cooperation with developing countries. In the case of developing countries, demands are made that effects achieved shall be permanent and useful even after a suitable number of years, while development in Estonia proceeds at such a rapid pace that even sustainable effects are overtaken by time. The relevant question in the discussion of sustainability in this context is whether the effects achieved function as intended in the process of adjustment, i.e. can be used to enable the recipients of the projects to proceed further, to build further, in different ways. The main impression gained in this results analysis is that this is the case. One exception can be the labour market programmes in which as mentioned above, developments taking place in the country left the Swedish supply-side orientation in their wake relatively rapidly.

At the same time it must be stated that sustainability in the traditional sense of the term is high - the treatment plants function and the small companies do business. A strong contribution to this positive effect can be found on the Estonian side which is characterised by high levels of professional skills and good prospects, including certain financial resources, of making the best use of the Swedish projects.

6.5 CONCLUSIONS

The main impression of Swedish cooperation with Estonia is, as has emerged above, clearly positive. Only one overall objection has been put forward in this report, that concerning the limited amount of engagement in the social sectors and equality. It can also be questioned whether at least parts of SI's support to information, cultural and educational cooperation should be included under the appropriation. The criticism is therefore mild. But there is also reason to expect positive results, particularly in view of the background factors which were mentioned in the introduction to this section. At the same time a number of lessons learned at project level have been reported on above which can be of use in programmes of cooperation in the future. One observation at this level, which

appears to be generally applicable, is that where the results have not been as intended, the reasons for this have often been in deficiencies in the pre-studies and in the realism of the undertakings made.

From the results analysis perspective it can be stated that the rapid developments in the country have given the Swedish participants, including Sida, the need to develop to new forms of cooperation and relations. New demands for a more mutual form of cooperation have been made from several quarters on the Estonian side including a greater amount of give and take in the programmes of cooperation and a greater amount of more highly qualified participation on the Swedish side. The demonstration of Swedish solutions to problems needs to be replaced by active participation in the solution of Estonian problems. The participants on the Swedish side have shown that they are more or less capable of meeting this demand. A systematic discussion of this type is recommended in the programme of cooperation with Estonia.

Contract-financed cooperation is not based on equally active forms of control on the part of Sida as development cooperation with developing countries. This is obviously well suited for cooperation with relatively well developed countries such as Estonia. However, the fact that the controls are less active also provide the scope for a degree of supply-side orientation on the part of Swedish parties to the contracts. However, in this results analysis it has been established that demand-side orientation has increased in the programmes of cooperation with Estonia, a trend which can primarily be attributed to the improvements in Estonian professional skills in different areas.

Here there is reason to recall the observation which was made in the above-mentioned evaluation of cooperation in the field of security. The fact that that programme is shaped to such a great extent on the basis of initiatives from the participating Swedish government agencies limits diversification in cooperation. A more systematic preparation of the programme consisting of, for example, talks at the overall level based on the objectives of development cooperation, would also provide scope for other projects than those proposed by the agency in question, and make it possible to the programme to seek the most relevant areas. This argument was previously also applicable to the programmes of BITS and Sida, but today this is only partly the case since to an increasing extent this programme includes overall discussions with the Ministry of Finance and sector discussions with the ministries and agencies concerned, and is based in most cases on reviews or overviews of the sectors concerned. However even in Sida's programmes there is scope for working more systematically with the point of departure in the objectives of cooperation. A more rapid achievement of results can therefore lie within the realms of possibility.

New requirements are now being made in respect of new forms for cooperation. Cooperation today includes institutional cooperation and twinning and consultancy projects and cooperation between companies. Due to the rapid developments in Estonia the question now arises of how a transition to normal cooperation between neighbouring countries best can be organised. One way of approaching the question is to attempt to link the interest to financing. In those cases in which Swedish agencies implement programmes of cooperation in Estonia there is, in general, a Swedish self-interest in the background, in several cases a considerable self-interest, which at the moment is being met with the aid of development cooperation financing. While such interests can be totally legitimate, it can be questioned on very good grounds whether such interests shall be financed by the appropriation for cooperation with central and eastern Europe.

The above-mentioned evaluation of cooperation in the area of security takes up this issue and proposes that a division be made between self-interest and the interest of providing support. It proposes that the Government instructs the ministries to give priority to regular international cooperation, not least over the Baltic Sea, in their normal operations, and that the Government gives them the funds they need for this purpose. On the other hand projects or other types of cooperation which arise between Swedish and Baltic agencies and which really mean a veritable transfer of resources of a material or immaterial nature, could be financed by the cooperation appropriation. It

is true that this model is not relevant for all cooperation with Estonia, but it would appear to offer a clearer division of responsibilities, particularly in that part of the programme of cooperation which is implemented by central government agencies. It is also supported by the observation mentioned above concerning the gradually decline of interest in cooperation on the Swedish side, a phenomenon which raises the question of the need for new methods in order to mobilise it or to increase it once again.

Sweden's support to Estonia, bilateral and via regional projects, 1990 - 1997, '000 SEK¹

	Projects in Estonia	Regional projects in the Baltic states	Regional projects in the Baltic Sea area
Sida-East	52 989	74 493	57 300
1. Culture of democracy	1 459	59 195	--
<i>Incl twinning and county cooperation</i>	--	58 500	--
2. Socially sustainable economic development	43 778	15 298	57 300
<i>Credit facility, Start-East</i>	--	--	57 300
<i>Infrastructure²</i>	5 855	1 267	--
Energy	3 967	--	--
Water, sanitation and other infrastructure	1 918	1 267	--
<i>Land survey</i>	15 083	208	--
<i>Other socially sustainable econ development</i>	22 810	13 823	--
3. Environmentally sustainable development	7 752	--	--
Sida/SEKA	13 618	18 772	20 702
BITS	152 667	87 339	--
1. Municipal twinning cooperation	--	31 500	--
2. Other	--	55 839	--
SwedeCorp	17 259	2 860	44 730
1. Trade	455	--	6 700
2. Industry	16 804	2 860	38 030
<i>Company centres</i>	7 050	--	--
<i>Small company development</i>	8 785	--	--
<i>Soft credits to small companies</i>	--	--	35 300
<i>Other</i>	969	--	2 730
SwedFund	14 659	--	--
1. Risk capital to Estonian Investment Bank	9 049	--	--
2. Loans for industrial investments	5 610	--	--
Ministry for Foreign Affairs	43 190	296 933	70 695
1. Promotion of security	14 544	115 028	--
2. School of Economics in Riga	--	47 250	--
3. Baltic investment programme	--	53 950	--
4. NEFCO	--	--	57 470

¹ Data has been obtained from Min for For Affairs' database as per 980504

² Also contains human resource development in infrastructure.

5. Other	28 646	80 705	13 225
Swedish Institute (SI)	44 808	16 835	16 454
Institute of Radiation Protection (SSI)	7 475	10 225	--
Swedish Nuclear Power Inspectorate (SKI)	--	50	--
NUTEK	55 500	--	--
Swedish Environmental Protection Agency (SNV)	3 973	4 385	1 200
Ministry of Communications	--	40 000	2 000
Ministry of Health and Social Affairs	--	--	10 000
Ministry of Education, Visby programme	--	--	120 000
TOTAL	406 138	551 892	343 081

Grant Aid given to the Republic of Estonia in 1992 - 1997 (Millions EEK)

	EC	Sweden	Finland	Norway	Denmark	Germany	Switzerland	Belgium	Netherlands	Italy	UK	USA	Canada	Japan	France	UNDP	EG	Other	
1 Agriculture	126.0	10.2	116.3	0.2	83.1	52.6			13.8	148.0	1.6	10.8	10.1		1.5				577.4
2 Communications		1.5			24.6				0.8							1.3			28.2
3 Defense and Security	31.4	165.0	34.7	0.1	45.0	0.7					3.3	2.9			0.9	8.3			292.2
4 Economic Cooperation	41.1	6.9		8.0	2.6	14.2			0.2		6.2	122.3				3.8			205.1
5 Education and Training	353.0	25.2	55.0	3.8	117.3	40.3	1.9		1.9		11.9	9.2	10.6		8.8	1.7	0.2		640.7
6 Enterprise and Industry	152.8	97.2	38.9	20.0	16.8	110.2			0.5		1.4	115.7				2.1			555.7
7 Energy	124.4	41.7	35.4		116.2						6.2	9.2							333.2
8 Environment	240.6	56.5	312.0	28.7	120.2	8.4	188.0		0.3		4.4	43.1				2.7			1004.9
9 Financial sector	252.4	37.1	3.2		1.0	2.7					29.3	0.2				0.2			326.0
10 Government/Democracy	114.8	113.5	100.5	7.5	55.2	48.5			19.4		6.7	57.6	10.3		0.5	15.7			550.2
11 Health/Medical	19.7	13.2	9.2	1.7	6.9	8.4	81.0		1.1		1.2	21.1	6.6		0.1			2.1	172.5
12 Housing		2.3			27.4	6.5					0.0								36.3
13 Science and Technology	31.6	2.5				1.8	28.6					4.9							69.5
14 Social sector	176.2	56.0	29.4	3.5	34.8	42.8			0.5		2.1	1.3	0.2		0.2	0.5			347.6
15 Trade and Investment	22.0	1.6	0.4		0.0						1.7	65.0							90.7
16 Transport	112.2	80.3	45.9	4.3	29.2				24.6		0.9				17.7				315.1
17 Tourism	24.1	0.8	0.7	3.2		6.4					0.1								35.2
18 EU Integration	83.1	1.3	11.6		19.0						1.1				0.4				116.5
19 Other	27.7	30.8	40.4	3.7	53.2	7.6	0.8		1.2		3.1	0.6	5.5		0.9				175.5
	1933.3	743.4	833.8	84.6	752.6	350.9	300.3		64.3	148.0	81.2	464.0	43.3		31.1	36.2	0.2	5.4	5872.5
	32.9%	12.7%	14.2%	1.4%	12.8%	6.0%	5.1%		1.1%	2.5%	1.4%	7.9%	0.7%		0.5%	0.6%	0.0%	0.1%	100%

Notes:

1. The Table is based on project and sector summaries for 1992-1998 being presented to the Ministry of Finance has been amended according to the donors' information for 1992-1998.
2. The Table presents the total cost of assistance (training, technical assistance and related equipment), granted to Estonia with assistance projects, including the so-called "sovereignty support".
3. The Table presents the total cost of the projects financed in 1992-1998 (disregarding the closing date).

Estonia: A Results Analysis - Terms of Reference

1. BACKGROUND AND PURPOSE OF THE ANALYSES

Swedish support to Estonia during the period 1990 -1997 has amounted to approx. 610 million SEK. At present the co-operation is guided by Country Assistance Strategy (CAS), which the Swedish Government adopted in February 1996 for the period 1996-1998. The assignment aims at identifying and analysing results achieved through the Swedish support and its' impact on the transition process in Estonia with a particular focus on the support channelled through Sida. It will provide a basis for Sida's proposal to the Swedish Government for a revised CAS for Swedish support to Estonia to cover the period 1999-2001.

2. SCOPE AND FOCUS OF THE ANALYSIS

With a focus on impact of Swedish support and its relevance for the transition process, the assignment shall cover the following aspects.

A. Relevance of co-operation

Relevance should be assessed in relation to the needs and priorities of Estonia and the main Swedish objectives :

- to promote common security
- to deepen the culture of democracy
- to support socially sustainable economic transition
- to support environmentally sustainable development

as well as - with regard to the support provided during 1996-1998 - the more specific guidelines laid down in the Country Assistance Strategy.

B. Project output

Project output is defined as tangible, immediate results from project activities compared to the project plans and to a situation without the project(s), e g that a number of persons are trained to a certain level of knowledge, new methods are developed and implemented etc.. Where possible, already existing evaluation findings shall be used as sources of information.

C. Project implementation

Quality of services and supplies; performance of the actors in interaction; co-ordination with other activities at the client organizations.

D. Impact and sustainability

Impact is defined as sustainable effects of the project output, such as an improved efficiency in the trained organisation; an investment decision with certain implications; cost savings following the implementation of new methods etc. Impact shall be analysed at an aggregate level. As in the case of project outputs, impacts and measures of impacts to be assessed should be defined beforehand. The sustainability of the impact shall also be assessed. Project impact shall be assessed from the following perspectives:

- Achievement of objectives, i.e impacts in relation to

- a) overall objectives of Swedish support to countries in CEE and guidelines in CAS.
- b) objectives as described in project documents, contracts and Sidas decision memoranda.

- other registered impact that was not foreseen in the above-mentioned documents.

E. Lessons learned

Operational and strategic in relation to the implementation process. A certain emphasis should be given the division of responsibility during different phases of the projects - identification, planning, implementation and follow up as well as the system of cost sharing.

3. METHODOLOGY

The Analysis shall in a systematic way collect and analyse information with a focus on impact of Swedish support through Sida. Existing documentation shall be utilised and new information collected where necessary. Emphasis shall be put on the period after 1995. The views of relevant institutions and agencies in Estonia will also be an essential input as well as information from other important international supporting agencies, primarily IBRD and PHARE.

Support through other Swedish channels, i.e Ministry of Foreign Affairs, the Swedish Institute, the Swedish Nuclear Power Inspectorate/ Swedish International Project, the Swedish Radiation Protection Institute and the Swedish Environment Protection Agency shall be dealt with summarily on the basis of existing material.

An inception report shall be prepared as a first step in the assignment. The inception report shall define focus and scope of work, list main issues to be covered and propose a structure of the Analysis.

To the extent possible, findings shall be expressed in gender disaggregated and measurable terms.

The evaluation team is supposed to consist of two persons. For the task a maximum of 15 manweeks may be utilised.

Two visits to Estonia are envisaged.

4. REPORTING

A draft report in Swedish shall be presented to Sida before June 15, 1998. A final report shall be submitted no later than August 15.



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