

Sida's Support to Regional Development Plans in Lithuania, Part II

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Department for Europe

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Sida Evaluation 04/01

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Executive Summary

Jönköping County Administrative Board (Jönköping County) and Alytus County Administration (Alytus) started to co-operate in making a Regional Development Plan for the County of Alytus back in 1999. Sida supported the first phase of the project with 1.1 mSEK. The aim was to facilitate Alytus in developing a regional plan, similar to those strategic county plans that have been produced in Sweden. Sida decided in October 2001 to finance the Phase Two of the project with 1.9 mSEK.

This phase of the project had a focus on implementation of those plans with a long-range goal to enhance economic and social development. In the short run the aim was to provide the Lithuanians with knowledge and networks needed to implement plans, to provide an instrument for implementing plans.

The project process in short:

- A total budget of about 1.9 mSEK plus funding from parallel Sida projects in Alytus
- Six different education phases and several sub-activities
- Four sub-groups (SME-, human- and rural development and regional image)
- A wide project with a great number of people involved on both sides, about 20 from the Swedish side and 500 in all from the Lithuanian side
- A focus on public sector planning, less on concrete implementation
- Several people involved in sub-groups – the SME-group worked more continuously and concrete than the other sub-groups.

On a general level, based on interviews and documents, it seems that the project so far has failed to reach the long-term economic and social development goals. Very few concrete results, with a possible exception for activities in the SME-field, could so far be identified on the ground. On the other hand, it is too early to expect concrete social and economic development results.

If the project is measured against the short-term goal “to provide the County Administration of Alytus with an instrument for implementing plans” a widely held opinion in Alytus County Administration is that the project, and especially the first phase, has been beneficial in several ways. The Swedish concept of regional planning has been transplanted in to the Alytus county administration.

The work can be characterised by:

- A support to self-support approach
- A broad co-operation with all partners in the county
- Establishing a valuable Swedish – Lithuanian network

In conclusion: people in Alytus county administration indicate that the project has provided an instrument for further work with regional development projects in Alytus. However, a widely held opinion was that Alytus county administration still is in a planning phase and that implementation is yet to come.

There are several possible reasons to this relatively shortage of concrete results and that the project in many respects still is more planning than action. First, as has been mentioned above, it is too early to expect concrete results on the ground. But during the discussions with the Lithuanians, members of the Swedish team and external experts, the following four possible explanations to the somewhat meagre results was put forward:

- Insufficient context analysis (e.g. the role of planning and in what way Swedish experience can be transferred to Lithuania has not been analysed, synergies and donor co-ordination has not been discussed and the emerging EU-system in Lithuania not scrutinised)
- No real political support from Vilnius (e.g. in acquiring EU-funding)
- Too wide scope and a lack of concrete hands-on activities
- Too few business people involved

The evaluation of the second phase of the Alytus – Jönköping co-operation has given several ideas on how to improve further work of this kind. These lessons learned/recommendations to Sida can be summarised in four headlines:

- Put more emphasis on context analysis (to sharpen the programme theory or the result chain reasoning and achieve a better donor co-ordination.)
- Focus on fewer sectors and sub-projects (for example on SME-development, a green field activity with few very rigid rules of the game. By stimulating small business ventures and growth in on-going companies, an alternative economic and social development driving force could be created. With such a focus, the Sida-money spent could have resulted in more of concrete economic and social development)
- Use experts with business experience – but keep the support-to-self-support approach (e.g. to engage business people with a strong self interest in doing business with partners in Alytus)
- Use civil servant more efficient by reimbursing the actual cost of participation in projects

Sida is now phasing out the support to the Baltics. In May 2004, Lithuania enters the European Community and will have access to ordinary EU-funding. A continuation of the Alytus – Jönköping co-operation with the backing of EU-financing will be the final test of the success of the Sida support to Alytus County. From the Alytus side, a general opinion seems to be that the co-operation will continue.

Evaluation of Sida's Support to Regional Development Plans in Lithuania, Part II

Background and Methodology

EuroFutures (EF) has been assigned by Sida/EECA to evaluate Sida's Support to Regional Development Plans in Lithuania, Part II.

Jönköping County Administrative Board (Jönköping County) and Alytus County Administration (Alytus) started to co-operate in making a Regional Development Plan for the County of Alytus back in 1999. Sida supported the project with 1.1 mSEK. The aim was to facilitate Alytus in developing a regional plan, similar to those strategic county plans that have been produced in Sweden.

Sida appointed EuroFutures to evaluate Phase One. EuroFutures¹ was also asked to comment on a proposal for further work, a short ex-ante analysis of a possible Phase Two of the project. That analysis concluded that the co-operation in Phase One had been successful. A platform for a further implementation process had been established. With this as a starting point, EuroFutures suggested that a second phase was relevant to undertake, with some minor changes in the proposed project plan.

Among the changes mentioned was a need to further establish a strong political support from national actors, in this case the ministries in Vilnius. Equally important was to focus on implementation activities relevant to those working on the ground in Alytus, i.e. to take a hands-on approach and use working-methods based on cases and live exercises. This very concrete way of working was, according to the ex-ante report, the best way of transferring knowledge about how to implement regional development plans.

This suggested approach also called for a concentration on fewer activities. The co-operation should best be undertaken by civil servants, NGO-people and "real" entrepreneurs, actually responsible for future work on implementing plans. Sida submitted EuroFutures comments to the project team, with some additional comments, e.g. that the team should focus on just Alytus County and more thoroughly pay attention to gender aspects.

Sida decided in October 2001 to finance the Phase Two of the project with 1.9 mSEK. In the following an evaluation of this second phase of Sida's Support to Regional Development Plans in Lithuania, will be presented.

The project will be mirrored from three different angles. Firstly a quantitative perspective will be used to outline the general structure of the project. Secondly, the implementation processes will be explained and assessed from a qualitative angle. In that part we will discuss if and in that case how input was transformed into outcome and impact. In a third and concluding part of the evaluation the two perspectives will be combined in an overall discussion of the relevance of the project. Finally, recommendations for further work will be presented.

¹ EuroFutures 2001, Regional Development Plans in Lithuania

The Alytus Project – Findings

The overall picture of the project described below is based on written documents and interviews² with people engaged in the project in Sweden and Lithuania. The section thus contains facts that will be used as a basis for the qualitative assessment of the project.

The Aim of the Project

The overall purpose was, according to the project team's statement at the start-up conference in November 2001, to assist Alytus County in realising four strategic fields in the Regional Development Plan³. A more short-term goal was to increase the competence in Alytus County about methods and instruments for implementing the Alytus Regional Development Plan⁴. In the project plan, key sentences such as “strengthening the institutional structure for implementation, provide a platform for a democratic work process, compensate for a lack of expertise on implementation and EU-knowledge” are expressed. The need for establishing NGO:s and making the educational system more adapted to the current needs of regional planning competence was also mentioned in the project proposal.

The Phase One of the project had a focus on the planning process and the now evaluated Phase Two was supposed to address implementation of those plans or at least to provide the Lithuanians with knowledge and networks needed to implement plans. The Swedish project leader expressed it as: “providing instruments for implementing plans”.

The project plan thus stresses implementation in co-operation with “strategic decision-makers on high-priority areas”. The implementation process must, still according to the project plan, focus on human development in areas of great importance in the implementation phase such as program and project management, initiating, financing, managing and implementing various types of projects”. On a general level, Alytus County was given the support of Jönköpings County, with “more than 30 years experience from regional planning”.

Two major goals can be extracted from the project plan:

- A long-range economic and social development goal.
- A short-term objective to provide the County Administration of Alytus with knowledge needed to implement development strategies *and projects – to provide a “development instrument”*.

² See appendix 1, List of Interviewees.

³ See OH-slides used at the start-up seminar in Lithuania, and Project Plan, October 2000 (in Swedish)

⁴ Final report 2003-10-15

Six Different Phases

In practice the project consisted of six different education phases, see chart below.

RDP II: Final summing-up

Education nr	Locality	Time	Activity	Purpose
2001				
I	Druskininkai	Nov 19–20	Start Conf.	Create a platform for RDP II
2002				
II	Alytus	Jan 21	Staffmeeting	Follow-up and planning
	Alytus	March 20–22	Seminar	Presentations and wishes from the working-groups
	Alytus	May 13–14	Seminar	Dzukia Universityconcept and Vision IT/SmeLab discussions
III	Jönköping County	May 20–25	Travelling work-shop	Practical experiences mixed with theoretical knowledge
	Alytus	June 13–15	Exhibition/ international seminars	The Future of Dzukia/ Business Development
IV	Alytus Liskiava	Sep 11–13 Oct 17	Staffmeeting Conference	Planning Tourism
V	Jönköping County	Nov 25–30	Study-tour EU-practice	Preparations for EU-conf. (2 persons from Alytus)
2003				
VI	Alytus	Feb 20–21	EU-conference/ consultations	Swedish EU-experiences Swedish EU-experts
	Alytus	May 22–23	Study-visit Staffmeeting	Sida-information Preparations
	Alytus	June 4	Final seminar	Summing-up

Source: Final report and OH-slides from project presentation

Each phase was conducted as a seminar or a study-tour. In general, each step has been structured in somewhat similar way. First Swedish experts introduced every event. During these lectures the experts also introduced working group discussions and themes for further work. More informal evening-gatherings and dinners often followed these formal teaching sessions. Several of the interviewees underlined the importance of those in-formal get-together opportunities.

The number of participants ranged between 30–75 people, more in conferences and less in seminars. In total, according to members of the team and people in Alytus, about 500 Lithuanians were estimated to have taken part in activities.

In the meantime, between the seminars, the Lithuanians have been working in sub-groups (described more below). Each group consisted of people from the county administration, municipals and some people representing the business community.

As a part of the project, a so-called travelling workshop was organised in Sweden and Jönköping. In that Monday-through-Saturday study-tour, about 30 people from Alytus participated. A great number of visits were made to public institutions and private companies.

Four selected sub-projects

In the project plan four sub-projects were chosen for further work. These were:

- SME-development
- Human resource development
- Rural development
- Regional image

The sub-projects were also, according to the Swedish project leader and people in Alytus, in line with the strategies presented in a National Development Plan for Lithuania. This national plan covered the above-mentioned issues and many more aspects such as general infrastructure issues, e.g. roads and housing etc. In comparison with the prior plans, the four selected sub-projects represented a concentration of further work.

Activities in sub groups varies

Discussions with recipients in Lithuania indicated that the level of activity differed substantially between the four groups. A general comment from people in Alytus was that the Phase One was very efficient. In that planning phase, the project process was comprehensive, i.e. the same people from Jönköping managed the whole process and meetings were well prepared in advance. During the second phase, more people from the Swedish side have been engaged. From the Lithuanian side, this has been regarded as less efficient. One problem was that each new expert had “to be introduced into the problems and possibilities of Alytus, and that was unnecessarily time-consuming”.

A common opinion expressed in discussions in Alytus was that the planning process still is underway and that the implementation phase to a large extent yet is to come. Some of the interviewees meant that work on SMEs should be regarded as an exception.

In the sub-group dealing with *SME development*, a Swedish group leader, Mr Sundström, has been active throughout the whole process. Interviews with representatives of the business community of Alytus indicate that the co-operation with Jönköping and more precisely Nässjö WoodCenter has been appreciated. Some of the ideas and activities implemented in Nässjö are now being implemented in Alytus. One example of this is the purchasing co-operation that SMEs in Alytus now are practicing. Where they have developed ways of buying fuel and company insurance in more favourable ways.

With Nässjö as a role model, SMEs in Alytus have also started to co-operate in analysing and articulating demands on education and training. This has resulted in direct discussion with representatives of the educational system in Alytus.

There are also some examples of concrete business contacts as a result of meetings between Swedish and Lithuanian businessmen during the “travelling workshop” in Jönköping. Several meetings took place in Alytus where Swedish businessmen, on their own expenses, participated in activities in Alytus⁵.

The work in the *human resource sub-group* has, according to people in Alytus, resulted in a number of interesting ideas. One of these is the concept of Dzūkia European College. “The vision is to start a

⁵ Mr Sundström, as a consultant, arranged meetings and study-tips that parallel with the evaluated project. Several other projects, financed out of other sources, are run in parallel with the phase II-project.

new college to train young people from Estonia, Latvia, Lithuania, Poland and the Czech republic with an undergraduate academic degree, for positions within the EU system and its different institutions and for EU-related positions within ministries and public administration in these countries⁶. A representative from the Alytus College also stressed the importance of the network established between Alytus College and Jönköping International Business School. One example was that Jönköping Business School helped Alytus in preparing documents needed for earning certification as a European college.

The general opinion in Alytus was that the progress in the group working with *rural development* has been less significant. Meetings have been held in villages and one village has now been selected for further work. The activities so far are more or less regarded as “more planning” by people in Alytus county administration.

The same situation is said to be the case with regards to the work in the *Regional Image Group*. Here, the problem has been to unite the municipalities in Alytus around one image. According to people interviewed, a survey has been undertaken in schools to generate ideas that can be helpful in creating an image. This study is now being analysed. The work has, according to the Swedish project team, given the Lithuanians more knowledge about presenting their county in booklets and in fairs. Still, a common opinion is that many steps remain to be taken before Alytus County is able to present their own region under a common umbrella – sometimes referred to as Dzukia region.

According to interviewees, the SME-group and to some extent the human development group, could be characterised by stability and continuity and thus have been fairly successful. In the other two groups, the same continuity has not been possible to achieve.

This stability and continuity was said to be one prime factor behind the relative success of the SME project. One other factor mentioned was that the Lithuanians themselves prioritised business development and job creation. This in turn explains why people from the Lithuanian side have taken a more active part in the work in that particular sub-group.

One additional, external factor put forward by the interviewees, was that business development in Lithuania to a large extent is a green field activity, a quite recent post-Soviet phenomenon. A common view seems to be that it is easier to work in areas such as business development, with less fixed institutional settings and lesser needs for un-learning old behaviour than in areas where positions are more settled.

It is thus far more complicated to make progress in the sub-groups of rural development and human resource development. These segments of the society are still influenced by traditions deep-rooted in the old Soviet system. Former habits and rules-of-the-game are in these sectors still having a substantial impact on how things are perceived and being done. And these habits and power structures are indeed difficult to alter.

Many people involved in project team and as experts

According to the contract between Alytus County Governors Administration and Jönköping County Administrative Board the following persons were on the list of participants in the project:

Project team:

- Roger Gustafson (manager of Carrefour East Sweden linked to the town council of Eksjö, 19 year in the Town council administration).
- Project leader Bengt Isacson, (project leader for international projects at Jönköping County Admini-

⁶ Memo: Dzukia European College (undated)

nistrative Board, with 30 years experience from various positions in public sector)

- Monica Johansson (Advisor, international affairs, association of local authorities, County of Jönköping, 7 years of experience from various positions in public sector)
- Yvonne Lindbom (Coordinator of post secondary education at Nässjö Polytechnic, former teacher in English)
- Bo Sundström (former Managing Director of Nässjö WoodCenter, former engaged in planning of education in public sector)

Consultants:

- Inga Aflaki (PhD student with prior experience from various positions in public sector in Sweden and Lithuania),
- Virginija Lans (Advisor in Lans Ltd, former representative of Swedish Farmers Federation in Lithuania, manager and economist at the agricultural advisory service of Vilkauskis County in Lithuania and chief economist at the Silupes collective farm, Vilkauskis County)
- Birger Yttermyr (former manager for regional planning and manager of the staff at the Jönköping County Administrative Board with 30 years in County Administration, now owner and manager of his own consultant company REKU),

The above listed team and consultants, except for Mrs Lans, participated in the start-up seminar in Druskininkai. During the following seminars and conferences several members of the team and consultants, with some exception, participated together with additional Swedish experts and consultants. According to list of participants, an additional 11 experts have taken part in the project⁷:

- Calle Björnstrand EuroInfoCentre Sweden
- Henrik Blomberg EU Structural Funds Department, Jönköping County Adm. Board
- Christian Blomqvist, EU Structural Funds Department, Jönköping County Adm. Board
- Eric Haglund, project manager, BaltLab, Jönköping County Administrative Board
- Werner Hilliges, Managing director, Combitech
- Charlie Karlsson PhD and professor of the Economics of Technological Change in Jönköping international business school
- Erki Lahti Rockcity Hultsfred
- Margareta Palmér, Kalmar County Adm. Board
- Lars Sandberg, Rural Department, Jönköping County Adm. Board
- Björn Westberg, Doctor of Law, Jönköping international business school
- Anneli Wirtén, EU Structural Funds Department, Jönköping County Adm. Board

Few of the experts have extensive experience from working in private sector. In the core team and among the core consultants, Mrs Lans was the only one who had experienced production activities. Her experience emanate from a collective farm in Lithuania. Mr Sundström too has business experi-

⁷ See progress reports

ence. After working many years in public education planning he entered a position as managing director at Nässjö WoodCenter, a semi-private business. All other team-members and consultants have most of their working experience from public bodies. The team is thus composed of people with a solid experience from regional planning and public sector activities, but with little or no business experience.

The project leader, Mr Isacson, stated in an initial interview, that he as a general policy for the project has tried to minimise the use of private consultants. He gave two main reasons for that policy. Firstly he argued that the main objective of the project was to transfer knowledge from Jönköping County Administrative Board to Alytus County, mainly a co-operation of civil servants. Secondly he stressed, “that private consultants are too expensive”.

The project process in short:

- A total budget of about 2 mSEK plus funding from parallel Sida projects in Alytus
- Six different phases and several sub-activities
- Four sub-groups
- A wide project with a great number of people involved on both sides, about 20 from the Swedish side and 500 in all from the Lithuanian side
- A focus on public sector planning
- Several people involved in sub-groups – the SME-group worked more continuously and concrete than the other sub-groups.

A Successful Project? – Conclusions

The overall aim of this evaluation is to assess if the objectives of the project have been reached and to provide Sida with recommendations for further work.

The question of goal attainment can be addressed in several ways. On a general level, based on interviews and documents, it seems that the project so far has failed to reach the long-term economic and social development goals. This statement is based on the fact that the overall goals were to realise the economic and social development expressed in the Regional Development Plan (Phase One). Very few concrete results, with a possible exception for activities in the SME-field, could so far be identified on the ground. On the other hand, it is too early to expect concrete social and economic development results. The reason for this is obvious: social and economic change takes time. In this respect a 4–5 year-project is just a start. It is thus less relevant to look for concrete results in terms of economic development, new companies or social progress in terms of equal opportunities and gender equality.

If the project is measured against the short-term aim “to provide the County Administration of Alytus with knowledge needed to implement development strategies and projects”, the basis for the assessment will be different. In this case the relevant question is: Has the co-operation between Jönköping and Alytus resulted in a platform for further development well adapted to Lithuanian needs, or in other words: Has the project provided Alytus County Administrative Board with an instrument for further, efficient regional development work?

Here a widely held opinion in Alytus County Administration is that the project, and especially the first phase, has been beneficial in several ways. The Swedish concept of regional planning has been trans-

planted in to the Alytus county administration. The success of this knowledge-transfer reflects in the role Alytus County representatives' claims that they have come to play in the second round of planning, introduced by the Ministry of Interior in Vilnius. In this planning process Alytus county administration has been regarded as a "best practice case" in Lithuania. The new regional plan was seen as a comprehensive document, containing hundreds of pages and many project proposals. The plan was well developed and designed to meet most EU-requirements, i.e. to provide goals, indicators, proposed co-funding etc. In all Alytus has produced a ambitious plan for the future. This ambitious work was seen as a strength for the county.

However, the ambition per se could also be regarded as a considerable weakness. When all the ideas and projects were summed up, they amounted to about 2 billion Litas or as much as all regional development funding available for the whole of Lithuania. In practice, this must mean that the sum that may be allotted to Alytus County will be much less than the expectations. In that respect, the present plan is a "list of wishes" with no exact focus.

For people engaged in the project the strengths of the plan overarches the slight weakness noted above. One reason behind the perceived success is said to be "the support-to-self-support approach". This means a working-method based on mutual and symmetric relationship between Jönköping and Alytus. This way of working was without exception seen as a substantial asset in the project.

According to interviewees in Alytus, other donors in other counties fail in their planning process by letting external experts "do the job". In many cases "foreign plans" have been badly adapted to the specific economic and social context of the county at hand. According to people in Alytus, many of these plans later had to be reworked. In Alytus on the other hand, the planning was made by the county administration themselves with support from Swedish experts. All interviewees claimed that the planning was undertaken "in an open and fruitful working climate based on trust and pleasant social interaction". A question however is whether this way of planning is in accordance with the overall Lithuanian working methods and needs.

Another strength in the project and planning process, often put forward in interviews, was the open and communicative approach. The county administration invited all municipalities to interact in the planning process. Equally important was the far-reaching co-operation with so-called social partners such as NGOs and private businessmen in what interviewees in Alytus called "a democratic working process". This way of working in partnership was, according to interviewees in Alytus, a new and fruitful approach. This too has according to the same interviewees become somewhat of a role model for other counties in Lithuania.

In discussions about the Jönköping – Alytus co-operation the importance of "networking" was brought up several times. From the Alytus side, the possibility of meeting with people in Sweden and at conferences and seminars was regarded as very productive. A general opinion seems to be that strong and extensive networks between people in all walks of life in the two countries have been established as a result of the project and the long-standing relationship between the two counties. From the Lithuanian side, the positive inspiration offered by an international network of professionals was appreciated and regarded as a very positive experience. One of the interviewees said: "This planning process has been the best time of my professional life".

In conclusion: people in Alytus county administration indicate that the project has provided an instrument for further work with regional development projects in Alytus. However, a widely held opinion was that Alytus county administration still is in a planning phase and that implementation is yet to come.

How could more have been accomplished?

There are several possible reasons to this relatively shortage of concrete results and that the project in many respects still is more planning than action. First, as has been mentioned above, it is to a large extent too early to expect concrete results on the ground. But during the discussions with the Lithuanians, members of the Swedish team and external experts, the following four possible explanations to the somewhat meagre results was put forward:

- Insufficient context analysis
- No real political support from Vilnius
- Too wide scope and a lack of concrete hands-on activities
- Too few business people involved

Insufficient context analysis

The co-operation between Jönköping and Alytus has grown out of a mutual interest from people in both counties and has emerged gradually over several years. This one-to-one co-operation has generated several projects and laid the foundation for this particular project. To a large extent, projects reflect the interest of people involved from both sides. It is, to take one example, not a coincidence that the first phase of the project had a focus on planning. Those involved from the Swedish side were all experts on regional county planning. The other projects that are run in parallel in Alytus, also reflect the interest of people involved. If the overall activities in Alytus show a comprehensive and strategic whole this is more by chance than as a result of a conscious plan and a ambitious context analysis.

Interviews with people with insights in the emerging EU-funding system at the ministry of Finance in Vilnius claim that the planning at county level have failed to acknowledge the fact that all decisions will be taken in Vilnius. In the Alytus case, there still was an aspiration of getting more decentralised decisions, i.e. to resemble a “Swedish Model”. Here a substantial clash between two perspectives arose. This lack of context analysis has resulted in, among other things, plans that are more of list of wishes than realistic tools for further work with allocation of EU-funds.

Another general observation regarding the project application for Phase Two was that the work of other donors and possible synergies with them are not scrutinised in advance. Alytus county staff sees the donors societies activities in Alytus as a “smorgasbord” of support from which the best dishes can be chosen. The question remains: In what way has the Jönköping project team acknowledged the potential co-operation with other donors?

Further, the mere concept of “regional planning” has not been dealt with as an intellectual background to the project. What kind of planning is suitable for Alytus? How should planning be translated into action? What mechanisms are at work in implementation processes? Very little of context analysis could be found in available documents. The lack of context analysis could have caused at least two problems in the implementation phase. Firstly, with funding-decisions concentrated to Vilnius, the lack of money for implementation has been immanent. Secondly, and closely related to the first aspect was the risk of evoking unrealistic expectations. A backlash can be expected if many of the social partners involved in the planning process will experience a meagre allocation of money to all or most of the project proposals being produced. The same backlash occurred in Sweden during the first round of EU-structural fund planning back in mid 1990’s.

Weak political support

EuroFutures concluded in the ex-ante analysis of the project application that one of the most important prerequisite for a successful project was a strong political support. In discussions in Alytus the

question of funding was often on the agenda. The centralisation of decision-making to Vilnius was regarded as a major problem. With a better context analysis it would have been natural to co-operate even more with decision-makers in Vilnius. Now, the insufficient context analysis could have resulted in a too weak political support from Vilnius and the central government.

Too wide scope and a lack of concrete hands-on activities

Lack of sufficient funding is brought forward as one of the main explanation of the relatively weak concrete results. With more money, more could have been achieved, is the general opinion. But the funding must be related to the task at hand. The actual project has had a budget of about 2 mSEK and substantial additional resources has been available through complementary minor projects also financed by Sida and Jönköping county board administration.

The amount of 2–4 mSEK during a three-year period could well be regarded as a quite substantial funding, if funds are used in a very focused way. In the ex-ante report produced by EuroFutures, one of the recommendations was to concentrate on a smaller number of activities and sub-projects. In practice, the Alytus project has been rather scattered with many sub-projects and about 20 persons involved only from the Swedish side. When people in Alytus county administration compare Phase One with Phase Two of the project they notice that Phase Two was less focused. Phase One was characterised by planning procedures and was run by the same two consultants throughout the whole phase.

Phase Two, on the other hand was more ad hoc with many different topics and experts involved. In Phase One Jönköping and Alytus co-operated around a very concrete task, to produce a regional development plan for the Alytus County. In Phase Two, no such clear and concrete agenda were at hand, with a possible exception for SME-activities. Instead it was several different agendas and more or less unrelated issues. The overall opinion, as have been mentioned above, was that Phase Two became more of a continuation of the planning process, with some further specialization. This explains why the ambition expressed in the project plan to deal with “program and project management, initiating, financing, managing and implementing various types of projects” was not really accomplished.

Concentrating the resources to one or perhaps two sub-groups instead of four could have mitigated the problem of funding. During the discussions with people in Alytus and Jönköping some questioned whether it would have been better to concentrate more fully on SME, maybe linked to some related human development issues. The reason put forward for this was that small business development could be regarded as a green field activity. In this area there are few very rigid rules of the game. By stimulating small business ventures and growth in on-going companies, an alternative economic and social development driving force could be created. However, it is not a subject for this evaluation to assess if this focus would have been preferable. What would have been appropriate was to analyse this kind of strategic questions beforehand.

Too few business people involved

With a focus on business development, several other strategic steps would have followed naturally. First of all, the composition of the team would have to be different. If the aim was to reach results – real implementation – it was probable necessary to involve people with more hands-on business experience. In the actual team and core group of consultants few persons have actual hands on knowledge of running businesses. However, hiring external consultants could be one way to fill this lack of business competence. During interviews with the project leader, he clearly stated that the use of external consultants was not perceived, simply by the reason that external consultants are too expensive.

A focus on true business development also should have called for changes on the recipient side. Experience from many years of business development in other post-Soviet countries shows that the best

results are reached when real entrepreneurs from both Sweden and the recipient country are active in the project. When businessmen talked to businessmen directly, the probability of creating real business was generally much higher.

In the Alytus case, the concrete activities around Nässjö WoodCentre have spurred business deals. One example was the start-up of a new company in Alytus producing a kind of wooden fuel called logs, a kind of softer briquettes. This business arose out of concrete meetings between businessmen on both sides.

Recommendations for Further Work – Lessons Learned

The evaluation of the second phase of the Alytus – Jönköping co-operation has given several ideas on how to improve further work of this kind.

Put more emphasis on context analysis

A general recommendation, in this case as well as in many other foreign aid cases, is to spend more time and resources on the initial context analysis. In this specific case it would have been efficient to investigate the relevant Lithuanian context more thoroughly. Here, Sida has an important role in taking up a dialogue with the project applicant in order to develop a deeper understanding of the overall context. In this case the discussion should have been taken a bit further. One example concerns the concept of planning. No lengthier such discussion could be found in the project documentation. Questions such as: In what way has the Swedish county planning been successful and in what instances has the planning failed? What parts of the planning concept should be transplanted into Lithuania? How could planning and business be combined in this specific context? What role could entrepreneurs play? In all, the team, together with Sida should have developed a more elaborate result chain or programme theory, i.e. reasoning about how input, action and outcome are supposed to have an impact on the Alytus regional development.

Need to focus

In this case, and in several other cases of the kind, a lack of focus is at hand. And with a weak focus, resources appear scarce. If, on the other hand resources had been directed towards SME projects or other chosen project, the 2 – 4 mSEK available could be regarded as a substantial amount of funding. This need for concentration is rather obvious. To exemplify this, a case in Jönköping could be illustrative. Jönköping School of Business started as a development project in the County of Jönköping in 1990. Between 1990 and 1994, the Jönköping County Administrative Board allotted 1.6 mSEK to the project. Several important actors from the public and private sectors took an interest in the project. Additional funding from municipalities, private business etc amounted to more than 10 mSEK⁸. After several years of hard work and much money spent on the project, the business school concept was realised. If the same “logic” was applied in Alytus, the money available for the whole project would have been spent on one or two sub-projects, not on as broad a basis as was the case in the present project.

Use experts with business experience – but keep the support-to-self-support approach

In regional development, one way of facilitating economic growth is to make sure that active business people interested in doing concrete business, driven by a strong self-interest, are engaged. To create

⁸ Evaluation of projects within the so called county cooperation framework, EuroFutures May 1994.

“arenas” where business people from both Sweden and the recipient county can meet and do business is often an efficient way of stimulating economic co-operation and growth. This method is in line with the support-to-self-support approach used in this project. The best way of transferring knowledge is indeed to help people to do an excellent job, whether in business or in public administration.

Use civil servant more efficient by reimbursing the actual cost of participation in projects

In projects like the Alytus – Jönköping co-operation, there is often a certain reluctance to engage business people and use private consultants. One reason given for this is that private consultants are regarded as too expensive. This notion stems from the assumption that a civil servant active in a project is less costly or a free good. However, the cost of a civil servant, if salaries and overhead cost are calculated, is close to that of a consultant or a businessman. This notion could cause two unwanted results. First the consultant or reimbursed civil servant has, if the right person is engaged, a focus on the specific task when sometimes the “free of charge” civil servant sees a foreign aid assignment as a spare time job. Secondly with a focus on costs, the discussion of prioritization and concentration will be given a sharper attention.

Future co-operation – a matter of EU-funding

Sida is now phasing out the support to the Baltics and new funding decisions will in principle not be taken. However, in May 2004, Lithuania enters the European Community and will have access to ordinary EU-funding. A continuation of the Alytus – Jönköping co-operation with backing of EU-financing will be a final test of the success of Sida’s support to Alytus County. From the Alytus side, a general opinion seems to be that the co-operation will continue.

Terms of Reference for the Evaluation

2004-01-29

Madeleine Hägg-Liljeström Sida Europa/ EECA

Diarienummer: 2000-2417

Evaluation of Sida's Support to Regional Development Plans in Lithuania, Part II

1. Background

Bilateral co-operation on regional and local level between Sweden and the Central- and Eastern European countries has been considered as an effective way of support. Not only in the short term transitional period, but also as a method to reach long term stability in the region and prerequisite for a regular and equal co-operation between neighbouring countries in the Baltic Sea Area. The Swedish County Administration Boards (CAB) have since 1992 received support from the Swedish Government, BITS and Sida, for co-operation with their counterparts in Estonia, Latvia and Lithuania. The aim of the co-operation is transfer of knowledge and exchange of experience from the fields of activities of the Swedish County Administration Boards. The support has according to Sida guidelines and the overall strategy been provided in the form of technical assistance, transfer of Swedish knowledge. The support should be focusing on strategic measures chiefly designed to enhance the development of expertise and institutions through well-defined projects and with the assumption of sustainability.

In addition to the CAB program Sida has financed a regional development project driven by the CAB in Jönköping. The overall goal of the project has been to assist the county of Alytus in realising and implementing regional development plans for the county. Eurofutures was assigned to do an evaluation of the first phase of that project and the project proposal for phase II. That second phase is the focus of this evaluation, namely the implementation phase of Regional Development Plans II where Jönköping have cooperated with Alytus.

1.2. Aims and objective of the Swedish support

The objective for the co-operation between CABs is to strengthen democracy and to increase the competence and capability within the regional administration. Moreover, Swedish programmes of development co-operation shall be permeated by a perspective of equality between men and women. The consequences for the environment (positive as well as negative) should also be taken into account.

2. Purpose and Scope of the evaluation

The purpose of the evaluation is to acquire knowledge about the relevance, effects, impact, cost-effectiveness and sustainability of the Swedish support so far and to point out lessons to be learned. The specific task is to evaluate the results and to assess the impact of the interventions brought about by the project Regional Development Plans Phase II, Implementation (dnr 2000-2417).

3 Issues to be covered in The Assignment

3.1 The evaluation

Relevance:

- The relevance of the approach, goals and services carried out by the Swedish counterpart in relation to the needs at the regional level in Lithuania.
- Discuss the possibilities of long-term mutual co-operation with the Lithuania ("normalt grannlandssamarbete") in the view of phasing out Swedish assistance. To what extent do the regional authorities in Sweden and in Lithuania have an interest in a long-term mutual co-operation? Are there any differences between sectors and countries? Who will finance it?

Effectiveness:

- To what extent have the objectives and goals of the project been achieved? The analyses should determine whether the support can be estimated to have achieved long-term effects and strategic impact in the recipient country, and also if the support has been cost-effective. Could the same results have been achieved with fewer resources or with an alternative approach? The reasons for divergence compared to the goals should be analysed.
- Have the reporting routines and reports been satisfactory?
- Has gender-, environment-, and EU-integration aspects been an integrated part of the program? What effects can be seen?
- Has experience from the project been spread to other counties. If so, how, if not, why?
- In the view of phasing out the support the Consultant shall also make an assessment of the sustainability of this project. Will something remain after Sida support to the project ends?

4. Methodology, Evaluation Team and Time Schedule

4.1 Method of work

Sida has chosen to draw upon the framework agreement with Eurofutures for this evaluation. Eurofutures performed the evaluation of part 1 and have considerable experience also from other similar evaluations.

The evaluation may consist of the following parts (the Consultant is encouraged to make amendments to the methodology or to propose an alternative approach):

- Documentation Study: Written documentation, including project proposals, reports and strategies, guidelines shall be studied. To collect the required material the Consultant will review relevant documentation at Sida.
- Interviews with relevant actors, in Sweden as well as in Lithuania. The main parties of this project have been the County Administration of Alytus and the County Administration of Jönköping. The assignment should contain one visit to Lithuania and one to Jönköping to interview the relevant actors.

4.2 Evaluation team

At least one of members in the Evaluation Team shall have substantial knowledge and experience in evaluation methodology. Knowledge and experience from decentralisation issues, democratisation, and

regional administration shall moreover be available within the team. Moreover, the team shall have documented experience from Central- and Eastern Europe.

4.3 Time schedule

The evaluation should commence no later than November 3, 2003. The total time allocated for the evaluation is 22 working days, including preparations, travel and writing.

4.4 Undertakings

The Consultant will be responsible for practical arrangements in conjunction with the mission to Lithuania and other visits. Sida will make available or cause to make available all written material (strategies, guidelines, reports, project documents, project completion reports, etc.) deemed to be of relevance to the evaluation by the Consultants and Sida. Responsible officer at Sida will inform the Swedish counterpart of the forthcoming evaluation.

5. Reporting

The evaluation report shall be written in English and should not exceed 15 pages, excluding annexes. Format and outline of the report shall follow the guidelines in **Sida Evaluation Report – a Standardized Format**. A digital copy of the draft report shall be submitted to Sida no later than December 1, 2003. Within 1 week after receiving Sida's comments on the draft report, a final version in 5 copies and on diskette shall be submitted to Sida. Subject to decision by Sida, the report will be published and distributed as a publication within the Sida Evaluations series. The evaluation report shall be written in Word 6.0 for Windows (or in a compatible format) and should be presented in a way that enables publication without further editing.

The following enclosures shall be attached to the final report:

- Terms of Reference
- List of persons interviewed
- List of documentation

The evaluation assignment includes the completion of **Sida Evaluation Data Worksheet**. The separate summary and a completed Data Work Sheet shall be submitted to Sida along with the (final) draft report.

6 Budget

Fees	
22 days (7 400 per day)	162 800 SEK
Reimbursables	
Travel	17 446 SEK
Hotel	4 100
Per diem	434
Interpreter	4 000
Total Reimbursables	27 980
Unforeseen	4020 SEK
TOTAL	194 800 SEK

List of persons interviewed

Participants in Alytus County

Ona Baleviciuté	Deputy Governor of Alytus County
Romas Balcius	Spatial planning
Arvydas Dzervus	Region development department
Irena Ivanauskienė	Region development department
Pranas Jaciunskas	Chambers and Commerce
Kestutis Kieras	Head region development department
Dalia Matukienė	Business association
Raimundas Markauskas	Governor of Alytus County
Danute Remeikienė	Deputy director college
Algimanta Sciglinskiene	Business Advisory center
Nijolė Vagnorienė	Region development department

Ministry of Finance/expert

Håkan Gustavsson	Expert, Ministry of Finance
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The Swedish Team

Inga Aflaki	Consultant, PhD-student
Bengt Isacson	Project leader, Jönköping County Adm. Board
Birger Ström	Jönköping County Adm. Board
Bo Sundström	Consultant, Jönköping
Birger Yttermyr	Consultant

List of documentation and other references

- Ernst & Young Juni 2003, Rapport från revision av Länsstyrelsen i Jönköpings läns insatser i Östeuropa – Regional Development Plans in Lithuania, part II – Implementation (RDP II)
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- Sida 2003, Sida Evaluation Report – A Standardized Format
- Sida Östlövet September 2003
- Yttermyr, B 2002 –04-02 Högskoleprojektet i Alytus län – idéer kring ett grundkoncept
- E-mail between Sida officers and project leader
- OH-presentations and other working material

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