

Strengthening Public Employment Services in Armenia, Georgia and Moldova

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Sida Evaluation 04/34

Department for Europe

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Preface

Since the collapse of the Soviet Union the labour markets in the former Soviet countries have undergone dramatic changes bringing new challenges but also new opportunities. Among the challenges are the considerably increased rates of unemployment and authorities bearing the responsibility for facilitating a functioning labour market and increased employment but without adequate information or methods for doing so. In an attempt to overcome these challenges and in the long term, reduce unemployment, Sida supports the labour market authorities in Armenia, Georgia and Moldova. The support has taken the form of cooperation between the Swedish Labour Market Board (Arbetsmarknadsstyrelsen, AMS) in Sweden and the Public Employment Services in the three countries since 1999.

In 2004 Sida commissioned Ramböll Management AB, a company with long experience of working with labour market related issues, to evaluate the three projects in terms of relevance, effectiveness, cost effectiveness, impact and sustainability as well as cross cutting issues of poverty reduction and gender mainstreaming for the period 2000–2004. As the projects in Moldova and Armenia had ended and continued cooperation was planned, Sida also commissioned Ramböll Management AB to hold seminars with the local partners to design the continued cooperation according to the Logical Framework Approach.

The evaluation reports show that the projects are largely relevant in their focus on reducing unemployment and build capacity at the Public Employment Services but highlight the differing needs in the three countries and raise critique in terms of programmatic logic, impact and sustainability. Sida agrees with the finding that there is significant room for improvement and will continue the dialogue with AMS and the Armenian, Georgian and Moldovan partners on how cooperation can be made more effective. As a part of this dialogue, AMS commented on the evaluation findings and these are enclosed at the end of this report.

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Foreword

In this report RAMBOLL Management presents the results of an evaluation of labour market projects financed by Sida and implemented by the Swedish Labour Market Authorities (AMS) in Armenia, Georgia and Moldova.

The evaluation was commissioned by Sida and carried out by a team of labour market and evaluation experts. RAMBOLL Management bears the full responsibility for the report and its conclusions.

Table of Contents

Executive Summary	5
List of abbreviations.....	6
1. Introduction	7
1.1 Origin and Purpose of the Evaluation	7
1.2 Methodology	8
1.3 Structure of the Report	8
2. Context for Support	8
3. Findings	11
3.1 Methods and Approach	11
3.2 Activities and Outputs	12
3.3 Project Organisation	14
3.4 Results and Impacts	15
4. Value Judgements	16
4.1 Relevance	16
4.2 Effectiveness	20
4.3 Cost efficiency	23
4.4 Sustainability	24
5. Overall Conclusion	26
6. Lessons Learned	27
7. Recommendations	29
Country Reports	
Armenia	31
Georgia	59
Moldova	85
Annexes	
1 Table of Evaluation Questions and Indicators	108
2 Data Collection Activities	111
3 Terms of Reference	112
4 AMS comments on the Evaluation	117

Executive Summary

The aim of the evaluation was to assess the relevance, effectiveness, cost effectiveness, impact and sustainability as well as cross cutting issues of poverty reduction and gender mainstreaming, of Sida financed Labour Market Development Projects implemented in Armenia, Georgia and Moldova by Arbetsmarknadsstyrelsen (AMS), the Swedish Labour Market Board in the period 2000–2004. The overall aim of the projects has been to promote better functioning labour markets and increased employment by introducing active labour market policies. Key components of all projects have been the development of Labour Market Information Systems (LMIS) and the development of Active Labour Market Services. In this general report the evaluators summarize the main findings and recommendations of the three country specific evaluations.

Overall, the evaluation finds that the projects are relevant in their focus on reducing unemployment and improving the capacity and skills of Public Employment Service (PES) staff as these are important concerns in all three countries. However, local contexts vary significantly and it is not always the case that the upgrading of the PES system is one of the respective government's priorities among strategies to deal with high unemployment and poverty reduction, this is particularly the case in Moldova and Georgia. Due to the difficult economic situation in Moldova and changing political context in Georgia, the respective governments and many donors find it more important to focus on job creation than employment facilitation. The support of the Moldovan and Georgian governments to their respective PES systems has also been reduced in recent years.

The evaluation finds that the logic of the projects in terms of the definition of objectives, results and activities was weak and limited the ability of partners to monitor the progress being made as well as the achievement of results. In spite of this positive results have been achieved in particular in Armenia and Moldova and to a lesser extent in Georgia, partly due to the fact that the project is still in its early stages.

The long term impact of the projects was assessed in terms of legislative- administrative impacts and socio-economic impacts. At the legal-administrative level the impacts of the projects were clearly visible in several areas. For example, the ways in which the Armenian and Moldovan PES are now implementing a more active 'outreach' approach towards the unemployed and employers. It was however, more difficult to assess the socio-economic impacts of the projects, not least because there are so many contributing factors to changes in the level, for example, of unemployment but also because no clear indicators for measuring this had been defined and no base line studies conducted.

It was difficult to assess the sustainability of the projects as they are on-going or recently concluded. Nevertheless it was assessed that the difficult economic situations and lack of government resources could endanger sustainability in all three countries. An increased focus on the dissemination of results and tangible outputs would have improved the potential for sustainability, however, across the countries. Issues of gender mainstreaming and direct strategies to tackle poverty reduction had not been addressed in any systematic manner in any of the three countries.

The overall lessons learned from the evaluation are that: systematic and logical project planning and design would have been beneficial to the implementation of the projects without this there are not clear links between different project components nor are there the possibilities to monitor the progress that is being made throughout the implementation of the projects; more tangible outputs in the form of training materials and manuals would have facilitated the wider dissemination of results and help to ensure long term sustainability; the use of transition experience from the Baltic States was positively received

where applied and should be used more widely; AMS is in a good position to facilitate a partnership approach but that their process consultancy skills are superior to their project management skills; and finally, any further assistance in this field must be based on thorough assessments of the local contexts and the relevance of particular objectives and activities.

List of abbreviations

AMS	Arbetsmarknadsstyrelsen
FSU	Former Soviet Union
GNI	Gross National Income
LMIS	Labour Market Information Systems
ODA	Official Development Aid
PES	Public Employment Services
VET	Vocational Educational Training

1. Introduction

1.1 Origin and Purpose of the Evaluation

This evaluation of Sida funded labour market projects implemented in Armenia, Georgia and Moldova by AMS was commissioned by Sida in April 2004. As agreed in the Terms of Reference the evaluation deals with both the implementation process of the projects as well as the impact of the projects. Therefore, the following will be conducted:

- *A process evaluation*: how activities have been formulated, implemented, reported and received by the project beneficiaries within context of the current labour market developments in the three countries;
- *An impact analysis*: the evaluators will, within the limits i.e. the given time and resource constraints, assess the impact of the projects in the three countries, where the projects have been carried out. In this respect, the achieved results will be assessed against the stated objectives, but emphasis will also be put on assessing impact from a gender and poverty perspective (i.e. gender disaggregated analysis and effects on the poverty situation in the three countries)

Furthermore the evaluators provide recommendations for whether or not possible future knowledge transfer of the development cooperation between the AMS and the ministries in Armenia, Georgia and Moldova could be meaningful to other countries receiving ODA.

The evaluation of the projects managed by AMS can be characterised as a combination of mid-term and ex-post evaluations. This means that the evaluations will have simultaneous focus on the implementation process, results and on the impacts of the projects. As noted earlier, in Armenia and Moldova the projects have completed or are about to be complete, but in Georgia the project is still on-going. It is furthermore worthwhile mentioning that both the projects in Armenia and Georgia are building previous projects, which in turn means that the AMS project engagement in those countries has been running for a total of 3–5 years.

According to the terms of references the following issues are covered as part of the evaluation of the projects:

- Context and Complementarities
- Relevance
- Effectiveness
- Impact
- Sustainability
- Cross cutting issues: gender and poverty
- Cost efficiency

1.2 Methodology

The evaluation is based on a qualitative evaluation design. Data has been collected on projects conducted in each of the countries through desk research, interviews with both the participants and project leaders and observation.

While the evaluators have collected as much evidence as possible through interviews in the respective countries and through site visits it should be acknowledged that much of our data comes directly from AMS in terms of progress and final reports. While it is of course hoped that this data is reliable in some instances the evaluators have not been able to verify the reliability of the data. The evaluators have noted where the reader should be cautious regarding the results achieved.

A more detailed description of the evaluation methodology is presented in Annexes 1 and 2.

1.3 Structure of the Report

The report is structured in seven sections. A description of the context for the support and an overview of the support provided by Sida to the labour market in the three countries follows in section two.

Section three presents the main findings of the evaluation. The section contains a description and analysis of the findings, including the approaches used, activities carried out, the organisation of the projects and the impacts achieved.

Section four contains value judgements based on the results of the evaluation of the projects. The support will be judged according to the above mentioned evaluation criteria.

The conclusions of the evaluators are presented in section five, while section six contains lessons learned.

The final section, section seven presents the evaluators' recommendations for future programming in the area of the labour market in the countries evaluated.

The latter sections of the report may be of particular interest when considering the possibilities for the future transfer of knowledge in this field to other countries receiving ODA.

2. Context for Support

In the following section the evaluators provide a description of the developmental context in the three countries, including an overview of the support provided by Sida within the labour market area.

2.1.1 Development Cooperation Activities

Sida began its development cooperation with Armenia in 1991, Georgia in 1992 and Moldova in 1996. Sida's first form of cooperation with these countries was to provide humanitarian assistance but since the later 1990s this has developed into longer-term development cooperation focused primarily on helping to reduce poverty. In addition to supporting poverty reduction Sida projects in these countries are expected to promote gender equality and if deemed appropriate to make use of the Swedish resource base.

Sida's assistance to the labour market in the three countries began in the late 1990s. Sida's decision to work in the labour market sector in the three countries was based upon earlier experiences with labour market development projects in Russia and the Baltic countries. The previous labour market projects, many of which were also implemented by AMS, had shown sustainable results. The support to the labour market sector in Moldova, Georgia and Armenia are in many ways modelled around these early experiences.

2.1.2 Country Level

Armenia, Georgia and Moldova share many similarities that follow as a direct result of their having been part of the Soviet Union. The FSU countries are struggling to deal with the Soviet legacy of, among other things, an emphasis on centralized governments and hierarchical approaches to management within the public administrations. Bureaucracy and corruption are present in all countries albeit to varying degrees. Armenia, Georgia and Moldova all face serious territorial integrity problems that have significant political and economic implications. Though the situation is somewhat more stable there is still the risk of further political upheaval and even war. Georgia is the most troubled country with secessionist movements in Abkhazia and Southern Ossetia. Armenia is still dealing with the repercussions of its war with Azerbaijan and Moldova is still trying to find a solution to the problem with Transnistria. These disputes continue to impede substantial foreign investments vital to promote economic growth and private sector development. Another negative side effect of the disputes is the substantial numbers of internally displaced persons and migration from the countries.

As with other FSU countries all have all suffered in economic terms since their independence and face serious levels of poverty:

Indicator \ Year	1998	1999	2000	2001	2002
Armenia					
GNI (USD per capita) ¹	570	-	-	700	790
Poverty (% below the poverty line) ²	55	45	-	50	50
Official Unemployment (% population) ³	8,9	11,5	10,9	9,8	-
Georgia					
GNI (USD per capita)	700	-	-	600	650
Poverty (% below the poverty line)	50,2	51,8	51,8	51,1	52,1
Official unemployment (% population)	4,2	5,6	15,2	15,8	-
Moldova					
GNI (USD per capita)	470	-	-	400	460
Poverty (% below the poverty line)	44,3	58,1	51,4	41,8	33
Official Unemployment (% population)	1,9	11,1	8,5	7,3	8

While current GNI per capita levels remain below pre-independence levels for Georgia and Moldova, Armenia has enjoyed an increase in GNI per capita over the past couple of years. Poverty levels remain high averaging around 50 per cent for all three countries. The apparent decrease in poverty levels in

¹ GNI statistics from World Bank Statistics Database (2004) see <http://www.worldbank.org>

² Poverty statistics from UNDP Millennium Development Goals (2003) see <http://www.undp.org>

³ Unemployment statistics from World Bank Statistics Database (2004) see <http://www.worldbank.org>

Moldova can be explained by significant migration, coupled with a steady flow of remittances from nationals living abroad, so poverty reduction stimulated from within the Moldovan economy is not yet a reality. Rural subsistence farming accounts for a lot of economic activity as well as employment within the respective economies. Remittances from nationals working abroad constitute a major source of domestic household income although these remittances rarely go into productive investments.

However, major differences in the countries' political, cultural economic situation exist, and the specific local context has a significant bearing on the projects implemented. Moldova and Armenia have relatively stable although conservative governments that are taking longer to move away from the communist system. Georgia on the other hand is in a completely new and uncertain political situation. Since the elections in late 2003 a new western oriented and reform eager government with a liberal agenda rules. The relative levels of stability of each of the respective governments has its pros and cons in terms of the implementation of the projects, but some level of stability is of course highly desirable.

Economic growth remains limited though recent growth has been significantly higher in Armenia with gradual economic reforms spurring economic growth and employment. The Armenian government is relatively stable and the public sector is funded and supported in a way that makes it possible for it to provide the most basic services. Moldova is also rather stable politically, but to a larger degree caught in a poverty trap where little or no growth makes it difficult for the government to deliver basic services and large numbers of the population are leaving the country. The public sector including the employment services has been cut back significantly in terms of staff and funding in recent years. In Georgia on the other hand there has for years been virtually no growth outside the oil pipeline construction industry and a modest recent economical pick up only due only overseas remittances. The country has been dominated by corruption and infighting between clans and secessionist movements in several regions. The new government has promised a fresh start where the entire public sector is technically fired and supposedly non corrupt people have now been placed in key ministerial positions.

2.1.3 Project Level

As we move to examine the context for working in each country at project level the more the local context differs and the impact of country specific circumstances becomes even more important in terms of the environment for implementation. Although all three countries face serious unemployment and underemployment problems in particular in rural areas, institutional arrangements within the labour market differ markedly. The labour market institutions in Armenia are relatively stable and have undergone a period of positive development and receive political and financial government support. In Moldova the labour market authorities are stable in institutional terms but are heavily under-funded and have suffered major staff cutbacks. In Georgia the whole public sector is in turmoil and the PES system has in recent years suffered major institutional changes and a high turnover of staff. Government support is very limited and regional and local offices perform only the most limited registration functions with limited resources.

The PES in all three countries have a focus on unemployment registration, employment mediation and job creation. However, whereas Armenia has reached a threshold where the PES is in a position to offer services to the local communities and thereby legitimize its existence and attract users, Moldova is only gradually building a system that is in contact with end users though they are actively doing so. In Moldova, the PES has yet to convince the government, end users and other stakeholders about the need for a PES and the potential value of an active labour market policy. Armenia has relatively high level of registration whereas in Georgia only a fraction of unemployed find it worth the effort in terms of time and money to register at the PES offices, Moldova lies somewhere between the two.

The differences, as described, do to a large extent reflect their different economic growth perspectives. In Armenia there are jobs to mediate in various industries. In Moldova this is true in and around Chisinau and in major regional industrial areas, whereas in Georgia there are a very limited number of vacancies in the formal sector. Without vacancies to mediate the PES in Georgia finds it difficult to legitimize its existence. Furthermore, in Georgia the impact of personal, family, and clan networks on job-seeking activities should not be underestimated. The state is perceived as a last resort when employment facilitation is concerned.

3. Findings

In the following section the main findings of the evaluation for each of the three countries are summarised in terms of the methods and approaches used, activities and outputs, project organisation as well as results and impacts of the projects.

3.1 Methods and Approach

The approach and methods used by AMS to transfer knowledge within all projects focuses on capacity and institution building through training, seminars, workshops, study tours and traineeships, and through partnership⁴.

3.1.1 Institution and Capacity Building

Institution building has focused on the transfer of knowledge from AMS in a way that builds the capacity of the partner institutions and utilizes new methods inspired by AMS' experience or "the Swedish Model". To prepare the institutions for organisational change, study tours have been carried out to provide a rationale for the project objectives and to create understanding for the implementation of subsequent activities such as seminars, as well as to exemplify best practices from Sweden. Traineeships have been organized in a few individual cases (Armenia) to enable key individuals to transfer knowledge to their own institutions upon return. Traineeships have taken place in equivalent Swedish (AMS) institutions and departments over a period of two months. Capacity building has taken place at various levels, central, regional and local and within different labour market departments but generally speaking the main focus has been at the selected pilot offices.

Four pilot offices have been established in Armenia, two in Moldova and as yet final selection for pilot offices in Georgia remain in the pipeline. The main aim of having the pilot offices is to build up 'resource centres' within each country that take the lead in developing and implementing new methodologies for active service. In the longer run these pilot centres should act as the focal point for dissemination activities so that all other employment offices can adopt new working practices.

3.1.2 Training

Training and seminars have been the most the widespread method of knowledge transfer in all three projects. Numerous seminars and workshops have been carried out with the aim of explaining in more detail the Swedish system and as well as being a means to help upgrade specific skills of staff at the PES. Limited process consultancy has been carried out where Swedish/Lithuanian experts have worked alongside the local staff while they carry out day to day tasks.

⁴ For more detailed discussions of the findings in each the countries see the respective country reports.

3.1.3 Partnership

The partnership (or twinning) approach to capacity and institution building is facilitated by the fact that AMS is a national labour market institution as the counterparts are in all three countries. In this way it is possible for AMS to transfer knowledge based on their own institutional experience fielding experts in the areas in which the respective PES are trying to develop.

3.1.4 Transition Experience

Lithuanian expertise has been used within the projects in Armenia and Georgia. The aim of which has been to use Lithuanian experience of the transformation of the role and working practices of the PES to help inspire those in Armenia and Georgia. Experts from the Lithuanian PES have participated in Steering committee meetings, seminars and training sessions and study visits to Lithuania have also been a feature of one of the projects.

3.2 Activities and Outputs

All three projects focus on the shift from passive to active labour market policies and service within the respective PES. The respective National or Republican Agency for Employment, otherwise described as the PES here, is the main counterpart. In both Armenia and Moldova, as previously mentioned, most of project activities are conducted within a limited number of pilot employment offices. A number of key activities have been implemented across all three countries and are discussed in the following section.

3.2.1 Statistical Work and Forecasting

Facilitating the building of a Labour Market Information System (LMIS), focussed on providing statistics and forecasting has been a key activity in all three countries. High quality statistical and forecasting work has been promoted by AMS as a key precondition for the application of targeted active measures. Methods of information gathering and processing such as questionnaires and guides for interviews with employers and unemployed, as well as statistical methods have been transferred to all countries. In Moldova it has been supported by a significant investment in IT equipment funded through the project but the collection, handling and processing of the labour market information to facilitate policy making has been a key activity throughout the countries.

3.2.2 Active Services

In the FSU and many other transition countries employment services have for many years been synonymous with just the registration of the unemployed and the payment of various benefits, where the driving force has been control and inspection. PES staff have typically waited for the unemployed and employers to come to them. The application of active instruments within the PES has been essential in encouraging more outreach to users as well as the development of a dynamic PES. Training in, for example, the development of individual action plans for unemployed people, workshops on how to conduct visits and interviews with employers, active identification and registration of vacancies, increased use of vocational guidance have been key activities within the projects. Few tangible outputs have been produced in terms of questionnaire guides, registration manuals and a video. The skills of key PES staff, including managers, and desk officers have been upgraded and they are better at performing of their new duties. However, both the scope of activities and outputs differ within the different local contexts⁵.

⁵ See the individual country reports for a discussion of the effectiveness of the active service components within the projects.

3.2.3 Vocational Guidance

Vocational guidance and training as an active labour market instrument has been promoted in all three countries although not always as a specific project component. In Moldova a parallel vocational education training (VET) project has been running within the Ministry of Education, whereas analysing the needs for the vocational training has been a specific component of the project as the establishment of a system of vocational rehabilitation. In Georgia, vocational training has not been a specific project component but the matching of the skills of the unemployed with needs of the employers through vocational guidance and training has received substantial focus.

3.2.4 Reorganization of the PES

The administrative reorganization of the respective PES at the central and regional levels has also received attention within the projects although to varying degrees. The main activities have been centred on defining and reorganizing the way the PES system is managed, staffed, organized according to responsibilities and specialist functions. How best and most efficiently to organize key tasks within the existing organizations and the pilot offices has been a focus of the seminars and workshops. Specific components targeting institutional changes in terms of management and organizational structures differ between the countries. In Moldova an objective of the project was to draw up an action plan for reorganisation although no tangible plan or major reorganization has been identified by the evaluators. The development of an action plan is now part of the strategy for a possible follow up on the project. In Georgia few organisational changes within the PES have been initiated as yet but management seminars were implemented to bring institutional and organizational aspects into focus. The project is only in its infancy and the issue of the pilot centres is still to be resolved. In Armenia significant discussions have been held as part of the project concerning institutional and organisational arrangements of the PES and as a result changes in, for example, regional management structures have been implemented.

3.2.5 Social Dialogue

The promotion of social dialogue has received special attention as a separate project component only in Georgia. Social partner representative organisations have been identified and individual and joint seminars have been implemented to promote the concept of tripartite agreements and social dialogue. Any tangible outputs are yet to be produced. In the other countries social dialogue has been the topic of seminars in relation with the transfer of Swedish experiences and tripartite agreements have been introduced in Moldova and Armenia.

3.2.6 Business Development

Private sector business development is priority of all three countries in particular at government level. Assistance in this area was initially requested by the counterpart in Moldova, but only Georgia has seen business development as a specific component. In Georgia cooperation with the UN business incubator centres is envisaged although the question finding the right premises has held back progress so far. However, in both Armenia and Moldova business development has not played any major role.

3.2.7 Technological Upgrades

In Moldova the pilot offices have received computer equipment as part of the project in order to process information about the unemployed and vacancies. Training has been provided to improve the use and knowledge of the IT possibilities and the development of locally based computer software has been supported. The equipment has helped the selected offices to reduce the amount of paperwork although the statistical and analytical work that is being carried out is relatively limited. In the long run there is no doubt that the computers will come to play a larger role in the work of the PES both in terms of enabling to collect and analyse statistical data as well as managing job databases but such a system is still long time off.

3.2.8 Dissemination and Replication

A central feature of the projects has been to promote the use of active measures at a number of pilot offices in the three countries. While this scheme has not yet materialised in Georgia, significant experiences have been obtained in this respect in both Moldova and Armenia. However, there have, as yet only been limited attempts to replicate the progress in other employment offices in Moldova and Armenia, although the number of pilot offices in Armenia has increased from two to four. The evaluators observed that a limited number of dissemination activities, such as seminars and video production, had been carried out. It has however not been sufficient to ensure replication of the pilot experiences to other offices yet.

3.3 Project Organisation

3.3.1 Project Management Structure

The projects being assessed in this evaluation have been managed by AMS, the Swedish Labour Market Authority, together with local project coordinators and Lithuanian partners. The project designs have been developed by AMS in consultation with the local partners, and AMS has been the overall responsible to Sida and in charge of managing the Sida approved budget.

In Armenia and Georgia steering groups have been officially appointed as part of the project, incorporating high level officials to the extent possible. Local coordinators or contact persons from the responsible ministries have provided logistical support and also in most cases participated actively in the projects. In Moldova no official steering committee has been appointed during the project.

3.3.2 Process Consultation

In all three countries close contact has been maintained with the counterpart, throughout the duration of the project. It was clear in all countries that the consultants from AMS have been highly valued and liked, thus indicating a strong ability to create the necessary emotional involvement and commitment from local counterparts. It has also been made evident that where the necessary commitment is lacking, as for example in the case of Georgia recently, measures have been taken by the project management to tackle this barrier to the implementation of the project.

3.3.3 Project Planning

The projects have not followed the initial time plans, which in most cases have been set on a very general rather than component level. In some cases as many as four amendments (Moldova) have been submitted requesting extensions to allow for the completion of the project. In Georgia some delays have occurred, due to mainly external factors, like the change of government.

3.3.4 Reporting

Some missions to the countries for training and development have been followed by mission reports. Progress reports have been delivered on the projects, once a year in most cases, together with final reports for concluded projects. Most reports have been submitted in English, although a few are in Swedish. Some of the mission reports have been translated to Russian or Romanian but no systematic pattern can be detected.

As discussed in more detail in section 3.2.2, the objectives and expected results of the project are poorly defined and indicators against which impact can be measured are non-existent. In the reporting the expected results are the main source of reference, although it is often in terms of what is in effect more of an activity, such as study tours or training that has been undertaken. Some references to results are made in the reporting on activities, such as increased knowledge, strong commitment, or great interest. More concrete results are often lacking in the descriptions, and linkages are not explicitly stated between objectives, imminent objectives, activities and also input both financial and personnel.

3.3.5 Financial Reporting

Budget and costs within all three projects have been about 50 per cent of the funds allocated for fees and 50 per cent for reimbursables. A significant part of the budgets have been spent on study tours to Sweden mainly. As far as the evaluators have been able to discern, Moldova has given rise to numerous significant budget reallocations whereas fewer reallocations have been made within the Armenian and Georgian projects.

It has not been possible to review disbursements for the ongoing project in Georgia, since invoices had not been sent to Sida at time of the evaluation. On the other projects invoices have been sent, but not always at regular intervals which has implications for the monitoring of the project.

3.4 Results and Impacts

As discussed in the respective country reports, results and impacts can be divided into those of a more administrative-legal nature and those that are more socio economic. As the projects state unemployment reduction as key long term objective socio economic impacts in this analysis relate mainly to increased employment, reduced unemployment. Legal administrative impacts relate more to capacity building in relation to the LMIS and active measures in terms of increases in the numbers of registered unemployed, vacancies, individual action plans, new procedures, legislative and organisational changes.

3.4.1 Socio Economic Impacts

It is very hard to assess socio economic impacts. Some impacts in terms of poverty levels, unemployment, political climate, corruption, and mentalities, for example, might be expected as a result of the projects but the true extent of these impacts is almost impossible to judge as there are a multitude of factors that come in to play.

Of the possible socioeconomic impacts unemployment reduction has been stated as specific project objective in all three countries. However, the impact of the projects on unemployment levels has been very difficult to assess mainly because no measurable indicators or means of verification exist. It is possible that an improved PES system with more focus on active services will eventually lead to increased employment. However, there is a wide range of factors influencing the rate of unemployment. Hence, assessing to what extent the projects have resulted in decreased unemployment cannot be established. If part of the rationale for carrying out these types of projects is that they have an impact on poverty levels then the indicators against which impacts can be measured should be established from the outset of the project.

3.4.2 Legal-administrative Impacts

At the legal-administrative level, impact can be measured in particular in Armenia and Moldova. There has been a significant increase in institutional capabilities of the employment services as demonstrated, for example, by the marked increase in the use of active labour market services, improved statistical information gathering and better vocational guidance.

3.4.2.1 Statistics and Forecasting

The activities focussed on improving the quality of statistics and forecasting have led to significant advances in LMIS capabilities in Armenia and the system in Moldova is gradually improving in the sense that increased number of statistics are gathered improving the picture of the labour market situation. Armenia has even reached a stage where some collected information and the labour market statistics produced feed back into the Labour Market Authorities and facilitate policy making. The registration of the unemployed has increased significantly in Armenia whereas no substantial changes can be registered in Moldova or Georgia. In Moldova LMIS has been supported by IT equipment facilitating improved statistical processing capabilities though the level of sophistication of this data is still low.

New registration forms for both unemployed and employers have been developed in Armenia and Moldova. In Georgia no impact can be measured as yet, both due to the fact that the project is still in its early stages, as well as numerous external factors that limit the relevance of gathering statistics through registration.

3.4.2.2 Active service

In Armenia active service is now an indispensable part of the PES and the understanding and application of active measures is now being disseminated beyond the pilot offices to other regions. This can be verified by increased numbers of action plans developed, unemployed interviewed, and employer contacts throughout the country. In Moldova new services are being offered at the PES and the PES has established a much more active interaction with both employers and unemployed. However, limited funding and personnel cutbacks have had a negative impact on the level of effectiveness of project activities. In Georgia active service has not been institutionalised, there are no sustainable results from the previous project and it is too early to see any impacts from the current project. The PES is still by and large characterised by a passive attitude towards registration and consequently only a limited number of unemployed people register. However, there is evidence of an emerging understanding of the concept of active service and its applicability in Georgia, which is an important prerequisite for developing the PES system.

Impacts on VET level cannot be measured in any of the countries and it can only be concluded that there is an increased use of vocational guidance at PES level. The interaction between the VET and PES systems has not been a focus within the projects. But understanding concerning the role of vocational training as an active labour market tool is now common to all three countries. Little effort has been made to integrate labour market and educational systems in any of the countries.

4. Value Judgements

The aim of this section of the report is to make value judgements based on the findings and analysis presented in section three. The evaluators have made these assessments in relation to the evaluation criteria⁶. The evaluators mainstream gender and poverty reduction issues throughout this section on value judgements rather than dealing with these issues in a separate manner.

4.1 Relevance

The relevance of the projects has been assessed according to the following criteria:

1. To what extent are the project objectives set in line with government priorities including national labour market policy goals and initiatives?
2. To what extent have the project objectives been in line with the actual needs of the stakeholders and end users?
3. To what extent have the project objectives been set in line with and coordinated with Sida's overall aims and objectives?

⁶ See section 1 and Annex 1 for a more detailed description of the evaluation criteria.

4.1.1 Government Prioritisation and National Labour Market Policy

As has already been discussed all three countries face pressing problems in terms of trying to reduce levels of poverty and stimulate economic growth. While there is commonality in their approach to addressing these issues namely that they have developed or are developing strategies there are differences in these strategies, not least in terms of the way that job creation is addressed. In reality, each country's ability to manage job creation depends to a large extent on the realities of or prospects for economic growth.

If job creation relying on private sector growth, is the priority of the government one can question the relevance of building institutional capacity in the PES before any real demand for the services of the PES exist. The PES alone cannot generate jobs. If there is, however, economic growth and a start in terms of job creation in the private sector, then there is a role for the PES. The PES can help match the demand for and supply of labour thus justifying the allocation of resources to the PES despite the comparatively limited resources of the respective governments.

In Armenia, for example, the government makes clear links between job creation in the private sector through increased private investment and the need for an efficient labour market. This is set against the backdrop of real, though at the present time not broad-based, economic growth. Furthermore, the proportion of vacancies in the formal sector is significantly higher than in the other two countries. In Moldova and Georgia these links are less clear, in Moldova there is very limited economic growth, and may go some way to explaining the comparative difference in the prioritisation of the labour market in government policy.

In Moldova and Georgia, while working in the labour market is in line with the respective poverty reduction or similar strategy documents that have been developed, or are in the process of being developed questions can be raised as to the current governments' priorities with regard to labour market policies. There is a clear focus on economic development and social security, of which employment policies can be said to be a component, however at the present time the governments are still trying to juggle their sectoral priorities. The relevance of working in the labour market can be questioned if this is not an explicit priority for the government because this has implications in terms of the political and financial support that the PES will have.

4.1.2 Needs of Stakeholders and End-users

In the following sub-section value judgements concerning the relevance of working in particular project components⁷, which are common to the projects are considered in terms of the needs of stakeholders and end-users.

4.1.2.1 Active Services at the Employment Offices

During the Soviet period, staff working at the equivalent of the PES were mainly inspectors, carrying out checks on employers and employees. Since the collapse of the Soviet Union their role in the labour market has begun to change significantly. It was the case in all three countries that the staff at the PES were under-skilled, received low wages, and there existed little or no incentives to improve the quality of their work. It has therefore been relevant to work on helping to improve the level of active service at the PES at the central, regional and local levels. If the PES is to play a role in the labour market it must be able to build confidence among its clients, job seekers and employers, so that they increase their usage of the PES. This increase in confidence and usage can be achieved through the improved quality of the services the PES can provide. In addition, however, to helping to encourage active service at the employment offices the staff should be able to understand local structural and gender related issues of unemployment and develop strategies for dealing with these so that clients again have confidence in the PES and choose to use them.

⁷ For a more detailed analysis of the relevance of the components included in each project see the respective country reports.

A feature of the Armenian and to a lesser extent the Moldovan project is to provide support to the development of vocational training systems both for the disabled and those who are not. The aim is to integrate people into the labour market by offering them training in areas where there is a shortage in the supply of labour. If there are real shortages in the supply of labour and there is structural unemployment then it is relevant to work in these areas but vocational training is not necessarily a means of job creation. In the case of Moldova it is clear that while the current vocational training courses offered by the Ministry of Education do not help to address structural unemployment it is more relevant for the PES to work in cooperation with the Ministry of Education where possible to restructure the vocational training offered as there is already an established system.

4.1.2.2 Statistical Information and Forecasting

It is relevant to work in improving the quality of the labour market statistics produced in order not only to be able to assess the supply of and demand for labour but also to be able to carry out valuable forecasting work. Both activities have implications for the employment services in helping to reallocate labour to improve efficiency in the labour market. Historically the methods of data collection and analysis have not been reliable in the three countries. In spite, however, of the need to improve the quality of the statistics produced the reliability of them and the relevance of working in this sector can however be undermined when one considers in Moldova and Georgia the marginal numbers of those registering as unemployed. This means that any analysis that is conducted is based on an insufficient data sample to make it reliable. To ensure relevance of working in this area the PES must be able to collect representative data samples. The application of technological solutions to statistical analysis and forecasting is relevant but only when there is sufficient local capacity to support the introduction of this technology.

4.1.2.3 Legislative Reform

In Moldova, in particular, assistance in drafting legislative reforms has been a component of the project. It is often the case in transition countries that legislative issues impede the application of innovative policies and reforms. It is therefore relevant to work in improving the legislative environment if barriers to future development exist. But of course legislation has to be specific to the country in question and while advice can be given in the drafting process there is a real need to be able to adapt this advice to the specificities of the local context. It should be noted that introducing legislation is a lengthy and highly politicised process and should not therefore be undertaken lightly. Sufficient budget allocations should be made, appropriate expertise provided and the very real risks of working in this area should not be underestimated. It should also not be forgotten that in many instances the legislation is actually in place it is that it is not enforced or in some instance enforceable. Therefore, a thorough analysis of legislative realities should be carried out before any work is undertaken in this area.

4.1.2.4 Project Management

Managing complex projects such as these, involving up to as many as three partners, demands a high degree of coordination. It is therefore relevant to have a component in the project that focuses on steering the project, for example, making sure that activities are conducted in line with the project plans. But such a component can also be used as a forum for process consulting concerning more general issues related to the development and reorganisation of the PES. Involving all the project partners in steering discussions provides the opportunity to assist in the local partners' development of their own strategies for the PES but also provides partners the chance to take ownership and to participate fully in the project. While steering committees can be very valuable, the presence of this alone is not sufficient in helping to assure the success of the project. Steering committees have to be used and managed cleverly.

4.1.3 Sida's Objectives

Key development objectives of Sida's in the Caucasus and in Moldova are to help create the necessary conditions for reducing poverty and to contribute to the development of democratic public structures, efficient government bodies and respect for human rights. In the Caucasus a further and closely linked objective is to also help prevent conflict primarily through initiatives aimed at promoting sustainable development. Sida also through all its development cooperation activities seeks to mainstream gender issues.

These projects though not explicitly stated in any project documents should in theory help towards poverty reduction, sustainable development as well as the improvement of living standards as well as contributing in some way to improvements in the efficiency of government. Very little mention is actually made to mainstreaming gender issues systematically throughout the projects and where it is mentioned no clear strategies for dealing with this subject are outlined.

Sida's other objectives include, where appropriate, supporting contact intensive development cooperation programmes that bring the Swedish resource base into play. In the Sida strategy for the Caucasus it is stated that where appropriate Sida should seek to involve the expertise and experience from other Eastern European countries, not least the Baltic States.

4.1.4 The Swedish Resource Base

These projects certainly bring the Swedish resource base into play in that AMS is implementing the projects. In Armenia and to a lesser extent Georgia at the present time Lithuanian experience has played a key role in the implementation of the projects. It is the opinion of the evaluators that the use of the Baltic experience has been *key* to the success of the project in Armenia. Those participating in the projects have clearly stated that being able to learn from the Lithuanian experiences of transformation, given their similar legacies and limited resources has enabled them to set their own *realistic* vision of what the Armenian public employment services could be like. Many spoke of how this realistic goal was important in terms of maintaining their personal motivation as the Swedish model was such a long way from reality for them and they could only dream of having the resources that AMS has.

As stated throughout AMS documentation and reports, one of the main assets of mobilising the Swedish resource base, and in this particular case AMS, in these projects is AMS' ability to provide advice to the PES in other countries based on their own experience. AMS does carry a wide range of expertise which can be mobilised on a needs basis in a fast and flexible manner it also carries institutional histories which can be used to guide partners in their own institutional development. Study tours can also be easily organised as AMS has access to all relevant departments within its own organisation.

However, in order for partnership to achieve its maximum potential it needs to build on a number of pre-conditions. Those experts that are engaged in different project activities *must* be able to help local partners adapt their approaches to very different local contexts. It is the opinion of the evaluators that some experts have been better than others in doing this. Furthermore, if the full benefits of partnership are to be achieved support should be provided on a longer-term and intensive basis. This would require experts to work with partners regularly and for longer periods of time rather than a couple of days here and there. It is acknowledged that this is not always possible given that the experts often have to fulfil work commitments with AMS domestically but short-term inputs cannot have the same impact as longer-term input in terms of the day to day developments of the PES in these countries.

4.1.5 Part Conclusion

It is the assessment of the evaluators that poverty and unemployment levels are of serious concern in all three of the mentioned countries and has been placed high on the agenda of the respective governments and their Ministries. It is also clear that the capacity and skills of the staff working at the PES

need to be upgraded in order to improve the services that it can offer and to fulfil a more active role in the labour market. However, the strategies of governments differ slightly in how to confront poverty and unemployment issues. In Armenia we have seen a clear link made between the need to work in the labour market and poverty reduction that goes hand in hand with private sector job creation. The latter of which relies on the government improving the climate for private investment. In Moldova and Georgia the connections are less clear, in the Georgian case this is not surprising given the recent change in government, and in both cases resources flowing to these institutions have been reduced.

In order for the project to be relevant at the national level the government needs to attach priority to working in this area. Generally speaking the project components that have been run are relevant in both an Armenian and Moldovan context whereas relevance in the Georgian context has not yet been established, though the government is currently working on defining its priorities so the situation could be changing. In addition to having support for the government attention should be paid to making sure that the ideas are fully adapted to the local context.

4.2 Effectiveness

The following section considers the programming logic of the project and their effectiveness. The effectiveness of the projects is assessed according to the following criteria:

1. To what extent have the expected (original and where appropriate adjusted) objectives been achieved in the projects?
2. Have any positive or negative unexpected results been achieved?
3. Have poverty reduction and gender issues been mainstreamed in the project?

4.2.1 Programming Logic

Following on from questions of relevance the evaluators have also assessed the way in which the projects have been developed. In all three countries AMS has been actively involved in developing the project, by encouraging the PES of each country to work in certain areas. It is the understanding of the evaluators that no independent needs assessment or Terms of Reference have been developed prior to the projects' initiation. Since the PES in most instances claim that they were not in a position to know what they needed at the beginning of the projects, this may be considered appropriate. However, this approach also contains a risk, namely that AMS to supply the competence it has, rather than meeting the exact needs of the partners. Working in transition countries demands considerable consideration of the ways in which the project relates to the wider context of poverty reduction, other donor and government priorities, and related sectors such as education or public administration reform.

In light of the complex nature of transition processes it is essential that the projects apply a strategic approach to the development of the PES. In any developing context it is firstly of essence to clarify the future role, mission, and scope of the area in question. A thorough analysis of mission and vision enables a more step-by-step approach to development processes. As a logical consequence of this, this usually means that 'less is more' in terms of the range of components.

With regard to the PES the developmental process takes time but the key-stones have to be put in place first. In the case of the PES the key is that jobseekers and employers have incentives to use the service. Therefore, project activities in the first instance might focus on these areas. Armenia is a good example of where the project components have linked more closely with each other and the range of what is trying to be achieved is realistic.

4.2.2 Project Logic

It has been difficult for the evaluators to assess the effectiveness of the projects mainly because of the lack of clear project logic. Each project has an overall objective which is then followed by a number of expected results under each sub-project, often called component. However, in the project descriptions objectives are mixed with activities and output measures, and in some instances there is not a clear linkage between project components and overall objectives. This has been the case in Georgia where job-creation and SME-development form a component, though they cannot be found in the overall objectives of the project.

The objectives are generally speaking formulated in vague terms and clear milestones or targets have been infrequently set. The timetables for implementation are not stated, thus making it difficult for an evaluation to determine the progress of the projects. This lack of clear project logic causes not only methodological problems in terms of evaluation but also problems in terms all stakeholders being able to monitor the progress that is being made during the project, which is of course important in promoting local ownership and participation. It is critical for all partners to be able to assess the progress that has or has not been made and to be able to analyse why this is the case. To do this in an objective manner has not been possible for the partners and other stakeholders in the three countries due to the weaknesses in the original project designs.

It is the understanding of the evaluators that a clear objective is an objective that is *specific, measurable, accurate* and *bound by time*, followed by a *description of indicators of achievement, sources of verification* and *associated risks and assumptions*. During interviews with AMS, it has been clear that these criteria to some extent exist implicitly in the project logic, due to a good process understanding in the Swedish project management. However, it is the evaluators' assessment that the projects would benefit greatly from a more clearly defined logic, with distinctly stated linkages between overall objectives, immediate objectives and activities, along with a specified time schedule, milestones and risk analysis. Furthermore, the lack of structured reporting has not helped either in trying to use the vaguely defined objectives as the starting point for an assessment of project progress and results.

4.2.3 Achievement of Expected Objectives

The level of achievement of expected objectives in the three labour market projects has been mixed. Furthermore, due to the vagueness of some of the objectives it is difficult to assess the degree of effectiveness of the project activities. Some final reports state that the objectives have been achieved but the evaluators have used interviews and missions as a way of verifying whether or not the expected objectives have been achieved to the degree possible.

This said, the highest degree of achievement has been achieved in Armenia where the evaluators have assessed that practically all expected results have been achieved. In Moldova over half the expected results have been achieved while in Georgia it is very difficult to say that any have been achieved at this relatively early stage in the project. A high degree of effectiveness has been achieved in the introduction of more active methods of service in the PES in Armenia and Moldova. In terms of the statistics and forecasting more mixed results have been achieved. In Moldova basic statistical and forecasting capabilities have been improved in the pilot regions whereas the degree of effectiveness in Georgia remains highly questionable. The shortcomings in both cases are mainly due to the low level of registration in Moldova⁸ and Georgia.

One of the reasons for the high degree of achievement of expected objectives in Armenia is that in the first instance the objectives have been *realistic* and *appropriate*. Moreover, *strong commitment* and *prioritisation*

⁸ More detailed discussions of effectiveness can be found in the country reports.

from Ministerial to local level has also been a contributing factor. Government support in Moldova and Georgia has not been so pronounced in either oral or resource allocation terms.

4.2.4 Positive or Negative Unexpected Results

Most unexpected results where they have emerged have been positive. In Armenia dissemination activities have gone beyond the confines of the project. There has also been the establishment of more pilot offices than was originally planned in the projects. The achievement of these unexpected results is at least in part to the very strong local commitment to the projects. Again because the project in Georgia is in its early stages no unexpected results have yet been achieved though it is possible that the unexpected change in government will lead to more unexpected results if they prioritise the labour market sector.

4.2.5 Mainstreaming of Poverty Reduction and Gender Issues

There are implicit links made between these labour market projects and poverty reduction but the efforts cannot be described as direct interventions. The evaluators saw no evidence of explicit links being made between the project and poverty reduction in the project description and there is no evidence of targeted support to the most vulnerable groups of the unemployed, both men and women. If these issues were to be mainstreamed in all the projects it is clear that these issues should have been clearly dealt with during the inception phases of the projects. Of course, striving to improve the chances of the unemployed, and in particular the long term unemployed to find employment does in theory help to alleviate poverty but the evaluators assess that this could have been achieved in a more systematic fashion.

Some mention is made of mainstreaming gender in the project activities among the projects but the evaluators saw little evidence of gender mainstreaming activities being carried out. While on one level it is a commonly held assumption in all three countries that there are no gender issues there clearly are gender issues related to working in the area of labour market policy. For example, while exact proportions of men and women using the employment centres differ slightly among the countries in question from approximately 50:50 in Moldova to 70 per cent of users in Armenia being women, it is the case that where vacancies exist there are more for men. The evaluators saw little evidence to suggest that strategies to tackle either the deficit of jobs for women or the fact that women are getting less specialised jobs had been considered. It should be considered that the fact that in many cases women are getting less specialised jobs has implications for women managing to earn an income to keep them above the poverty level. The evaluators heard much of the cultural traditions of women being supported by their husbands, but in light of, among other trends, the shortening life expectancy of men in all the countries examined there is a need for women to be able to support themselves and their families where appropriate.

4.2.6 Part Conclusion

Effectiveness is judged to be mixed among the three countries but the greatest level of effectiveness has been achieved in introducing new methods for active service at the employment offices. While considerable progress has been made in this respect, particularly in Armenia, staff working at the PES should be encouraged to engage in more sophisticated analysis of issues of structural employment, for example, in the future.

Of course there is a need to respect local cultural traditions but it is Sida's policy to work to help improve gender equality throughout all its development cooperation activities and there is clearly a need within such projects to address these issues. The evaluators therefore judge the effectiveness of the projects in this area to be low. In terms of the effectiveness with regard to poverty reduction it is difficult for the evaluators to make clear judgements on this. While the PES is helping some numbers of the

unemployed get jobs, they are not always paid which means that getting a job does not necessarily mean a real increase in income. The PES in none of the three countries has developed strategies to help the poorest groups in society. Therefore, the level of effectiveness with regard to poverty reduction is regarded to be at best moderate to low.

4.3 Cost efficiency

The cost efficiency of the projects is assessed according to the following criteria:

1. Have the administrative costs been kept at an acceptable level?
2. Could the objectives have been achieved at a lower cost or could more results, outputs and greater impacts been achieved at the same cost?

4.3.1 Administrative Costs

The first criteria for efficiency concerns whether or not the administrative costs have been kept at an acceptable level.

It has been hard for the evaluators to obtain an exact overview of the administrative costs for each project as while there might be lines for project management and administration these budget lines also include activities beyond what can be precisely defined as project administration.

On average, the projects have used between 7–16 per cent of the budget for project administration. It is the evaluators' opinion that this is acceptable in the type of projects that have been evaluated. This assessment is first of all based on the logistical demands of arranging project activities, arranging seminars for large groups of people around the respective countries and study tours are time consuming activities. The regular steering group committee meetings for the project of course add to the project administration costs but if used effectively, as is the case in Armenia for example, they are judged to be worth the extra cost.

4.3.2 Allocative and Technical Efficiency

In this section the evaluators address the relation between costs and output, results and impact, in other words value for money. The key question posed here is could more results have been achieved by designing and managing the projects differently.

Study tours account for on average approximately 20 per cent of the total budgets. This is judged to be reasonable. It should, however, be noted that where study tours to Lithuania have been run instead of to Sweden this has led to lower overall costs for study tours and given the results that the evaluators have seen the tours to Lithuania have been judged to be highly effective. For certain groups of participants, for example, staff working at local employment offices it is the opinion of the evaluators that it is more efficient to arrange study trips for them to Lithuania rather than to Sweden.

The purchasing of computer equipment has been a feature of the project in Moldova. The aim of which has been to help staff at the PES collect statistical data, to aid with registration and also with self service job seeking activities. While the final cost of the equipment is not known to the evaluators at this time, it is estimated to account for 10 per cent of the total budget. While there is no doubt that the computer equipment is useful it is the opinion of the evaluators that it is not being used to its full potential therefore technical efficiency has not been achieved with these budget resources.

In Armenia basic computer equipment exists within the employment offices, yet there has not been the same 'technological' focus in the project if compared with Moldova. Yet when comparing the results of the project activities in the area of statistics and forecasting, for example, it is the opinion of the evalua-

tors that greater methodological progress has been made despite the lack of focus on supplying the technology.

4.4 Sustainability

The sustainability of the projects has been assessed according to the extent that it is likely that the results will survive over the coming years. It is of course difficult to assess sustainability with regard to Georgia in light of the new political situation as well as the fact that the project has recently begun, though some lessons can be learned from the fact that there is only very limited evidence to suggest that any results of the previous project run in Georgia before the political upheaval remain.

4.4.1 Economic and Political Factors

Economic growth and political stability are the two most important factors in the development of the three countries but the impact of these factors on the labour market authorities is also crucial. When considering the three countries political stability and economic growth have been the exception rather than rule. As documented throughout the country reports there is a clear link between the role of the PES and economic growth. In Georgia and Moldova evidence from interviews suggests that there is an understanding of the relevance of the project components in helping to establish a system that may not be relevant at present but that would be when economic growth took root. The argument therefore being that they should have the system in place for when it is most needed.

But in these countries the relevance and sustainability of a PES depends on the need to mediate between the supply of and demand for labour. If, as it is the case all three countries but in particular and Georgia and Moldova if there is: limited or no growth, if real unemployment is around 30–40 per cent, if half the population lives in poverty in rural areas, if unemployment benefits are negligible, if household incomes depend on overseas remittances, and if the shadow economy accounts for 40 per cent of GDP, it is not likely that many regular formal private sector jobs and vacancies outside agriculture will be advertised at the PES and job seekers will have little means and initiative to register. In this case the rationale and sustainability of the PES system as a job broker is brought into question and it can be argued that focus on job generation as opposed to job mediation would be more appropriate, though the extent to which the PES can contribute to this is very limited indeed.

4.4.2 Priorities of Government

Key to long term sustainability is government support. In Moldova the adoption of the new Law on Employment in 2003 defining among other things the remit of the PES also in theory supports the expansion of the PES' activities but meanwhile the PES faces diminishing resources. Despite voicing support for the work of the PES and its expanded role the government faces the challenge of juggling many other issues. This means that the level of priority attached to developing the PES is not clear. Likewise in Georgia, the government has introduced severe cutbacks in staff numbers at the PES while at the same time saying that working to improve the unemployment situation is a priority. Again the lack of prioritisation is a threat to sustainability. In Armenia the government has made working in the labour market a priority this has positive implications in terms of sustainability.

4.4.3 Ownership and Participation

In both Armenia and Moldova strong commitment has been shown to the project both at the Ministerial and the PES level. It is clear to see in both countries that the level of local ownership of the project and the fact that both PES have been so actively involved in planning future stages of project work is testament to this commitment.

As discussed previously there has been increased activity at the pilot offices in both Armenia and Moldova and the managers of these offices seem committed to continuing the work that they have begun. In order to ensure the continued commitment and enthusiasm of staff working both the pilot offices and other offices throughout the countries they must continue to feel that they are making progress. In order to ensure that staff continue to make progress it is important that staff think strategically about their work with, for example, employers in terms of the areas of business of the employers, the employers needs as well as the job seekers. Activities are only sustainable if they find a balance between meeting the needs of all the stakeholders involved. It was widely quoted during all the missions that private businesses were often reluctant to cooperate with the PES because the role of the PES in the past as inspectors. The PES needs to continue to build confidence in this area. In Armenia progress has been made in among other ways holding fairs where employers have been invited to the PES to learn about the services that they can offer to them. This has proved to be highly effective and has had the added bonus of enabling staff with limited time and financial resources to meet larger groups of employers.

4.4.4 Institutional and Cultural Factors

Within the transition countries in question it is a widely held opinion that institutions are weak and that there is the potential for the high turnover of staff. This is the currently the case in Moldova and Georgia and to a lesser extent in Armenia. Given that there is the potential for a high turnover of staff high quality training manuals produced in the languages of the respective countries or a more common language such as Russian should exist so that the risks of a turnover of staff and knowledge ‘disappearing’ are minimised. In Moldova and Armenia new working practices are embedded within the pilot offices and to a certain extent more widely in the countries but there remains a risk that the knowledge that has been gained has not been fully institutionalised. This requires therefore that in new phases of the projects attention is paid to the wider dissemination of new working practices and business processes throughout the countries and that high quality training materials and manuals exist.

Unlike Moldova and Georgia reliance on a parallel system for finding employment is less in Armenia. Of course family ties play a role in all of the countries concerned in this evaluation but it is clear to see that the level of usage of the PES in Armenia is proportionally higher than the usage in the other countries. The level of usage of the PES and the reliance on alternative systems to find employment has obvious implications for the future of the PES in each of the countries. Unless the PES is used by jobseekers, unemployed and employers then a question remains hangs over the role that it will be able to play in the labour market.

4.4.5 Technological Factors

At the present time it is only in Moldova that the focus for improving the efficiency of the labour market and the work of the employment services is in many ways technologically based. Given the resource and capacity constraints of staff and the need to get more employers and unemployed using the PES it is a risk that the technological focus partially eclipses other essential day to day working practices, which at this stage in the development of the PES are more essential to its longer term survival as a facilitator in the labour market. In Armenia where there is a much smaller technological focus considerable progress has been made in increasing the proportion of the unemployed registering and actively using the PES as has the number of vacancies being advertised. Of course, the provision of some computer equipment is necessary in order for the staff to be able to fulfil their statistical analysis and forecasting activities but proportional focus is judged to be more in balance with the actual needs of the stakeholders as well as trying to ensure the longer term sustainability of working practices and the new role of the PES.

4.4.6 Financial Factors

There is within all three public employment services limited local capacity to work with the unemployed and job seekers. Staff numbers are limited but the range of services offered is relatively speaking broad and includes: registering the unemployed and job seekers, building working relationship with and collecting vacancies from employers, sometimes managing the payment of social security benefits, collating data and producing statistical reports and forecasts, organising vocational training to name but a few. In Moldova the PES faces the challenge of maintaining its activities despite diminishing resources. In Armenia while resources are limited the evaluators learnt of no decisions to reduce the level of support to the PES from the government and in Georgia the future of the PES remains unclear as the new government continues to develop its own labour market policy, though some positive indications have been made with regard to financing. Given in Moldova and in particular Armenia there is of course the risk that any change in budget allocations to the PES in these countries will threaten the range and quality of the activities that the PES can carry out. This has implications for the overall role of the PES and not least its use by the unemployed and employers.

4.4.7 Part Conclusion

The priority each government attaches to working in the labour market is essential to the long term sustainability of the work now underway at each respective PES. In Armenia, government commitment is strong. In Moldova there is commitment but due to a larger array of government priorities the situation is less clear. In Georgia while some priority has been attached recently to working in the sector the extent of this prioritisation remains unclear at this stage.

In order to further ensure sustainability in all three countries time and energy needs to be devoted to disseminating the new working practices of the PES to local employment offices throughout the countries as well as information to employers and job seekers about the services that the PES can offer so that there is increased demand for the services of the PES.

5. Overall Conclusion

This evaluation report has shown that mixed results have been achieved in the labour market projects managed by AMS in Armenia, Georgia and Moldova. While these countries have many things in common, not least their Soviet legacy, there are many economic, political and social differences that create different conditions for the implementation of labour market projects. The evaluators have demonstrated that key to the success of projects is the prioritisation of the labour market by government both in terms of policy and actions. Without this prioritisation the PES faces problems of legitimacy and resource constraints. Prioritisation of the labour market from government often comes with economic growth and job creation, two factors which the PES itself has little impact on.

AMS has, on the whole, provided high quality expertise throughout the projects and the partnership between AMS and its counterparts has been highly valued. Furthermore, the use of transition experience through Lithuanian partners has added an important dimension to the projects where this has been a feature. Staff working in local employment offices have demonstrated that they have benefited from learning and applying Swedish experience but greatest effectiveness has been achieved where this experience has been thoroughly adapted to suit the local context. So while the Swedish model can inspire it should not be relied upon as the benchmark for the PES in countries receiving ODA and the integration of other experiences including for example that from the Baltic States is invaluable.

Implementing projects of this nature is very complex and requires good project management and process consulting skills. But a further essential feature is solid project design. Stakeholders need to be able to assess the progress that is being made through the project and this can only really be achieved through the measurement of the achievement of objectives and impact measured against predetermined indicators. While the projects are making some limited contributions to poverty reduction and gender mainstreaming the results are not remarkable, but this is not surprising given that such goals have not been clearly defined objectives of the project. In the future strategies for targeting assistance to the poorest groups, of both men and women should be clearly defined from the outset.

Generally speaking, it is very difficult to provide a straightforward conclusion with respect to whether or not possible future knowledge transfer of the development cooperation between the AMS and the ministries in Armenia, Georgia and Moldova could be meaningful to other countries receiving ODA. It is evaluators' firm belief that it is important to support the development processes in these countries within areas where previous experiences of donor assistance in similar countries, for example, the Baltic States, have been obtained. At the same time the evaluators find that the meaningfulness of the support largely depends on whether or not a number of important prerequisites are fulfilled in the countries in question. These include: some level of economic growth and job creation; the existence of full-hearted governmental prioritisation of poverty reduction, as well as willingness to develop and implement policies for comprehensive labour market development, in which the suggested AMS support fits naturally in; all of which should be backed up by a comprehensive government plan to stimulate further economic growth and associated job creation.

6. Lessons Learned

In the following section the evaluators present key lessons learned from the evaluation of labour market projects managed by AMS.

6.1.1 Partnership Approach

The fact that AMS is itself a national labour market institution means that the in-house experts it supplies provide good expertise to the PES in each of the countries concerned and those participating in the project have benefited from this expertise. Nevertheless, such a partnership relies for its success on AMS experience being successfully modified to the local context in each of the countries.

This requires experts to both understand the complexities of the working environment and to spend significant enough periods of time in the partner countries so that a true partnership based on day to day support can emerge. There is no doubt that the working relationship between AMS and its counterparts is viewed very positively by the local partners but AMS experts could spend longer periods of time in the partner countries rather than 2–3 days at a time, which would help in the longer term development of the PES.

6.1.2 Use of Transition Country Expertise

Throughout the evaluation the utilization of recent transformation expertise from Lithuania was highly welcomed. The opportunity to see a system that has recently gone through similar processes of change has clearly led to more realistic goal setting, as is not always the case when those participating in projects have only been exposed to the Swedish system. It is even sometimes the case that Swedish experience is not always relevant to local contexts and due consideration should be given to this. One can question the relevance of the Swedish model being used as a benchmark for developments in the

respective countries given the significant disparities between the countries. In this case while Swedish experience is useful it is preferable to compliment this with experience from the Baltics who have gone through similar processes of change to those countries in question recently.

While to some extent use of transition experience conflicts with the strategy of using the Swedish resource base and emphasizes the questionable applicability of the Swedish model as the most relevant it is invaluable. Therefore, if joint implementation can be carried out where Swedish and transition country experts have established good relations this is a very powerful vehicle for transformation.

6.1.3 Employment Mediation or Employment Generation

The Swedish model as exemplified by the Swedish AMS system is first and foremost a model of job facilitation or mediation between a group of registered, mapped, active, and motivated unemployed and active, resourceful, employers working within the confines of the law, based on a significant labour market information system meticulously updated with close to 100 registration of unemployed people and vacancies. This intermediary role is highly relevant in periods of growth, in developed societies where there is high trust on part of the employed and employers and their representatives (the social partners) in the ability of the official system to facilitate employment and labour market mobility. It is not the prime purpose of the PES however to generate jobs and only to a limited extent to provide retraining for unemployed. In the Swedish model the PES gathers labour market information and provides this as input into to policy makers and social partners at an aggregate level. Information feeds into the educational systems where frequent reform tries to align the educational system to the changing needs of the labour market. However, the official employment system does not and should not possess the expertise to generate jobs.

In the three countries evaluated however, although more pronounced in Georgia and Moldova, recipients and donors alike all emphasize that a better functioning PES is desirable but the main focus should be on employment generation. Without jobs generated there is nothing to facilitate. This must be seen in the perspective of what the key priorities are when poverty reduction is the overall target and limited resources are available. But the fact of the matter is that the PES cannot make a significant contribution towards job creation.

The lesson learned is again that institution building is of second tier importance to employment generation when no or little growth is present and any adaptation of Swedish methods must be relevant and appropriate to local contexts.

6.1.4 Statistics and Forecasting

If adequate labour market information systems cannot be established, based on high quality statistical reporting due to lack of sufficient data, labour market policy will not be informed and major components of the projects are unlikely to be effective or sustainable. It should also be noted, that the success of active labour market policy in Sweden relies almost entirely on the accurate and reliable information about the labour market in terms of needs, skills, registration, duration, age groups, vacancies, industries, regional differences provided by all interested parties.

Registration both of jobseekers and vacancies is essential to statistical and forecasting work in the countries in question. Consequently, an objective of all the projects has been to improve the ability of the PES to register both vacancies and the unemployed by training their staff and upgrading the PES infrastructure. However, it should be noted that not all 'registration issues' are automatically solved by upgrading the skills of the staff of the PES or its infrastructure. It might in some cases only be the PES itself that sees upgrading/institutional building as the solution to the problems. But many problems with registration relate to, for example, the general economic situation, associated levels of poverty, cultural and political factors; factors that are by and large beyond the control of the PES.

6.1.5 Programming and Project Logic

Projects of such a significant size and complexity necessitate careful planning that ensures a logical and coherent description of objectives, results, activities and indicators. No such logic is present in any of the projects evaluated. Objectives are not clearly defined nor clearly linked to results and activities. If an objective is to introduce active labour market services this objective must be qualified. What does 'introduced' mean? How is it measured? What are the indicators of achievement? The relationship between the objectives, results and activities must be established in order to ensure that all activities contribute to reaching the immediate project objectives. Without clear project logic it is very difficult to monitor and evaluate the progress that is being made as stakeholders may have different interpretations of what objectives should actually be achieved. The original project design and logic have been weak in all three cases. More attention needs to be paid to the rigorous planning of any future projects in this area. Any future reporting should also be more structured so that partners can make objective assessments of the progress that is actually being made in the project and make necessary adjustments if goals are not being achieved. In short, basic project management skills need to be improved in the future.

7. Recommendations

In this section the evaluators make recommendations for future programming in the labour market in the countries in question as well other countries receiving ODA based on the conclusions made during this evaluation:

At the policy and the programming level:

1. Ensure that objectives are in line with government priorities and that commitment at ministerial, and cross ministerial level to the project and the PES as an institution is present. Focus on and ensure cooperation between the Ministry of Education and Ministry of Labour and Social Policy is present if possible by including the ministries in specific project activities focusing on, for example, on the design of VET programmes based on labour market surveys. Set up steering committees with representatives from both ministries and all other partners in the project that can drive the process.
2. Where there is economic growth and some form of formal sector job creation it is highly relevant to provide support to the labour market sector, but where there is not it might be more appropriate to support SME and other forms of local economic development if governments have developed comprehensive and realistic plans to help stimulate growth.

At the project level:

3. Ensure a rigorous programming and project design based on systematic LFA approach stipulating objectives, results and activities in a coherent manner which should be supplemented by measurable indicators and a proper analysis of needs and associated risks and assumptions.
4. Continue the development of the PES system through pilot offices focusing on active services with a clear dissemination strategy.
5. Depending on unemployment registration, equip the PES to conduct independent labour market surveys that do not only rely on registration. This could be done in cooperation with the bureau of statistics or the relevant ministerial departments.

6. Improve the use and application of IT but not necessarily extend IT to all regional offices. Focus on the data that can be handled without expensive equipment taking into account user levels. If IT is valued as the key to Labour market reform or should be increased to cover the whole country, this could be co-financed by the government in question.
7. Continue and maximize transition country input to the project where relevant.
8. Ensure that project management tools are applied that facilitate ongoing monitoring and reporting on milestones and results and that Steering Committees are used proactively where deviations or unforeseen barriers occur.
9. Increase the focus on tangible outputs in the shape of training materials manuals and guidelines, training of trainers etc. that can facilitate dissemination of results and ensure sustainability.
10. If the partnership approach is the preferred alternative, ensure that longer-term consultancy inputs are implemented, that allow for day to day advisory inputs that maximize recipient capacity building and limit travel costs.

Country Report: Armenia

Authors: Alexandra Wynn & Peter Sidelman

Executive Summary

The Sida funded project ‘Labour Market Policies and Programmes – Developmental Cooperation between Armenia and Sweden’ was implemented by the Swedish Labour Market Board in the period 2000–2004. The overall aim of the project was to promote basic changes in the organisation and working practices of the Armenian public employment services laying the foundations for more widespread and deep-seated changes in the future. The project had five main components: vocational rehabilitation; statistics and forecasting; vocational training needs analysis, stimulating active service at the employment offices; and project management. This evaluation assesses the relevance, effectiveness, impact, sustainability and cost effectiveness of the project. Issues of poverty reduction and gender mainstreaming, two of Sida’s priority areas are cross cutting issues dealt with throughout the evaluation.

The project is evaluated as being relevant in terms of the focus on reducing unemployment and upgrading the capacity of the Armenian public employment system, as high levels of unemployment and limited capacity within the Public Employment Services (PES) are pressing issues. Furthermore, the government has in its poverty reduction strategy paper made direct links between reducing poverty and the need to work in the labour market. The evaluation shows, however, that issues of gender mainstreaming and direct interventions towards poverty reduction have not been a feature of the project despite these issues being highly relevant to the Armenian context.

While there were some difficulties in assessing the effectiveness of the project due to vaguely formed objectives the evaluation demonstrates that positive results have been achieved in developing capacity to gather statistics and to forecast and active services have been successfully introduced in the four pilot offices. Furthermore, the development of a strategy and methods for working with the rehabilitation of disabled job seekers has been realized in Gyumri. It was however difficult to measure any socio-economic impacts that can be directly attributed to the project due to the large number of other factors that contribute to for example changes in the level of unemployment. While considerable progress has been made and there is real commitment to instigating process of change within the PES it is clear to see that the dissemination of new working practices would go some way to help improve sustainability of the processes already underway in the labour market in Armenia.

The main lessons learned from the project include: the need to improve the quality of the project design and logic so that all partners in the project understand the linkages between the components, objectives and the indicators used to measure the fulfillment of objectives; the use of Baltic experience has given the Armenians the chance to set realistic goals for their own future development; that by not focusing on the upgrading the technology of the PES, though needed, has helped focus those who have taken part in the project in adopting new working practices that are not dependent on technology; more tangible outputs in form of training materials and manuals would have been desirable to facilitate dissemination and ensure long-term sustainability; and more systematic mainstreaming of poverty and gender issues would be appropriate in any future projects.

In short, there has been very strong commitment and ownership of the project from the Armenian side which has been a significant factor in improving the capacity of the PES but this continued commitment coupled with better project planning could in the future lead to more significant results in a Sida funded labour market project

1. Introduction

Swedish assistance towards improving the functioning of the labour market began in Armenia in 1999. The Swedish Labour Market Authority (Arbetsmarknadsstyrelsen or AMS) was contracted by Sida to carry out the project, which focussed on stimulating basic changes in the organisation and working practices of the Armenian public employment services laying the foundations for more widespread and deep-seated changes in the future. Sida extended funding for a new phase of the project and more details of the project can be found in the following table.

Project Title:	Labour Market Policies and Programmes – Developmental Cooperation between Armenia and Sweden
Level of Funding:	5 350 000 SEK
Time period:	2000–2004
Partners:	Ministry of Labour and Social Protection with the Republican Employment Agency (Armenian) AMS (Swedish); Lithuanian Labour Exchange (Lithuanian)
Overall aim of project:	To help develop labour market methods and policies that were appropriate for appropriate to the Armenian context and that were also responsive to the demands of the national labour market

Due to the nature of the information available and the size and scope of the second phase of the project the evaluators have focused on this phase as the basis for this evaluation though it should be recognized that major steps were made during the first phase of the project not least in helping to change attitudes among those working at the Public Employment Services as well as in the Ministry about the need to work actively in the labour market.

The aim of this evaluation has been to assess the relevance, effectiveness and impact of the project that has been implemented within Armenia, and to the degree possible, the sustainability of the results already achieved gender and poverty reduction issues as well as to provide recommendations for future programming in the labour market in Armenia.

The evaluation of AMS project in Armenia was conducted during the period May–July 2004. The activities carried out during the evaluation consisted of interviews with AMS, desk research, an evaluation mission to Armenia in May/June 2004 and follow up interviews with AMS in Stockholm after the mission. The evaluators have used information gathered through an extensive number of interviews with project participants, observations made at three pilot centres and the analysis of relevant project and locally produced documents on which to base this country report.

The report follows the following structure: a discussion on the *context* for providing assistance to the development of the labour market in Armenia; the *relevance* of working in the labour market as well as the relevance of specific project components; the *effectiveness* of the project and in particular of each project component; the *impacts* that be traced to the project; the *sustainability* of the new methods and working practices that have been introduced; the *cost-effectiveness* of the project activities; the way that *poverty reduction* and *gender mainstreaming* issues have been addressed and finally the evaluators provide *lessons learned and recommendations*.

2. Context

In the following section the evaluators consider the social, economic and political context for working in the labour market in Armenia.

2.1 The Gradual Armenian Recovery

The Southern Caucasus is characterized as a region in deep political and economic crisis and Armenia has been classified by the OECD as a DAC, or developing country. A number of unresolved ethno-political conflicts coupled with economic crisis following the collapse of the Soviet Union and the associated structural reforms, as well as the effects of the devastating earthquake in 1988 have all plunged the country into a situation of widespread poverty. Despite the Government's commitment to the development of a market orientated economy, substantial structural reforms and economic growth averaging over 5 per cent per annum since 1995 Armenia has not witnessed significant levels of job creation nor poverty reduction.

The structure of recent economic growth has had a narrow base. Manufacturing and services growth has been mainly concentrated in Yerevan and only in a few sub sectors, for example, diamond polishing. Investment has been in large-scale enterprises, such as the power industries, which have limited potential for new employment. Meanwhile, traditional enterprises have decreased in size and the creation of new labour intensive small and medium sized enterprises remains weak and unable to absorb excess labour. In short most growth has taken place outside of the manufacturing sector, which is the sector in which Armenia is perceived to have its best potential competitive advantage. Agriculture and construction have been the main contributors to growth in GDP¹.

Explanations for the lack of job creation and poverty reduction lie in part to a lack of entry of private enterprises and limited restructuring of existing enterprises, limited investment due to interference by government officials in business activities and perceived high risks as well as a shortage of appropriate skills. It is evident that human capital has deteriorated for a number of reasons not least because of substantial migration. Results from the 1998/1999 integrated household survey suggested that 55 per cent of the population lived below the national poverty line at this time and that poverty is particularly prevalent among the uneducated, unemployed, disabled and large sized families as well as in rural areas among the landless. In urban areas 58 per cent of the population is below the poverty line, compared with 51 per cent in rural areas. Poverty is acute in the towns in the earthquake zone with up to 75 per cent of the population in the worst affected areas living below the poverty line².

2.2 Poverty Reduction and Job Creation

The Armenian government has developed a Poverty Reduction Strategy Paper which outlines measures and reforms aimed at tackling poverty reduction³. The three central tenets of the paper are: sustainable and equitable economic growth, driven by the a more dynamic private sector; public administration reform and anti-corruption programme; and enhanced human development.

The PRSP emphasizes the need for job creation through private sector development and key to private sector development in Armenia is improvement of the trade regime and flexible labour markets among other things. A clear link is therefore made in the country's PRSP between the need to improve the

¹ World Bank Country Report: Armenia (2003), p4

² Poverty Reduction Strategy Paper (2003), Republic of Armenia, p15

³ Poverty Reduction Strategy Paper (2003), Republic of Armenia p7

conditions in the labour market. While job creation has hitherto been limited it is clear that such projects are relevant in that the PES needs on one hand to understand the current dynamics of the labour market in order to be able to help match supply and demand in the labour market in the future.

According to official statistics up until 2001 employment did not increase as a result of economic growth but rather because of an increase in the number of those working in the agricultural sector that had previously worked in the industrial or services sectors that had lost their jobs. It should be noted that in Armenia, as in other CIS countries, employment statistics have not previously considered shadow employment and self-employment, which actually account for a large proportion of the services sector. The statistics also substantially overestimate the employment rate in the agricultural sector, calculated as the number of household members working in the agricultural sector⁴. Regardless of these methodological issues it is clear to see that economic growth in Armenia has not been broad based, at least up until 2001, and has been concentrated in a few clusters of growth. New jobs created in developing clusters have not however exceeded absolute reductions in non-competitive sectors of the economy. Yet in spite of these trends we see from statistical data that employment in 2002 increased by 1, 34 per cent from 2001 so there is some job creation actually occurring in Armenia.

2.3 Development Cooperation in Armenia

The bulk of development cooperation activities being carried out in Armenia are funded by the American Government through USAID (over US\$ 100 million per annum) and the World Bank, though of course the nature of this latter assistance is somewhat different. The World Bank and USAID work together closely in a number of sectors including for example, business development, energy, water, education, agricultural reform, community and judicial reform and the social and health sectors. Large amounts of foreign aid also go towards peace programmes and to providing humanitarian aid.

The EBRD, EU, OSCE and the UN are also active in Armenia. Armenia has entered into a Partnership Cooperation Agreement with the EU and in addition to this Armenia is a member of the Council of Europe. It is the EU's cooperation with Armenia that serves as the basis for development cooperation between Sweden and Armenia.

Swedish government assistance to Armenia has focussed on the social sectors and has been mainly directed towards supporting the development of the labour market, as well as reducing the need to place children in institutional care. Support has also been given to the development of infrastructure, enterprise and natural resource management.

Other donors, such as USAID, World Bank, EU working in the field of labour market and social protection have to date focused their activities on improving the targeting of assistance to vulnerable groups, pension reforms and other social insurance schemes.

3. Relevance

In the following chapter issues of relevance are addressed and discussed. The relevance of the projects is considered to be dependent on to what extent the stated objectives and project activities have been set in line with the country's labour market needs, goals and objectives, the stakeholders' and participants' needs, as well as Sida's priorities.

⁴ Poverty Reduction Strategy Paper (2003), Republic of Armenia p17

3.1 Country and Sector Level

Given the link that the Government has made in its PRSP between job creation, the flexibility of the labour market and poverty reduction and economic growth the labour market project funded by Sida is judged to be highly relevant to the Armenian context today. Interviews revealed that up until 2002 the Ministry of Labour and Social Protection did not have a clear vision of the role of the RES and working with the labour market. To what extent the first phase of the project helped those involved clarify their ideas is unclear. Nevertheless, there is now a clear prioritisation of working in the labour market and since signing the social charter employment policy has become important in relation to the whole social sphere and is a priority for the government. The government in short want to stimulate people to earn an income.

As there is growth within the economy there are possibilities for job creation in Armenia, but only if the government simultaneously follows through on its commitments towards improving the business environment therefore improving the environment for investment in private SMEs, which could be a further engine of growth in the Armenian economy. In order to help facilitate job creation and the efficient allocation of human resources the RES needs to be able to respond to the demands of the labour market and this requires improving the skills and capacity of the employment services to understand the dynamics of the labour market as well as to help match human resources to vacancies.

Throughout Armenia there is currently a general mismatch between the skills of those unemployed and the vacancies available. For example, as a result of economic growth and the allocation of funds towards reconstruction following the earthquake there has been an increase in demand for construction workers. In order to meet this demand construction orientated vocational training courses are needed.

As a further result of the earthquake in 1988 a larger percentage of the population, especially in the north west of the country is disabled. In order to help reduce poverty within the country these individuals also need to be integrated into the workforce. There is therefore a need to develop strategies for finding vacancies for the disabled as well as to support processes of rehabilitation so that they can be active in the labour market. For example, the official number of registered disabled people registered in Gyumri in Northwest Armenia is over 7 000 of a total population of 215 000 but it is likely to be that this figure is higher due to the manner in which disabilities are registered.

In relation to other donor activities being conducted at the national and regional levels there is very limited assistance as yet in the field of promoting active labour market policies as most attention in this sector is currently focussed on benefits and social insurance reforms.

3.2 Project Level

The project in Armenia is divided into different subprojects, called components. There are four different components in the project, each with separate activities and goals. In the project documents overall objectives and expected overall results are expressed in general terms. However the overall expected results correspond poorly with the components activities and goals, which make it difficult to evaluate the expected results, since this would mean that some results under specific components would be left out. Hence, the evaluators base the assessment of all evaluation criteria on the goals of the components, rather than on the overall expected results.

The projects components, with a brief description of main goals, are as follows;

- i. *Vocational rehabilitation*: to support the preparation of a system of vocational rehabilitation for people with functional impairments which will among other things help combat the exclusion of people with disabilities from the labour market;

- ii. *Statistics and forecasting*: to support the development of an Armenian labour market statistical system by developing methods concerning the collection of data as well as the production of reliable statistics that can also be used for forecasting purposes;
- iii. *Vocational training needs analysis*: to support the Armenian labour market authorities to organise and provide vocational training for the unemployed;
- iv. *Stimulating active service at the employment offices*: to carry out developmental work at two pilot offices as well as to help develop a more active labour market policy in Armenia by working with the Republican Employment Services.
- v. *Project management*: to make sure from both sides (Armenian and Swedish) that the project activities correspond to the approved objectives of the project as well as to support the Armenian Labour Market Authorities in their development of a still more effective organisation.

3.2.1 Vocational Rehabilitation

As previously discussed a disproportionately large group of the population in Armenia is disabled as a direct result of the earthquake in 1988. Furthermore evidence gathered through interviews suggests that the majority of disabled individuals do not have access to rehabilitation services and neither do they have employment. This means that a large number of disabled people rely on their families or the state for financial support, which in most cases is likely to be very limited given the financial constraints that the majority of families and of course the state faces. In order to work towards poverty reduction there is therefore a need to work in the area of rehabilitation in Armenia, particularly in the North West of the country, so that disabled persons have the opportunity to work. Therefore, the choice of the pilot office in the city of Gyumri in the North West of the country is highly appropriate. In addition to working with the rehabilitation of individuals attention also of course needs to be paid to encouraging employers to hire disabled people. Improving the skills of those working at the employment offices to do so is also therefore highly relevant (see also 4.3.4).

3.2.2 Statistical Information and Forecasting

Like all other FSU countries Armenia now faces the task of trying to improve the quality of the statistical information that is produced, a in contrast with the way that data was collected and analysed in the Soviet period. If the RES is to fulfill its role in the labour market it is essential that accurate statistical information exists concerning the dynamics of the labour market, most importantly in terms of the supply of and demand for labour. Accurate statistical information is needed at local, regional and national levels to be able to build a comprehensive picture of the labour market in Armenia. This in turn will enable the RES to react to the information and forecasts that are generated by helping to allocate human resources within the Armenian economy. The information and forecasts are also valuable for other government agencies that might need to react to this information, for example, the Ministry of Education. All accurate information and forecasts help to improve the efficiency of the labour market, which is a goal of the government as well as the project so working in this area is also considered to be highly relevant.

3.2.3 Analysing Vocational Training Needs

As previously stated if the labour market is to become more efficient, ultimately helping to increase the level of employment and therefore reduce the level of poverty, then there is a need to match the supply of and demand for labour. Improving the statistical information and forecasting of course helps in this but where there is a situation that supply is not meeting demand in certain sectors of the economy and yet there is excess supply there is of course a need to try and reallocate the supply of labour. The supply of labour can be reallocated through retraining, for example, through vocational training schemes. While vocational training schemes can help to loosen bottlenecks in the supply of labour, the decision

to support schemes for specific professions should be based on accurate statistical information concerning the demand for labour. Working to improve the analysis of the need for vocational training schemes is relevant in Armenia as there is, for example, a current boom in the construction industry in the country and the supply of labour is not meeting demand, there is therefore a need for vocational training. Of course, economic growth in Armenia is not yet broad based but as stated previously the government acknowledges in its PRSP that it is looking for growth in the SME sector as a source of job creation. As yet this growth is proving to be slow but the RES needs to be competent in monitoring the dynamics of the market particularly in light of the possible new growth areas in the economy and the consequent demand for specific skills.

3.2.4 Active Service at the Employment Offices

During the Soviet period the role of those working at the employment services was to be inspectors, mainly checking up on employers. The changing role of the employment services in Armenia requires them to work in very different ways today. But in order to ensure ownership and sustainability of the processes of change those working at the employment offices have to be actively involved in designing and implementing these changes.

As is common in most other spheres of public service in FSU countries it is not always easy to shake off the Soviet legacy and those working at the employment offices need to work to change the way that the unemployed, jobseekers and employers perceive them as well of course as their own attitudes to their daily work. Unsurprisingly many of those interviewed explained that they had not actively engaged in their work at the employment offices during the Soviet period and 1990s. It is therefore highly relevant to work with staff at the employment offices to improve their skills and capacity to carry out their new roles as well as to help them take pride in their work. If the staff at the employment offices are not active in their jobs, or skilled to carry them out then of course all other efforts to help improve the functioning of the labour market will be severely hindered.

3.3 Project Management

Managing a complex project such as this one, involving three different partners involves a high degree of coordination. It is therefore relevant to have a component of the project that focuses on steering the project as well as more general development issues related to the continued development of the PES. Involving the project partners in steering group activities provides not only the chance to assist and advise on the development of the PES in general but also provides the chance for the local partners to take ownership and participate fully in the project.

3.4 Sida's Objectives

Sida's development objective is to create the necessary conditions for reducing poverty and preventing conflict primarily by means of initiatives aimed at promoting sustainable development and improving living standards for the population, and by contributing to the development of democratic public structures, efficient government bodies and respect for human rights. This project though not explicitly stated should in theory help towards poverty reduction, sustainable development as well the improvement of living standards. More than this by helping to improve the capacity of the RES the project is also contributing towards the development of efficient government. The project could also potentially help improve respect for human rights by providing opportunities for those who are subject to de facto discrimination, for example, women despite claims that there are 'no gender problems' in Armenia and the disabled, by helping them to earn an income and reduce their exposure to poverty.

Sida's other objectives include supporting: contact intensive development cooperation programmes bringing the Swedish resource base in to play, which can lead to a greater exchange of between Sweden and the countries of Southern Caucasus. Sweden should also where applicable seek to involve expertise and experiences from other Eastern European countries, not least the Baltic countries. This project implemented by the Swedish labour market authorities certainly brings the Swedish resource base into play, albeit from the public sector and furthermore involves cooperation partners from the Baltic countries which have previously been involved in Sida funded programmes. This project is therefore highly relevant in terms of fulfilling Sida's own objectives.

4. Effectiveness

To assess the effectiveness of the project the evaluators have looked at the extent to which the expected (and unexpected) results have been achieved in the project, the reasons for high/low degree of achievement, and how the different methods and instruments applied have contributed to the development. In the following chapter these issues are being discussed and an assessment of the effectiveness of each component is undertaken.

It should firstly be noted that the objectives of the project have been vaguely formulated, which makes it difficult to measure the fulfilment of the project objectives and hence the effectiveness of the project endeavours. It was not clearly defined how and when the different activities under the project should lead to the desired results. In fact, in some instances there is no clear programming logic in terms of the overall objectives, objectives of sub-components, outputs and indicators. There is also a complete lack of indicators in the project description. The evaluators found, however, that nearly all the expected results had been achieved through the lifetime of the project despite a lack of clear programming logic. In spite of this high degree of achievement it is very important in the future that the programming logic is to be more clear as among other things this will help ensure not only smooth implementation of the project but also very importantly local ownership of the project as everyone involved is able to evaluate the progress being made.

In line with the project description the effectiveness of the project will be evaluated according to the expected and achieved results as described under each of the four components.

The overall development objective of the project is to: support the Armenian Labour Market Authorities to further elaborate the labour market policies appropriate for Armenian circumstances and responding to the demands and needs of the Armenian labour market.

The following table summarises the overall expected results as written in the project description as well as details of achieved results as assessed by the evaluators through site visits, interviews and desk research.

Expected Results	Achieved Results	Assessment
i. Vocational rehabilitation Goals: • To study Swedish experience of methods for the vocational rehabilitation of unemployed persons and to assess their relevance for Armenian circumstances; • To propose a system for working with vocational rehabilitation; • To establish a system for co-operation with other organisations working with persons with functional impairments.	The manager of the pilot office in Gyumri has been trained in Sweden for a period of two months and is now very knowledgeable about Swedish experience of working with disabled people. The manager has also started to develop plans for the establishment of a rehabilitation centre. Other members of staff at the employment centre are also involved in supporting the development of rehabilitation services offered in Gyumri. Contacts have been made with several employers regarding the employment of disabled people. One of the local textile factories has arranged a special department for disabled workers consisting of 10–15 people working with packaging and quality checks. Plans are also in place for the development of a vocational rehabilitation centre in Gyumri and the staff are looking forward to starting work in this area. A new system for working with vocational rehabilitation has been proposed on the basis on traineeships and study tours to Sweden.	The evaluators assess that a high degree of effectiveness has been achieved. Staff involved in the development of a vocational rehabilitation system are highly engaged and committed to implementing the next stage of the development plan. Progress has been made in working with employers regarding the employment of disabled people and several vocational rehabilitation courses have already been run.
ii. Statistical information and forecasting Goals: • To support the creation of a reliable Armenian statistical system; • To train staff at all levels to collect data from employers and job seekers to be able to analyse labour market trends as well as to provide forecasts.	Those involved in the training at the national and regional levels have worked to try to improve the validity of the data so that there is a structured way of reporting. The reporting is better but there is still room for improvement. The VAIZDAS computer system that was developed in Lithuania with assistance from AMS has been introduced to help with data collection but as the data needs to be in electronic form and a lot of registration is still manual the full impact of the introduction of the system has not been felt. In addition to those trained at the national and regional levels one person from the RES has spent a two month period in Sweden learning about Swedish practice and is now well skilled in terms of the methods for the collection and analysis of statistical data as well as forecasting. This individual is now teaching others about these methods.	The evaluators assess that a high degree of effectiveness has been achieved. New methods for the collection and analysis of data have been successfully introduced and while there have been problems in terms of the implementation of new software this has not prevented staff working at the PES improving the quality of the statistics produced. There is however still room for improvement in terms of the sophistication of the analysis of the statistical data now being produced.
iii. Analysing vocational training needs Goals: • To support the Armenian labour market authorities to organise and provide vocational training for the unemployed; • To develop a special project proposal on vocational training for the unemployed	Individuals have learnt about Swedish experience of vocational training via a study visit to Sweden and Swedish experts have worked to analyse the situation for vocational training in Armenia. The evaluators saw evidence of thought being given to meeting vocational training needs in the pilot centres and at the national level as well as the need to use to forecasting information to help planning in this area, although this latter process was still relatively basic at this stage.	The evaluators assess that effectiveness can be measured as high in this component. Those involved in developing vocational training schemes were obviously aware of the role that vocational training can play in the labour market and were committed to improving the provision of such services. Increased cooperation with the Ministry of Education is likely to help improve effectiveness in the future in this area.

Expected Results	Achieved Results	Assessment
iv. Active service at the employment office Goals: • To gain ideas from looking at the Swedish and Lithuanian labour market systems; • For staff at the pilot employment offices to learn new methods for working with employers and job seekers; • To get a still more active labour policy.	Managers at the pilot centres have reorganised their employees into different working groups, covering registration and the development of individual action plans, work with employers and forecasting and in the case of Gyumri there is also a group working with rehabilitation issues. This has led to a more logical distribution of tasks among employees making it possible to achieve more in their jobs despite limited resources. New working methods have been introduced at three pilot offices and a fourth pilot office has recently opened meaning that this expected result has been more than achieved. Some examples of the new working methods/tools introduced include: • A new job seekers form that includes registration details, details of job consultation and a joint action plan, the latter of which is a good basis for the development of individual action plans; • Job clubs have been established, in Vanadzor the staff are running four different job clubs with different groups of unemployed people; • In Vanadzor so-called showcases, set up in public places have been developed making relevant information more accessible to the unemployed; • Regular visits to employers to establish a good working relationship with them which helps in collecting vacancies when they exist and as well as the opportunity to collect data concerning current and future demands for labour which are essential for forecasting purposes.	All the interviewees that the evaluators spoke to stated that they felt more confident in their working roles and while the process of development must continue the evaluators assess that in addition to just feeling more confident about their roles the interviewees were also better at their jobs. While some of the methods that have been introduced are still basic and in some cases limited due to the lack of resources the methods are embedded within the pilot centres and there is an understanding among the staff of the benefits of using these new methods. In the future it is hoped that the work with individual action plans for example, could be extended, but the progress made so far is judged to be positive by the evaluators. The overall degree of effectiveness for this component is therefore judged to be high.
v. Project Management Goals: • To support the Armenian Labour Market Authorities in their development of a still more effective organisation; • To settle the division of responsibilities for different levels of the PES; • To make sure from both sides (Armenian and Swedish) that the project activities correspond to the approved objectives of the project.	It was acknowledged by all of those interviewed in Armenia just how much support the Swedish and Lithuanian partners have provided to the PES in Armenia. The RES has a clear development strategy and has shown real commitment in implementing this. There has been a certain amount of reorganisation within the employment services, notably at the local and regional levels. This has helped improve managerial efficiency and has also meant that the managers of the pilot centres in Gyumri and Vanadzor have become regional managers, which has had the unexpected positive result of larger groups of staff from the employment services being included in the implementation of new working methods sooner than expected. It is hard to assess the extent to which the project activities correspond to the approved objectives of the project by referring to the terms of reference for the project, as there is no clear line of logic in the project description. It is however the opinion of the evaluators that the project activities that have been conducted have been in line with the approved objectives of the project.	The evaluators assess the effectiveness of this component to be generally high despite the weak programming logic. The use of steering group committee meetings has in particular proved to be very successful in terms of helping to fulfil the goals for this component. Those managing activities at the RES and local employment offices have a clearer vision of the role of the PES in Armenia and are making changes that are leading to the overall positive development of the PES. The evaluators, however, saw a lack of the development of key indicators, against which the fulfilment of objectives can be measured. Indicators should have been clearly defined in the inception phase of the project.

The project can be said to have targeted disabled people in many ways. Although the actual numbers are relatively small at the present time an increasing number of disabled people are benefiting from the increased range of services provided by the PES in Gyumri. The systems for providing assistance are gradually being put in to place so it is expected that the numbers of disabled people making use of the vocational rehabilitation services and then finding employment will increase over the coming years. The building of the rehabilitation centre with World Bank funds will certainly help in this process. This part of the project is making a direct contribution towards poverty reduction though at the present time this remains limited.

The evaluators found that another important result of the project is the motivation of those involved in the project activities in Armenia and their commitment to helping stimulate and foster processes of change within the PES. There is no doubt that among all those interviewed at the employment offices that their involvement in the project activities has had a positive effect on their level of professional pride and job performance. In this respect the project has been effective. It was also apparent to the evaluators that a close working relationship has developed between the respective national employment agencies in Armenia, Lithuania and Sweden, which though not an explicit project objective has proved to be very effective and has certainly contributed to the overall success of the project.

Finally, the project has not addressed poverty and gender systematically despite Sida's insistence that these issues be mainstreamed (see also section 8). Effectiveness in terms of promoting gender equality is therefore judged to be low and poverty reduction only implicitly and therefore low to moderate.

In conclusion, a high degree of effectiveness has been achieved through all project activities though it is the judgement of the evaluators that some of the most significant achievements have been made in terms of helping to promote active service at the PES and national, regional and local levels. The quality of the work that the evaluators saw at the pilot offices was high given the time and resource constraints the staff face.

5. Impact

In the following section general quantitative and qualitative impacts, including legal administrative and socio-economic impacts, which have been identified by the evaluators are discussed. In order to measure the impact of any development cooperation activities it is advisable to gather baseline data in the first instance, which serves as the basis for comparison. Unfortunately no such base line study has been conducted and the evaluators have furthermore only been able to see rough estimates of, for example, the changes in numbers of people registering at the employment offices. This makes it difficult to make any concrete statements regarding impact.

5.1 Quantitative Impacts

The following table summarises details of the quantitative impacts that the evaluators were able to collect data on during visits to pilot centres. The figures presented are in most cases approximate.

Indicator	Impacts	Type of Impact
Change in the number of registered vacancies	- The number of registered vacancies has increased in all three of the pilot centres visited. • Approx. 1000 vacancies are advertised in Gyumri per year (figure for 2003) • 30–40 vacancies were collected in the late 1990s; • Nornok approximately 55–65 vacancies are now registered per month at the employment office in comparison with 15–20 before the project.	Leg- adm ⁵
Change in the level of use of the employment offices	- The level of usage of the three pilot centres has increased in particular among young and middle aged jobseekers: • In Gyumri in January 2004 there are 27 000 job seekers registered at the centre; • Nornok about 100–150 using the centre per day in comparison with a max of 50 before the project; • Approx. 6000–7000 actively using the centre in Vanadzor.	Leg-adm
Change in the number of contacts with employers	- Staff at all three of the pilot centres visited have contact with more employers: • In Gyumri staff are working with approx. 500 of a total of 1000 employers in comparison with about 76 in 2000; • In Nornok staff are working and placing jobseekers with over 300 employers (from a total of 1575 registered in the district) in 1998 they were only working with a max of 100. • In Vanadzor staff are now working with 600 employers from a total of approx. 1000 again in comparison with only a few in 1998 (they have very close working relationships with about 150).	Leg-adm
Change in the level of registered unemployed people	• In Gyumri 23 000 people are registered as unemployed (a reduction of 10 000 since 1998) although approx 10–15 000 unemployed people are not registered; • Gyumri: 220 disabled now registered as jobseekers there was only a very small number in 1998⁶ (total of 7 000 registered as disabled in Gyumri); • 3000 now registered at Nornok an increase of over 1000 since 1998⁷; • In Vanadzor approx 16 000 are registered as unemployed in comparison with 14 000 in 2000.	Socio-economic
Change in level of unemployment	• National level 74 per cent of unemployed are being placed in jobs; • The unemployment rate in Gyumri has decreased from 41 per cent in 1998 to 37 per cent in March 2004 • 8.97 per cent registered as unemployed in Nornok a decrease of 0.12 per cent on 2002, 550 • Approx 35–45 getting jobs per month in Vanadzor in comparison with 15 before 1998.	Socio-economic

Source: Data collected by the evaluators during visits to pilot centres, May/June 2004

In addition to the follow it is worth noting that more and more training courses are being run, for example, for those wanting to start their own business (for example over 600 people have been trained in Vanadzor), or for those that are disabled (10 people have taken place in a pilot computer training course). While some of the increase in vocational training courses has been a direct result of the project it should also be acknowledged that in Vanadzor other donors have been financing projects though there has been no overlap with the Sida funded project.

There has been an increase in the usage of all the pilot offices as well as an increase in the number of vacancies registered. In terms of the level of unemployment it is difficult for the evaluators to assess the extent to which the project has had an overall impact on the decrease in the level of unemployment. It is however possible to say that the work at the employment offices is a contributing factor in the reduction of unemployment.

⁵ Leg-adm (legislative-administrative impacts)

⁶ Those registered as disabled cannot currently be registered as unemployed according to Armenian legislation.

⁷ Part of the reason for the increase in the numbers of registered at Nornok is a direct result of the food for training programme being run in Armenia.

Similarly, it is difficult to assess the direct impact the project has had in terms of poverty reduction, as there has been no direct targeting of the poorest groups of society, apart from the disabled, within the project and hence there is no data available. It can be said, however, that the general increase in unemployment is contributing towards poverty reduction though the strength of this link should not be exaggerated at this stage.

5.2 Legal – Administrative Qualitative Impacts

5.2.1 Changes in Labour Market Legislation

There have been a number of impacts of the project on Armenian legislation. As a direct result of Swedish cooperation with the Armenian labour market authorities the first public works were introduced in Armenia and the law on public works was adopted in order to make this possible. The adoption of this law and commitment towards public works has stimulated employment in several regions of the country where the level of unemployment has been acute. Most notably in Gyumri.

A new labour code has been drafted and it is hoped that this will be approved in September 2005.

Among other things the labour code supports the integration of the disabled into the labour market. Mention was also made of certain gender aspects in the labour code such as the introduction of a two-year maternity leave during which period the employee's job will be held for them.

There is a proposal for a new law on employment quotas for the disabled. The law today states that: an employer with more than 200 employees must ensure that at least 5 per cent of that workforce is disabled. The suggestion for the new law would be that an employer with more than 20 employees must ensure that 5 per cent of the workforce is disabled. If the employer does not fulfil this, they will then pay a fine, which will be put towards vocational rehabilitation and other labour market measures for the disabled. It is not clear to the evaluators whether or not this is a realistic proposition in the Armenian context. In order for this to be a realistic proposition the employer taking on such a large number of disabled workers is likely to demand some form of subsidy. Furthermore, the law would have to be actively enforced. Again, it is doubtful to the evaluators whether this proposition is realistic.

5.2.2 Improved Response to Regional Dynamics in the Labour Market

It is difficult for the evaluators to assess the degree to which there has been an improved response to region dynamics in the labour market as the statistical work and forecasting work is still fairly basic and newly developed. The evaluators did, however, learn of the strategy of the RES to work with these issues. It can therefore be said that a direct impact of the project has been for the RES to develop such a strategy.

5.2.3 Capacity and Commitment to Change

One of the greatest impacts of the project has been in terms of the capacity and commitment to change of the staff working at the national, regional and local levels. The evaluators found that all those that had been involved in the training had become inspired in their own work. It should be noted that the evaluators conclude that a significant factor has been the involvement not only of the Swedish consultants but the Lithuanians as well. This dimension of the project has enabled those participating in the project to be inspired by those that have recently gone through similar processes of change and have worked to modify their own labour market mechanisms given their respective conditions. This has been an important factor in giving staff in Armenia a vision of the way that the Armenian system can develop as opposed to trying to recreate the Swedish system in spite of the very different circumstances between Sweden and Armenia. This sense of local ownership of processes of change has therefore had a great impact in terms of capacity and commitment to change.

5.2.4 Staff are More Skilled

Of the staff that the evaluators met at the employment offices all seemed to be very aware of their role in the organisation as well as the role that their work plays. Staff have throughout the duration of the project learnt, adapted and introduced new working methods in their respective employment offices. While there is room for more improvement in terms of the development of the employment services it is the opinion of the evaluators that the staff are now adequately skilled to carry out their jobs at the present time.

Reflections of the staff being better at their jobs include an increase in the number of those registering and using the employment offices as well as an increase in the number of vacancies being registered. All this goes to suggest that there is increased confidence in the abilities of the employment services as they are now providing services that are in demand. This increase in confidence should not, however, be overstated as the process of building confidence will take time and though many are registering, a certain proportion is not doing so in a bid to actively seek employment but rather to receive social benefits.

5.2.5 Collaboration with Social Partners

While work with social partners has been limited to developing contacts with other organisations working with disabled people in Gyumri the evaluators did see evidence of the very early developments of social dialogue initiated from with the RES. The evaluators learnt of a timetable for action that is currently being implemented by the RES independently of the project activities, which includes for example, discussions with trade unions and large employers. At the present time cooperation with local NGOs is limited. Unfortunately the evaluators did not have the opportunity to meet with representatives of trade unions who have recently become engaged in this dialogue so are unable to assess the progress that is being made in this area nor to meet with NGOs to see if there was interest in engaging in a social dialogue. However, the evaluators did see that the manager of the pilot centre in Vanadzor is very actively involved in trying to build social partnerships in the region. Building an effective social dialogue will take time but it is the opinion of the evaluators that the employment services are making a step in the right direction not least by changing commonly held perceptions of them as inspectors. In the future it might be relevant for Swedish NGOs to provide support to the process of generating a social dialogue in Armenia.

5.3 Socio – Economic Qualitative Impacts

5.3.1 Increased Focus on Gender and Poverty

Little systematic attention has been paid towards addressing poverty and gender. Little impact has been made therefore in relation to promoting gender equality (see also section 8). In terms of poverty reduction there are positive impacts as larger numbers of unemployed people, including disabled people (though the numbers of this group are still very small) are now earning an income. However, work with vulnerable groups of unemployed people or those threatened by social exclusion has not seen to be targeted, apart from work with the disabled, and there is therefore no way of telling whether the poorest groups of society are beginning to benefit from the changes implemented through the project.

6. Sustainability

In this section we consider the continuation of benefits from a development intervention following development assistance, as well as the probability of continued long term benefit flows over time. The assessment is based on how well the projects results are in line with the development strategies in the country, on the level of involvement and ownership among participants, and the nature and strength of the financial and political support. On the basis of the above factors the evaluators conclude on the likeliness of the ultimate benefits to survive over the coming years.

6.1 The Country's Priorities

One of the keys to sustainability is the prioritisation of the sector in question by the government. There is no doubt in the minds of the evaluators that the government, as expressed through the comments of the MOLSP, as well as in its various publications, that there is a real commitment towards working in the labour market in order to work towards poverty reduction. As stated previously an explicit link is made in the PRSP between flexibility and efficiency in the labour market, job creation and poverty reduction. It should also be noted that job creation is also hoped to come to a large extent from the growth of the SME sector, not through the PES, which is in theory possible given the level of economic growth in Armenia but only if further disincentives for investment are removed. The Armenian government has gained a lot of international support towards the implementation of its PRSP and therefore one can expect over the coming years for the labour market to remain a priority area for the government.

6.2 Ownership and Participation

Strong commitment has been shown towards the project both at the Ministerial and at the RES and local employment office level. It is clear to see that there is local ownership of the project. Good project management on the part of AMS has helped to reinforce the sense of local ownership and the regular roundtable discussions of the steering committee involving all three groups of cooperation partners, including the project manager, the Head of the RES, people from the Ministry as well as representatives from the Lithuanian labour exchange have certainly helped in this process. The steering committee has taken an active role in solving any barriers to implementation that have been faced during the lifetime of the project, such as the need to make adjustments to the timetable for implementation as well as details of those people to be involved in various stages of the project. In short the remit of the steering committee has been nothing less than its title suggests – to steer the progress of the project, as well as to ensure that goals of the project were met.

The managers at the pilot offices are obviously committed to developing the work that they have begun and in the cases of Gyumri and Vanadzor the involvement of other donors has only served to reinforce the managers' commitment to processes of change. The managers of the aforementioned offices are valuable resource people that can help both ensure the further dissemination of new working practices and tools as well as ensuring the embeddedness of the new working practices in the centres under their management.

Of course essential to the sustainability of the new working practices is the continued increase in demand for services from the employment service from the RES, the unemployed, jobseekers and employers. The evaluators have assessed that those working at the pilot offices have made significant progress in promoting the role of the employment services through their improved skills and capacity to do their jobs as well as the employees personal motivation.

6.3 Institutional and Cultural Factors

Government institutions are regarded as traditionally weak in transition countries and this is also the common perception in Armenia. The RES since the appointment of a very committed Director seems to be relatively stable. However, as is the case throughout the FSU there is always the risk for a high turnover of staff, though in reality this has not yet been an issue among those that have taken part in the project activities. In order to manage the risk though the evaluators have concluded that high quality training materials produced in either Armenian or Russian that could be used for training purposes should existing staff leave their positions should be produced. This issue is even more pertinent when one considers the knowledge that the three trainees have acquired but that could be lost should they leave their positions.

Despite the fact that there is some form of parallel employment system mainly based on family networks the unemployed and job seekers are actively using the PES in Armenia. There is a relatively high degree of registration. This naturally has implications for the sustainability of the work being carried out – there is demand and this means there is a greater likelihood of sustainability if this trend continues. At the present time there is nothing to suggest that this trend will not continue.

6.4 Technological Factors

At the present time the progress that is being made in improving the efficiency of the labour market and the work of the employment services is not technologically focussed. Given the resource and capacity restraints this is judged by the evaluators to be positive when considering the sustainability of new processes. There have been attempts to introduce new software packages but this has been problematic because of the volume of manual registration. The RES is trying to work to overcome these problems and is likely to do so, but of course if they do not then there is a risk that some of the new working methods that are computer based will not be fully implemented and therefore not sustainable in the long run. Ensuring the functionality of the software in relation to the hardware should be a priority in the immediate future.

6.5 Financial

The employment offices while not over endowed with financial resources receive the support they can from the government. Recently the government provided funding to ensure that all employment offices had some form of computer hardware, which is essential for much of the forecasting work.

There are though very limited financial resources available for those working at the employment offices to visit employers, which is essential to the work of the employment services. Many employees have devised cost efficient strategies for meeting with as many employers as they can but in some cases this is still not sufficient. If the staff cannot make regular contact with employers then they are not necessarily able to increase the number of vacancies that are being advertised at the employment offices nor gather data concerning the demand for labour for forecasting purposes.

The World Bank has recently agreed to finance the construction of a vocational rehabilitation centre in Gyumri. This will help to ensure the further development of vocational rehabilitation activities in the city.

6.6 Exit Strategies

No explicit mention has been made towards the development of exit strategies in the project and although the project is not helping to employ staff at the PES in Armenia there are issues to consider. For example, the reliance of the PES on donor assistance to help replicate some of the work being carried out in the pilot offices in other employment offices throughout the country and to help fund dissemination activities, though some of the costs for this are being carried by the RES. A clear strategy of how to manage these processes with and without donor assistance should be drawn up.

There is strong commitment towards the continued internal development of the employment services but nonetheless more attention should be given to developing exit strategies as they help to ensure long-term sustainability. This is very important for a relatively recently remodelled organisation, especially when it is embarking on new areas of work.

6.7 Part Conclusion

The evaluators assess that the pre-conditions for sustainability are positive. There is strong commitment for the continued development of the role of the RES in Armenia both from Ministerial level as well as from within the RES itself. The fact that at the present time no new activities are overly technologically dependent also adds to the sustainability of activities. It is clear that the government has made available resources for the work of the RES and obviously while it is hoped that in the future this allocation will increase at the present time the situation appears to be stable. The main risks to sustainability are the lack of training materials that could be used to train others should there be a turnover of staff or that growth in the usage of the employment services by jobseekers and employers falls.

7. Cost-effectiveness

7.1 Cost-effectiveness

Cost effectiveness is hereby measured in relation to output, results and impact.

7.2 Administrative Costs

The following table provides an overview of the budget lines for each project component.

Component	Cost Fees	% of total budget fees	Cost reimbursables	% total budget fees	Total for component	% total cost of project
Vocational Rehabilitation	470.000	18	576.300	21.5	1.046.300	20
Statistics and Forecasting	415.000	16	330.550	12	745.550	14
Vocational Training	269.000	10	156.000	6	425.700	8
Active service	967.000	36	1.251.350	46.5	2.218.350	41
Project Management	531.000	20	383.300	14	914.300	17
Total cost	2.652.000	100	2.698.000⁸	100	5.350.000	

⁸ This figure had been 'rounded up' as far the evaluators can tell in the final official budget.

The total cost of the programme was 5.350.000 SEK of which 2 652 000 SEK were allocated for fees and 2 698 000 SEK for reimbursables. It is difficult to assess fully the size of the budget line that covers administrative costs as some activities might be absorbed within other budget lines. In the budget that the evaluators have a total of sixteen weeks were allocated to cover project management including both an 'expert fee' as well as a 'project management fee' which accounts for approximately 20 per cent of the total allocated for fees. It is the evaluators' assessment that this is an acceptable level. It should be noted that a feature of the set up of this project was to carry out regular steering committee meetings throughout the duration of the project this helps to account for the slightly larger project management costs than might otherwise have been expected. However, the contribution that these well managed steering committee meetings have had in terms of the success of the project justifies the cost.

7.3 Technical Efficiency

Three traineeships have been conducted as a part of the project. The traineeships lasted for a period of two months each and while accounting for only 5 per cent of the total budget for the project and 274 500 in total it is the opinion of the evaluators that the costs could have been reduced by shortening the duration of the traineeships. There is no doubt that the traineeships have been a success but a period of a month to a maximum of six weeks would have been sufficient time for the three trainees. One of the trainees certainly felt that the two-month period had been too long and was under-stimulated during the last two weeks of the traineeship though the overall traineeship had been a success.

7.4 Allocative Efficiency

Study tours to Sweden are of course expensive in comparison with activities taking place within the partner countries. In order to justify the costs of study tours it has to be demonstrated that the impact of having been to Sweden to see how work is organised is much greater than the impact of carrying out activities in the partner countries. It is the evaluators' assessment that the study tours have served to stimulate the participants' interest in developing their own work in Armenia. There is no doubt however that the study tours that have been conducted to Lithuania have had a positive impact on those that participated in them. Not only do the study tours to the Baltic states cost less but they in the evaluators minds have added considerably to the success of the project as participants clearly demonstrated the value in being able to see another way of organising and delivering labour market activities in a country that was once part of the Soviet Union and that also has relatively limited resources for doing so. In short, the participants were able to and had set realistic goals following their study visits to Lithuania.

8. Cross Cutting Issues

8.1 Poverty Reduction

There is an implicit link between this project and poverty reduction efforts though the project cannot be described as a direct intervention towards poverty reduction. There is no explicit link made to poverty reduction in the project description and there is no evidence of targeted support to the most vulnerable groups of the unemployed. It should, however, be highlighted that the selection of the pilot offices in Gyumri and Vanadzor has been highly relevant in terms of the local levels of poverty in these cities. By trying to improve the employment situations in these areas is in some way contributing to-

wards poverty reduction. Nevertheless, causal links between poverty reduction and improving the efficiency of the labour market have been poorly developed in the project. This is something that should have been more clearly developed during the initiation phase of the project.

An explicit link between job creation and poverty reduction has, however, been made by the Armenian government and forms a key part of its poverty reduction strategy paper as discussed earlier. This underlines the role of the project in trying to help alleviate poverty. In light of this more attention could therefore be paid to targeting this assistance so that the poorest really are getting the help that they need. The pilot offices are spread around the country and therefore provide good geographical coverage. Furthermore, now that the labour market offices have been reorganised the managers in Gyumri and Vanadzor have been given the role of managing other employment offices located in the respective regions meaning that the project is now able to have greater impacts on larger groups of the population and the poor.

It is very difficult to judge whether the poorest are getting access to the public employment services. If they are living in urban areas there is a greater probability but of course those in rural locations face more difficulties. While the RES has statistics concerning seasonal unemployment it is still difficult to judge the level of demand in rural areas for services from the RES and the true level of unemployment as the majority do not register as unemployed.

Targeted assistance to the poorest groups of unemployed has not been a feature of the project. Large numbers of the population and the unemployed live below the poverty level so it could be argued that there is no need to 'target' assistance directly. Nonetheless the RES must work to ensure that all groups of the unemployed, men, women, skilled, unskilled, young and the more mature have access to the RES and are catered for. This might involve developing different strategies for dealing with different groups of the unemployed, for example, through differently targeted and organised job clubs. Some progress has been made in this area most notably in Vanadzor where different job clubs have been established for different groups of the unemployed. Furthermore, given that the RES is collecting data on those registering, through its local offices it should be able to use this data in a more effective manner so that assistance can be targeted. Data could therefore be collected concerning the level of poverty of those using the employment services.

8.2 Gender Mainstreaming

In the strategy for the Southern Caucasus Sida acknowledges that: "the countries of the Southern Caucasus are decidedly patriarchal societies in which women play a subordinate role. While no legal distinction is made between men and women, women are de-facto subjected to discrimination in the region... Women's rights have been neglected in the public debate on human rights and the gender issue has made little impact in the shadow of the debate on economic and social problems."⁹ A national action plan for women and gender 2004–2010 has been recently developed in which there is mention of the need to involve more women in the labour market as well as to help them establish SMEs but as yet there are no links between the project and the implementation of the action plan.

The evaluators saw very little evidence of gender related factors in the implementation of the project and it is difficult to evaluate the impact of the project on gender equality as there is no baseline data. While on one level it is a commonly held local assumption that there are no gender issues in Armenia, for example, there is a female director of the RES, greater attention should be paid to targeted support to men and women. This is essential in working towards poverty reduction as both men and women

⁹ Country strategy for development cooperation: Southern Caucasus January 2003–December 2005, The Swedish Ministry of Foreign Affairs (2002)

live below the poverty line and yet the possibilities to get above the line are different for men and women depending on their age, level of skill, and location in rural or urban areas.

It is estimated that more women than men are using the employment centres, up to 70 per cent of registered unemployed in some centres are women. A key explanation for this might be that women are more active in seeking the financial benefits that they are entitled to as unemployed and make the effort to travel to the employment offices in Armenia. Regardless, however of the reasons for them registering as unemployed it is clear to see that there are large numbers of women registered and yet there seems to be a deficit of strategies for working with them and to help them find employment. Attitudes of both job seekers and those working in the employment offices might be entrenched in some circumstances regarding the role of women in society and the type of employment that they should be engaged in and whilst this should be respected there is room for the introduction of more genderised working practices that in the long run will help contribute to poverty reduction. Key to poverty reduction is the inclusion of women in the labour market.

In fact, the poverty analysis in terms of gender and age shows that women lie more frequently below the poverty threshold than men, but that the risk of poverty for women is not much higher than that of men. The situation is however very different for households headed by women. Over 33 per cent of households headed by women are more vulnerable to falling in to extreme poverty. This is because fewer women are employed. According to a survey conducted in 2000 the rate of employment for women between 15 and 49 years of age was 32 per cent in comparison with 46,7 per cent for men of the same age group¹⁰.

Those women that are getting jobs through the PES are generally speaking getting less specialised jobs. This has implications in terms of women managing to earn an income above the poverty level. Again the evaluators saw little evidence of this issue being explored. Of course, there is a need to respect local traditions but it is Sida's policy to work to help improve gender equality through all its development cooperation activities and there is clearly a need within the labour market activities to address gender issues. Some examples of how gender issues might be addressed in the project could include for example: analysing more closely the proportion of men and women of different age groups using the employment services and what this means in terms of the supply of labour; supporting job creation schemes that would help increase the level of female unemployment if there is an excess supply of female labour in the market; organising more targeted job groups both in terms of gender, age and skill levels; providing targeted vocational training that meets the needs of and demands for both sexes.

8.3 Environment

There are marginal impacts on the environment as a result of the project and they are most notable in Gyumri and to a certain extent in Vanadzor as well. Gyumri a city lying in the North western region of the country was almost totally destroyed during the earthquake in 1988. The city and its infrastructure are gradually being rebuilt and as such there is a demand for labourers in the area. The employment service is trying to help meet these needs. While construction is improving the aesthetic environment it can be debated what impact the construction is having on the physical environment. The reconstruction is helping to improve the living conditions of those living in the city.

¹⁰ Armenia: Integrated Demographic and Health Survey (2001)

9. Lessons Learned and Recommendations

9.1 Government Priorities

It is essential to the success of the project that the Ministry, in this case the MSLOP under which the Employment services sit, views work in the labour market as a priority. In the case of Armenia a very explicit link has been made between job creation (coming from the private sector), the management of the labour market and poverty reduction – poverty reduction being the overall goal of the government. There is also economic growth in Armenia meaning that there is the potential for job creation. This clear prioritization helps to make the role of the employment services clearer in the national context and further means that support exists within the Government for the work of the employment services. It is clear that there is an increasingly important role for the employment services in Armenia both if the government's goals are to be fulfilled and if the supply of labour is to meet demand in growth areas.

The government in Armenia has also recognised that small and medium businesses are the most likely source of jobs. At the present time they are hampered by increasingly out of date skills and training, unpredictable and burdensome enforcement of regulations and limited access to market knowledge. Distortions in the banking system also hamper growth with narrow definitions of permissible collateral, inflated notional interest rates as a result of bribes. The government is therefore also taking steps to improve the business climate in parallel with trying to help improve the functioning of the labour market.

It is therefore the recommendation of the evaluators for Sida to continue providing support to development projects in the labour market sector in Armenia.

9.2 Mainstreaming

Few implicit links are made between the project and poverty reduction and gender mainstreaming. If these issues are to be mainstreamed then more explicit strategies for working in these areas should be integrated throughout the project design. The issues can be mainstreamed in many different ways but defining specific target groups and devising specific strategies to reach these target groups might be a good start in the mainstreaming process.

9.3 Dissemination

In order to capitalize on the progress that has been made it is important to disseminate ideas and methods more widely both among the public as well as to staff working in other employment offices. Some dissemination activities have occurred but it is the recommendation of the evaluators to now intensify the dissemination process. The pilot centres are invaluable resource centres for the rest of the employment offices throughout the country but if left too long there is the danger that the gap between them in terms of the skills and competence of the staff as well as the adoption of new working practices will become too large.

9.4 Project Management

Good project organisation and process consulting certainly helped in the implementation of the project and has encouraged strong local ownership and participation. The use of regular steering group meet-

ings has reinforced the sense of partnership and cooperation between the three partners. Improvements can be made in terms of project design, including in particular the setting of indicators against which the progress of the project can be measured.

It is the recommendation of the evaluators that the use of a steering committee should be a feature of any future development cooperation projects in the labour market sector in Armenia.

9.5 Baltic Experience

The use of Lithuanian experts throughout the project activities as well as the use of study visits to Lithuania has given project participants an attainable vision of the future of the employment services in Armenia. The fact that the Lithuanians, also working with the legacy of the institutions and practices of the Soviet Union and resource constraints, have recently faced development challenges in the same areas gave encouragement to those working in Armenia.

It is therefore, the recommendation of the evaluators to use Baltic experience wherever possible in labour market projects in the future.

9.6 Technology

The fact that AMS insisted that technology not be the focus of the first stages of the project has meant that those involved in the employment services are not fixed on the technology as being the essential feature in their day to day work. Of course, technology helps and it is now time to upgrade but it is appropriate to do so because the staff have had the opportunity to improve many different skills as well as the role that they can play in helping to improve the functioning of the labour market without seeing computers for example as the solution to their development challenges.

It is the recommendation of the evaluators that as in Armenia technology does not become the focus of the project from the outset, but rather that necessary technology should be introduced, if it does not already exist and is actively used, at a later stage if Sida is to fund this or that the government provides the appropriate technology.

9.7 Training Materials

It is important that high quality training materials are produced in either Armenian or Russian. It is not unusual for there to be a relatively high turnover of staff in transition countries and while those who for example took part in traineeships and general training seem committed to their jobs if they leave there is a risk that new ideas and working methods leave with them.

Therefore, high quality training materials should be produced as standard practice in the project.

Project Overview

Components	Activities
1 To support the preparation of a system of vocational rehabilitation for people with functional impairments	
1 A • To combat the exclusion of people with disabilities; • To propose a system for working with vocational rehabilitation; • To establish a system for cooperation with other organisations working with disabled people	1 A • Two weeks analysis – by one local expert and one national expert and one from Lithuania work with key officials in Gyumri; • One week developmental work in Gyumri; • From 2nd quarter 2002 experts will return every fourth month for a week
1 B • To study the Swedish Vocational Rehabilitation System; • To get ideas to build the Armenian system; • Everyone writes a report of their own to describe the ideas that could be used in Armenia;	1 B • Conference for study trip participants; • Preparation of questions for study trip; • Two week study trip to Sweden; • Individual reports written on basis of experience in Sweden
1 C • To train one person working in Gyumri in active methods of rehabilitation used in Sweden that could be useful in Armenia; • To gain knowledge of how the Swedish system works; • To train colleagues when returning to Armenia	1 C • Two month training period at the county level in Sweden; • Lithuanian expert to meet with trained person once during the two month period for three days
2 To improve the quality of statistical information and forecasting	
2A • To support the creation of an Armenian statistical system to form the basis for discussions and reliable statistics; • To train staff in data collection for forecasting purposes	2 • One expert to provide support to the creation of the system; • One expert will train staff working with the new SEVAN system at the national, regional and local levels; • Further support to staff will be provided through consultancy at the pilot offices as included in component 4; • When the system is introduced the expert will return every six months; • A Lithuanian expert will also be involved in training staff
2B • To train one person in statistical and forecasting methods used in Sweden that could be used in Armenia; • To gain knowledge about the Swedish system; • To train colleagues when returning to Armenia	• Two month training course at the national and county level in Sweden
3 To analyse the needs and methods for a system of vocational training for the unemployed	
• To support the RES in organising and providing vocational training for the unemployed; • To develop a special project proposal on vocational training for the unemployed.	3 • Two two week missions involving two Swedish experts to analyse the present vocational training system and the needs for further development; • The experts will develop in cooperation with Armenian partners directions and priorities for reform over 2–3 year period; • Draw up a proposal for a separate co-operation project focussing on the development of labour market training • A Lithuanian expert to be involved in all stages and provide experience from Lithuania

4 More active service at the employment offices

- To stimulate more active labour market policy;
- To free resources for active policy;
- Making information more available and the services offered well known and customer orientated;
- To find new methods to prepare students for the labour market;
- New methods will be introduced and evaluated;
- Trainer of trainers

4

- Study tour to Lithuania;
- Study tour to Sweden;
- 2 week statistics work by Swedish experts in Armenia;
- 8 weeks total Swedish expert input over 2 year period;
- Specialist seminars;
- A Lithuanian expert to be involved during all stages;
- Managers of the pilot offices in Armenia are to take an active role;
- Also 3 Armenian trainees from other components taking part in this component.

5 Project Management

- The management to be settled and the responsibilities for different levels of the PES in Armenia to be defined;
- To make sure that the project activities correspond to the approved project objectives;
- To support the Armenian Labour Market Authorities in their development of a still more effective organisation

5

- Regular steering group committee meetings (5 in total, one in Vilnius and 4 in Armenia);
 - A one week mission every 6 months to Armenia;
 - Mid term evaluation of project progress;
 - 2 day evaluation seminar at end of project
-

Data Collection

Country:	Armenia
Desk research:	May 2004
Date of evaluation mission:	May/June 2004
Duration of evaluation mission:	4 days
Evaluators:	Alexandra Wynn Peter Sidelmann
Interviews conducted with representatives of:	Ministry of Labour and Social Policy (3 people) Republican Employment Agency (7 people) Pilot office Gyumri (8 people) Pilot office Vanadzor (7 people) Pilot office Nornok (2 people) World Bank USAID PADCO
Interviews with AMS:	Project Manager

Country Report: Georgia

Authors: Karin Attström & Torsten Wind

Executive Summary

Implementation of the Sida funded project 'Labour Market Policies and Programmes' project in Georgia managed by the Swedish Labour Market Board began in 2003 and is running until 2006. The overall aim of the project is to support the Georgian authorities to modernize and elaborate the active labour market policies appropriate to the Georgian context. The project has six main components: Statistics and forecasting, Business incubation, Social dialogue, A Caucasus Conference on Labour Market Policy, Active Labour Market Services and Project Management. This midterm evaluation's purpose was to assess the relevance, effectiveness, impact, sustainability and cost effectiveness of the project to the extent possible, taking into consideration the early phase of the project. It should also be acknowledged that the political changes that took place in Georgia in December 2003 have had major impact on the project. Issues of poverty reduction and gender mainstreaming, two of Sida's priority areas, are cross cutting issues dealt with throughout the evaluation.

The project is evaluated as being relevant in terms of reducing unemployment and defining the future role of the employment services in Georgia. Even so, the relevance of focusing much of the effort on the capacity of the State Employment Service in Georgia is less clear. The Public Employment Services (PES) has during recent years experienced a decline in number of reported vacancies as well as registered unemployed, and has lost over half of the employees due to cutbacks. Hence, the PES is not assessed to be a priority of the Georgian government, and it is unclear to what extent the project is in line with government policies on employment generation and facilitation. Supporting job creation through economic development appears to be a higher priority at the present stage. The evaluation further shows that issues of gender mainstreaming and direct interventions towards poverty reduction have not been an explicit feature of the project.

While there are some difficulties in assessing the effectiveness of the project due to vaguely formulated objectives, the evaluation demonstrates that progress has been slow in the project so far. No tangible results have emerged as yet, and the main achievement has been an ongoing discussion on ministerial level of the future role of the PES. Lack of funding and a strategy for active labour market policies, together with the general economic situation, have generated delays in several components. It is also the assessment that the focus on Swedish know-how has been too dominant, thus not considering and adjusting to the local context to the extent desired. Impact and sustainability are not possible to assess at an early stage of a project, although the present lack of commitment among government officials is likely to affect the project's sustainability, if not dealt with thoroughly.

The main lessons learned from the project so far are: that there is a need to improve the project design and logic so that the linkages between the components and objectives are clear to all stakeholders, and indicators are used to measure the fulfilment of objectives; that PES capacity development needs to be linked more to measures directed at economic growth; and that increased government support to the PES is crucial as to enable a sustainable development.

In short, the context in Georgia and the chaotic situation that emerged since change of government has made the initial project progress difficult. It is clear that support from the new government and a strengthened programming logic addressing imminent needs of the Georgian labour market is essential, if the remainder of the project is to achieve the expected results.

1. Introduction

Swedish assistance towards improving the functioning of the labour market began in Georgia in the spring of 1999. The Swedish Labour Market Authority (Arbetsmarknadsstyrelsen or AMS) was contracted by Sida to carry out a project, which focused on stimulating changes in the organisation and working practices of the Georgian public employment services laying the foundations for more widespread and deep seated changes in the future. The name of the project was Labour Market Policies and the Organisation of the Labour Market in Georgia. The counterpart in Georgia was the Ministry of Social Security, Labour and Employment (in 2001 the Ministry merged into Ministry of Labour, Health and Social Affairs). There was also a Russian component in the project, where an expert from the St Petersburg Labour Exchange was to take part. The project ran over a period of two years, with a budget of 4.900.000 SEK

Sida extended funding for a new phase of the project, which began in 2003 and will continue until 2006.

Project Title:	Labour Market Policies and Programmes – Developmental Cooperation between Georgia and Sweden
Level of Funding:	9 000 000 SEK
Time period:	2003–2006
Partners:	Ministry of Labour, Health and Social Affairs, and the State Employment Service AMS (Swedish); Lithuanian Labour Exchange (Lithuanian)
Overall aim of project:	To support the Georgian authorities to modernise and elaborate the active labour market policies appropriate to the Georgian context.

Due to the ongoing nature of the project, the nature of the information available, and the political and economical situation in Georgia, the evaluators have focused on conducting a mid-term evaluation of the project. To assess the achieved results of a project before it is concluded is by definition impossible. In the mid-term evaluation the aim has therefore been to assess the relevance of the projects, the achieved results so far and to what extent it is likely that the projects expected results will be met. The assessment, and the recommendations put forward, will provide basis for an LFA-seminar to be conducted in Tbilisi during autumn 2004.

The evaluation of the AMS project in Georgia was conducted during the period May–July 2004. The activities carried out during the evaluation consisted of interviews with AMS, desk research, an evaluation mission to Georgia in June 2004. The evaluators have used information gathered through an extensive number of interviews with project component leaders, project participants, observations made at pilot offices and the analysis of relevant project and locally produced documents on which to base this country report.

The report follows the following structure: a discussion on the *context* for providing assistance to the development of the labour market in Georgia; the *relevance* of working in the labour market as well as the relevance of specific project components; the *effectiveness* of the project and in particular of each project component; the *impacts* that be traced to the project; the *sustainability* of the news methods and working practices that have been introduced; the *cost-effectiveness* of the project activities; the way that *poverty reduction and gender mainstreaming* issues have been addressed and finally the evaluators provide *lessons learned and recommendations*.

2. Context

Labour market areas are very closely interlinked with overall political and economical development processes in the country. Hence, in the following section recent political and economical developments in Georgia and within the labour market are described.

2.1 The Recent Political Development in Georgia

Protests against the fraudulent parliamentary elections in November 2003 led to the resignation of the previous Georgian government, headed by President Shevardnadze. Presidential elections on 4 January were won by Mr. Mikhail Saakashvili, who had led the November protests, with a resounding 96.27 per cent of the votes from turnout of 80 per cent. The results of the parliamentary elections for the 150 seats decided by proportional representation held on 28 March mean that the governing Saakashvili/Zhvania National Movement-Democrats party will dominate the new Parliament.

The challenges facing President Saakashvili and his government during the next few years are daunting: tackling endemic corruption and high levels of organised crime, reducing social insecurity, rebuilding non-functioning state institutions, reducing the high level of poverty, tackling the shadow economy, dealing with Georgia's separatist regions. This work is now underway in Georgia; already resulting in very drastic changes at all levels of government, central administration and civil service.

In spite of all the severe difficulties characterising present day Georgia, the last 6 months under a new regime have brought about a general optimism in the country. As indicated by the electoral results, the overwhelming majority of people have faith in the present government and its intentions. Building on this positive momentum in terms of reforms and development is seen as crucial by the new government as well as the international donor community.

2.2 Economic Development in Georgia

Agriculture and other primary sector industries account for the major part of output of the economy. The country has strong export potential because of a high amount of natural resources and its strategic location. However, Georgia's economy has been struggling hard to recover from the economic collapse of the early 1990's, following independence in 1991. An estimated 1.2 million people have migrated abroad due to civil war and economic hardship. The economy has suffered a series of economic shocks, although there have also been periods of strong economic growth between these shocks. The economy has undergone a cumulative expansion of 45 per cent since 1995, largely due to the expansion of the private sector as a consequence of liberalization.

High growth rates (8 per cent over first 9 months of 2003 largely due to the construction of the Baku-Tbilisi-Chechnya pipeline) are combined with high levels of poverty, particularly among families with children and in rural areas. Unemployment within the Georgian population remains high, with agriculture and industry, traditionally major sources of exports and employment, having little recovered from their post-independence collapse. Low investments and a collapsed labour market in high technology or skilled sectors since independence have left Georgia in a situation where low-skill employment opportunities are the prevalent, and few qualified jobs exists.

The shadow sector accounts for app. 34 per cent of the overall economy¹, according to official statistics, and for about 50 per cent of the employment opportunities according to interviews. This is of

¹ Economic Development and Poverty Reduction Programme in Georgia, EDP RP, 2003

course a negative factor in the states budget and severely impairs the economic growth potential. The health of the poor groups of the population is deteriorating, with a rise in the prevalence of chronic diseases. The quality of education is widely perceived to have declined. Public finances are in dire conditions with expenditures under the 2003 budget exceeding revenues by 30 per cent, and unpaid salaries and pensions constitute an acute problem.

2.3 Poverty Reduction and Job Creation

The new government has committed itself to realise the Economic Development and Poverty Reduction Programme (EDPRP), which the previous Georgian government approved in 2003. The EDPRP outlines measures and reforms aimed at tackling poverty reduction and increase economic development. The main emphasis of the EDPRP is to raise the welfare of the population in Georgia, by pursuing two strategic objectives;

- Fast and sustainable economic growth, at 5–8 per cent per annum
- Reduction of poverty from 52 to 20 per cent below poverty line, and from 15 to 4–5 per cent under extreme poverty.

The measures and priorities stated in achieving these objectives are among other; Improvement in Governance, structures and institutions; Macroeconomic stability; Development of human capital; Social risk management; Development of economic priority sectors etc.

With a new government in power, it is now gathered feasible to embark on a positive and sustainable development in Georgia, in line with the EDPRP. In terms of poverty reduction the main emphasis at the moment lie in the reform of the social insurance fund, and the improvement of social security and welfare among the extreme poor. Job creation is largely being perceived as an issue of macro-economic stability and local economic development, where the state's foremost responsibility is to provide secure structures and property rights, which will create jobs in the private sector and among self-employed.

2.4 The Labour Market and the Public Employment Services

The labour market is in an almost non-functional state, with almost no vacancies, a vast number of employment opportunities exist in the shadow economy; high-skilled labour is to high extent redundant; a largely network based recruiting system and almost no job security.

Since the previous project conducted in 1999–2001, major reorganisations of the Ministry and the State Employment Services have taken place. In the earlier project the PES fell under the “State Employment Fund”. Today it is under the direct responsibility of the Ministry of Labour, Health and Social Affairs, which was created in 1999 after a merger of three different ministries. Within the Ministry, the Labour and Employment Policy Department are responsible for the State Employment Services. At the time of mission a new head of department had just been appointed to the department, and had had a week in office. The minister was also new since the change of government. According to interviews none of them have previous experience with labour market policy or employment issues.

Within the State Employment Service, the director general is new since the previous project. At time of the evaluation mission all employees in the central administration had been fired, albeit they were still working. Allegedly those who met the requirements would be re-employed.

At regional and local level there have been substantial cut-backs in number of staff. At time of the previous project app. 700 were employed within the PES and at present only app. 260 remain. Normally there are two persons employed at the local PES, in larger offices up to 6 people may be

employed. There are app. 62 local offices in the whole of Georgia, and the main area of service is to register unemployed and assess their eligibility for unemployment benefit.

2.5 Development Cooperation in Georgia

Georgia has received donor attention and support since independence in 1991. At present all the main donors are present in Georgia, such as EU-Aid, the World Bank, USAID and UN, along with several bilateral donors. Throughout the period since independence little support has been directed towards improving situation in the labour market. Since the new government took power there has been an increasing interest from the donor community in Georgia. At a donor conference arranged in Brussels mid June 2004, Georgia asked for USD 0.5 billion from the donor community to start rebuilding the country. The outcome of the conference was approximately USD 1 billion, which is a clear indication on the donor communities trust in and hopes for the new government.

Swedish government assistance to Georgia has focussed on the social sectors and has been mainly directed towards supporting the development of democratic institutions, capacity building, and poverty reduction and gender equality projects.

Other donors, such as USAID, World Bank, EU working in the field of labour market and social protection have to date focused their activities on improving the targeting of assistance to vulnerable groups, pension reforms and other social insurance schemes.

3. Relevance

In the following chapter issues of relevance are addressed. The relevance of the projects is considered to be dependent on to what extent the stated objectives and project activities have been in line with the country's labour market needs, goals and objectives, the stakeholders' and participants' needs, as well as Sida's priorities.

3.1 Country and Sector Level

In the EDPRP approved in 2003 it is clearly stated that one of the essential factors to improve welfare among the people and in the country is a well functioning labour market. There is a clear link between job creation and poverty reduction. It is also stated in the EDPRP² that main actions to be undertaken in the programme are among others; development of an agreed employment policy in economic and social spheres; establishment of social dialogue; enhancement of labour market efficiency; development of labour market institution. In this respect the project is well in line with the country's needs and strategies.

However, during interviews it was clear to the evaluators that the labour market is in an almost non-functional state, with almost no vacancies, a vast number of employment opportunities in the shadow economy; a largely net-work based recruiting system and almost no job security. The State Employment Services lack all forms of resources for development, which also constitutes a severe barrier towards change.

² EDPRP, June 2003, p. 27, § 265.

The situation described above will of course have implications for the relevance of the project, as will be described further on in the assessment of the projects relevance to the stakeholders needs. There is definitely a need for improvement of the situation in the labour market sector and as such the project can be regarded as highly relevant.

The actions stated in the EDPRP also prioritise the necessity to work at the government level, to ensure transparency and accountability, as well as macro-economic stability. During a donor conference held in Brussels June 2004 the government of Georgia presented their prioritised areas of work in the near future. The following priorities are emphasised in the document:

- Corruption and governance
- Energy
- Poverty reduction and social services
- Private sector and SME development
- Agriculture
- Infrastructure

Each of these sectors are analysed thoroughly in the document and key strategic objectives are laid down. However, there is no single direct mentioning of labour market reform. Education focuses on primary and secondary education and social protection on pensions and social assistance. Private sector development priorities emphasise entrepreneurial activity in particular in terms of easing up regulation for business development.

During interviews at ministerial level, the issues brought up were labour inspections, public work in conflict zones, and creation of vacancies. These were said to be the present priorities, along with different specific issues such as taking care of lay-offs due to re-structuring the public institutions.

Hence the evaluator's assessment is that working within the labour market field in Georgia is in line with the EDPRP. However, it is still too early to see what extent the current government will follow the EDPRP. Therefore, questions can be raised towards the current government's priorities in the labour market policies. The priorities laid down by the new government focus strongly on economic development and social security, of which employment policies and social dialogue can be said to be components. However, this is largely a political discussion, and at present there is little evidence that the government wish to engage in these matters. Therefore the relevance of the project components is assessed to be uncertain at the time being, since the government's priorities are unclear within the area.

3.2 Project Level

In the following section the relevance of working with each of the different project components is discussed.

The project in Georgia is divided into different sub-projects, called components. There are six different components in the project, each with separate activities and goals. In the project documents overall objectives and expected overall results are expressed in general terms. However the overall expected results correspond poorly with the components activities and goals, which make it difficult to evaluate the expected results, since this would mean that some results under specific components would be left out. Hence, the evaluators base the assessment of all evaluation criteria on the goals of the components, rather than on the overall expected results.

The projects components, with a brief description of main goals, are as follows;

- i. *Statistic Information and forecasting* – to improve quality of statistical information, elaborate on labour market forecasting, integrate information from enterprises and improve the basis for decision making.
- ii. *Creation of employment opportunities through Business Incubation* – together with UNDP a Business Incubator is to be constructed. Swedish expertise will provide TA-training and ideas, and facilitate a triple-helix dialogue (involve state, university and private partners).
- iii. *Social Dialogue* – to introduce the social dialogue at all levels, central, regional and local, to create an action plan for further work.
- iv. *Labour market policy in the Caucasus Region* – Conference in Tbilisi to facilitate knowledge transfer, exchange of ideas and peaceful relations within the Caucasus Region (Armenia, Georgia and Azerbaijan).
- v. *Active Service at the Employment Offices* – development of 4 pilot offices to introduce active services to unemployed and employers. To define and clarify goals, methods, management systems and organisation on all levels within the state employment offices, as well as discuss and address legislation.
- vi. *Project management* – to ensure coherence in the project, and to counsel the State Employment Services on management and organisational matters.

As mentioned earlier, the budget for the project is 9 000 000 SEK and the project period is over 3 years. The largest component is component five, accounting for about 42 per cent of the total budget. Among other components the distribution is fairly equal (see also section 7.1).

The project's counterpart is the Ministry of Labour, Health and Social Affairs. The project is managed by a steering group consisting of two representatives of the Georgian and Swedish side respectively, and an advisory representative from Lithuania. Steering group meetings are to be held every sixth months. On the Georgian side, a project manager has been appointed to coordinate the project components, and each component has a Georgian and Swedish, project manager respectively.

3.2.1 Statistic Information and Forecasting

In Georgia there is currently little connection between labour market demands and supply. As an example there is a great surplus of doctors in the country, with a vast unemployment rate. This does however not affect the fact that several universities still admit large numbers of students to study medicine. This gap between demand and supply also applies to other sectors, where there is little insight into what the demands are, either in the near future, and in the long-term. The State Department of Statistics gathers data on unemployment in the regions as well as national. At local level the situation is different and no information is available on vacancies or future demands for labour.

One also has to acknowledge that the labour market in Georgia is a difficult area to forecast – almost all skilled labour is redundant due to the collapsed economy, and an estimated 50 per cent of the vacancies are in the informal sector, where no statistical data is available. Of the unemployed only a very small number register with the PES (approximately 50 000 nationwide), which also gives the statistics from PES a biased picture of the unemployment situation.

It is therefore judged to be relevant to work in the area of labour market forecasting, especially with regard to gathering information on local level from employers on vacancies and future demands. With regard to unemployment rates, the validity of the statistics is undermined by the marginal numbers of unemployed who register at the local PES and the large informal labour market, since this produces an invalid picture of the unemployment and unemployment opportunities in the country.

Hence, to increase the relevance it is necessary that this support is accompanied with other means of technical assistance, or with other stakeholders involved (for example the Department of Statistics) in order to improve the coverage of the employment mechanism.

3.2.2 Business Incubation Centre

This project component has been delayed and no participants have as yet been selected (see further under effectiveness). It is therefore difficult to assess the relevance on other than the stated objectives and activities, of which much remain unclear in the project description.

As mentioned previously there are very few employment opportunities in the labour market, and demand for low-skilled labour is predominant. The creation of a replicable model for business incubation, which could enable entrepreneurs to create sustainable businesses, with limited financial and technical support would be a way to facilitate self-employment and SME-development. In Georgia there is also a programme for micro-financing “the state employment programme”, which grants small loans and training to entrepreneurs. To the evaluators’ knowledge the difference among the two lie in that the Business Incubator Centre also provide premises for the businesses, and a more long-term continuous counselling to participants.

In the project documents there is also a mention of triple-helix solutions, i.e. cooperation between public sector or state bodies, educational institutions and private sector, to create high-end businesses on the basis of applied research. This is thoroughly new concept to Georgia, and in this context it should be noted that the educational system, as many other functions in Georgia, is in a dire condition. For example, a diploma can easily be bought at many of the universities or institutes, and there is no state control in terms of accreditation. This of course has implications for the relevance of solutions like triple-helix.

During interviews information emerged as to the main barriers for SME-development in Georgia. Corruption was clearly one of the main obstacles, along with financing and a lack of a well-functioning market (low consumption of services/goods, the informal sector out competing the formal, the free market being undermined by corruption). It is unclear to what extent these barriers are being addressed by the Swedish expertise. To incorporate work on reducing these barriers would increase the relevance of the project component.

The relevance of the component is assessed to be high, especially if a replicable model for business incubation is developed. However, the main obstacles to business development were stated to be financing, corruption and lack of a well-functioning market. These issues are not specifically targeted in the projects documents, and interviews did not reveal these issues to be any main part of study-visits to Sweden or future training for entrepreneurs. Due to this lack of reasoning on contextual factors and lack of targeted areas for training during interviews, the relevance of the project component is assessed to be uncertain.

3.2.3 Social Dialogue

Presently in Georgia there is a committee or commission for tripartite dialogue on a national level, created to give comments on draft laws and other areas of interest to the partners. This committee has not been a part of the project. This committee does not allegedly work, but is quoted as existing “on paper” only according to interviewees. There are no other structures in place to enable a tripartite dialogue in Georgia, such as regional councils or boards.

There are several areas where a social dialogue could be considered to be of value in the country, such as increasing transparency in decision making, reducing the informal sector, improving legislation, alleviation of administrative burdens and simplification of rules, tackling corruption. The idea within

the project component is also to establish social dialogue on the regional and local level, so as to facilitate issues of regional/local employment, unemployment, economic policies. However it is the evaluators' assessment that the partners involved, i.e. the government, the unions and the employers' organisation are still in the process of defining themselves, their aims, purposes and organisations.

During interviews it was the evaluators' impression that the social dialogue as such was more a concept than an actual working method at present. Although it can be considered to be highly relevant to the country's needs to establish social dialogue, the stakeholders' needs are assessed to be somewhat more basic, such as clarifying their organisations purpose, aims and objectives. Therefore the project components' objectives are assessed to be less relevant to the stakeholders needs at present time, although it may be used as to clarify the organisations' roles in society.

3.2.4 Caucasus Conference on Labour Market Policy

According to the project description a conference is supposed to be held in Tbilisi during 2005, with participants from the Caucasus region, i.e. Georgia, Armenia and Azerbaijan, with the purpose to present western labour market policy (EU, Swedish, and Lithuanian), facilitate knowledge exchange and networking.

This component is assessed to be more of an internationally oriented measure, than an activity directed towards improving the Georgian labour market, which is the aim of the project. To give a conference is by the evaluators not considered to be relevant to the stakeholder needs.

3.2.5 Active Service at the Employment Office

As described earlier in the context chapter, the labour market and the State Employment Services in Georgia suffer from difficult conditions. Since 2000 the number of registered unemployed has fallen from around 120 000 to approximately 50 000, the number of staff from around 780 to 260 and almost no vacancies are reported to the PES. The staff are under skilled, wages are low, and there are little incentives or resources to initiate changes or take any initiatives at both central and local level. In this respect the project's goals are highly relevant and address an imminent need. However, as the context is very difficult in Georgia, one also has to take other factors into account when assessing the relevance, such as a prioritisation of the needs in the labour market sector.

During the cut-backs in personnel at the beginning the millennium, it was decided by the previous government that the registration was a core service the PES should as a minimum uphold. The collapsed labour market and the drastic reduction of personnel have brought about a stagnant situation, where even the level of registration is falling. It is acknowledged within the project that the relationship with the employers must be improved, so as to stimulate a higher number of reported vacancies to the PES. Without vacancies there are no incentives for the unemployed to register, since the unemployment benefit is very low, only 14 laris (\$7) a month for half a year. Presently only 2600 of the registered are eligible for benefit.

During interviews it was described to the evaluators that employers view the PES as a last resort if all other options such as friends, family, neighbours have been exhausted, the employer may ask the employment services. The vacancies that currently do exist are mainly within low-skill professions. This is to be compared with the fact that 60–70 per cent of those registered hold a university degree according to the statistics.

The project focuses strongly on the links between the PES and the employers, trying to motivate personnel to contact enterprises, promote the PES and provide more active service to unemployed. Methods that have been introduced include action plans, vocational guidance, internet self-service and "job-clubs". However resources for this type of work are non-existent and the methods that have been

introduced cannot be developed further and implemented by the staff. If there are no vacancies to broker and no resources to use, it is impossible for the staff to train themselves in the newly acquired methodology. Hence, the support to the pilot offices should be based on low-cost measures.

During interviews the participants from the pilot offices expressed the following as immediate needs; to increase the number of reported vacancies; to facilitate registration procedures; and to increase/differentiate the level of benefit. They also expressed a need for a more differentiated approach to vocational training, at present the only options are three courses in languages, computer skills or accounting, regardless of the individual's needs or the labour market situation. These issues are structural deficits which are very difficult to tackle at an individual level. Therefore the training of personnel in "Swedish methodology" cannot be considered to be relevant, unless it is adapted to the local situation, since they do not address these structural issues.

At central level the relevance for working within the area is high, since the barriers for development are of mainly structural and political nature. For example, there is a clear lack of strategy for the development of the PES in Georgia, which impairs the ability of the PES to plan and develop. The recent change of government has momentarily worsened the situation, albeit the future looks more promising for the country in total. In this respect the project is considered to be most valuable and highly relevant in supporting the central level and the government in defining its strategies and aims for the Georgian PES.

3.3 Sida's Objectives

Sida's development objective is to create the necessary conditions for reducing poverty and preventing conflict primarily by means of initiatives aimed at promoting sustainable development and improving living standards for the population, and by contributing to the development of democratic public structures, efficient government bodies and respect for human rights.

The labour market development project in Georgia, though not explicitly stated, should in theory help towards poverty reduction, sustainable development as well the improvement of living standards. More than this by helping to improve the capacity of the PES the project is also contributing towards the development of efficient government. In Georgia where the situation within the public sector is chaotic, with corruption, lack of strategies, low competence in personnel etc, it is considered to be well in line with Sida's objectives to support the construction of functioning labour market institutions.

Sida's other objectives include supporting: contact intensive development cooperation programmes bringing the Swedish resource base in to play, which can lead to a greater exchange of between Sweden and the countries of Southern Caucasus. Sweden should also where applicable seek to involve expertise and experiences from other Eastern European countries, not least the Baltic countries. This project implemented by the Swedish labour market authorities certainly brings the Swedish resource base into play, albeit from the public sector and furthermore involves cooperation partners from the Baltic countries which have previously been involved in Sida funded programmes. This project is therefore estimated to be relevant in terms of fulfilling Sida's own objectives.

4. Effectiveness

To assess the effectiveness of the project the evaluators have looked at to what extent the expected (and unexpected) results have been achieved in the project, the reasons for high/low degree of achievement, and how the different methods and instruments applied have contributed to the development. In the following chapter these issues are being discussed and an assessment of the effectiveness of each component is undertaken.

The ongoing project in Georgia consists of six different components as described earlier under relevance. The project was at time of the evaluation mission one third through the timeframe of the project. Due to the ongoing nature of the project, the mid-term evaluation has focused on the results achieved so far in the project, as well as an assessment of the estimated likelihood of the expected results to be achieved within the project period.

As described in the previous chapter the objectives of the project have been vaguely formulated, which makes it difficult to measure the fulfilment of the project objectives and hence the effectiveness of the project endeavours. It was not clearly defined how and when the different activities under the project should lead to the desired results. This lack of time-schedule and milestones in the project further add to the difficulties when assessing the effectiveness of the project (see the overall report for an elaboration on the programming and project logic).

Furthermore there is not complete coherence between components and overall expected results, for example the objectives of Component 2 Business Incubation Centre, cannot be recognised under any of the expected overall results.

It is, therefore, important in the future that the programming logic is to be clearer as, among other things, this will help ensure not only smooth implementation of the project but also very importantly local ownership of the project as everyone involved is able to evaluate the progress being made. It is also important to have a defined and realistic time-schedule for the project.

The overall development objective, as stated in the proposal for cooperation dated June 2003, of the project is to: support the Georgian authorities to modernise and elaborate the active labour market policies.

The following table summarises the achieved results at time of the mission in each of the components, compared with the expected goals as written in the project descriptions (although in component 5 the goals required a reformulation), as well as an assessment by the evaluators on the effectiveness so far of the projects. The recent developments in the project, i.e. as reported by AMS after the evaluation mission, are described in the section following the table.

Expected Results	Achieved Results	Assessment
i. Statistic Information and forecasting Goals; • Information will have better quality and be better suited for decision making. • The relations with companies will improve. • The status of working with forecasting will be higher. • Information from enterprises will be integrated with other statistics for a more reliable forecasting.	The gathering of statistics on unemployment is made from all local PES offices once a month. The procedures are cumbersome since it is done manually and reported on paper to the statistics subdivision at the State Employment Services. The statistics are gender disaggregated, and report on professions, educational background etc. in total app. 140 variables is being collected. The evaluators raise concern to whether the statistics are useful as a base for analysis and conclusions. Since only a marginal part of the unemployed register with the PES, the statistics will foremost give a picture of those prone to register, than of the unemployed population. Thus the evaluators assessment is that the statistics would be inadequate for overall labour market analysis, albeit may be useful in discerning the nature of who register/do not register at the PES in different regions. However, the statistics was to our knowledge not put use in this manner. The problem of the statistic's inadequacy for labour market forecasting is acknowledged by the statistics subdivision. There are some surveys being conducted on vacancies, by distribution of a form to 48 000 enterprises, but the responds rate is very low (app.20%) and biased. There are no resources for visiting employers. The goals have as yet not been fulfilled, although there is a clear ambition in the subdivision for statistics to incorporate labour market forecasting in the statistics. No concrete measures had yet been undertaken upon the evaluators' mission to Georgia, there had only been discussions and meetings to analyse the situation. The head of the statistics subdivision also part-took in a study-trip to Sweden together with staff from the pilot offices. There are several obstacles to be overcome before the results can be achieved, one of the main being lack of resources. There are no means at all to gather forecasting data, and the forms that have been developed have not been put to use.	The evaluators assess the effectiveness as being low so far in the project, mainly due to the interconnection with the local PES as providers of data. According to the central administration the local offices have no means or resources to collect information on the employers needs in the future. Neither can they provide reliable information on unemployment at the local level, since only a fragment of the unemployed register. It would be highly unsuitable to rely on this data as the basis for decision making.
ii. Creation of employment opportunities through Business Incubation. Goals; • To address the issue of structural unemployment in Georgia through demonstrating a replicable model for employment opportunities. • To support the creation of and the building of a Business Incubator centre in cooperation with the MoLHSA and UNDP, by using the experience, ideas and competence of Swedish experts.	This component is being conducted in cooperation with UNDP, who provide financing of the premises and the project management. In the establishment of Business Incubator Centre very little progress has been made so far, due to delays of the project. According to the Georgian partners it took time to find a suitable location, and at present procurement of a construction firm for renovation of the premises is underway. The activities undertaken so far is a study visit to Sweden for six Georgian specialists in December 2003, and the participation of the component coordinator in a first planning and study trip to Sweden in September 2003. No training of trainers has taken place so far. The study trip involved state officials, NGO's and the banking sector. Visits were made to several banks, institutes, business incubators, and chambers of	The effectiveness of the component was assessed to be very low at the time of the evaluation mission, due to difficulties in finding suitable premises. Thus external factors have affected the project. At time of the evaluation mission it was still unclear when the BI was to be opened³.

³ Also refer to next chapter "Recent developments in the project".

•Enterprises, universities and authorities are working together for a better growth. •Methods are found to support increasing entrepreneurship. •Staff of newly established centre and around 25 of the business clients are trained and are able to use new competence.	commerce to show the participants how the policy works in Sweden. However, during our mission we did not see any of the participants, and it's unclear how they were selected. No representative from the educational sector took part in the study-trip. It is also unclear how recruitment of participants to the Business Incubator will be conducted, and which sectors/type of businesses it is targeting.	
iii. Social Dialogue Goals; •To introduce the social dialogue on all central, regional, and local levels. •To implement the employment process and active labour market policy on all levels, central, regional, and local. •An action plan for further developing will be accepted by all involved partners.	At the time of the visit one two-day seminar had been held on Social Dialogue, with participants from all parties. The programme and the list of participants seem to encompass the relevant stakeholders. Experts from Sweden and ILO took part in the discussions, which amounted to an agreement to further develop the project with a working group appointed by the partners, and the selection of a region for pilot project (to be based in Kutaisi). However, these measures were not expressed during interviews, and there was no mentioning of pilot regions or working groups. The Georgian Employers Association (GEA) and the Georgian Trade Union Amalgamation (GTUA), independently expressed frustration over what they perceived as the governments lack of interest and unwillingness to engage in a social dialogue. The GEA and GTUA had vague ideas on what mutual interest and topics they wished to pursue in the social dialogue, and had made no joint action or lobbying towards the government to engage in a social dialogue.	The evaluators assess the effectiveness to be moderate. Discussions on establishing a pilot region have been conducted, as well as the appointment of a working group. So far no concrete goals have been reached though, and the evaluators cannot verify that discussions will lead to actions.
iv. Labour market policy in the Caucasus Region, Conference.	Originally the conference was scheduled to take place in 2005. Presently it is considered to be too early to have a conference since the work on the Georgian labour market policies and PES are still in its cradle. A new timeframe is not being mentioned.	Cannot be assessed
v. Active Service at the Employment Offices. Goals; •New ideas introduced and evaluated [at the pilot offices – evaluators remark]. •Development of pilot offices. •Goals, methods, management systems and organisation are decided for all levels. •At least one office in Tbilisi is working with new methods; three more offices are developing new methods. •Legislation and policy issues are being discussed.	First of all it should be noted that the implementation of component 5 has been called to a stop since the time of the evaluation mission. This is due to the fact that it was not progressing; the pilot offices were not functioning; the commitment among staff was poor and on central and ministerial level changes left the project without clear anchoring. The management of the PES in Georgia, could at time of the mission best be described as ad hoc in its nature. There was a clear lack of strategy for the development of the PES, which was expressed by personnel on all levels during our mission. At present the current situation with the new government, massive clean-out actions and restructuring of the state institutions, have put everything on hold in terms of development. This turmoil necessarily affects the management and the functioning of the PES. During our mission this was the main focus of discussion and little attention was paid to the organisational structure as such. There have so far to the evaluators' knowledge not been any targeted measures and activities aiming at defining and optimising the PES organisation as such. Currently emphasis is being put on creating commitment and	The effectiveness of the project has been very low so far. This has also been acknowledged by the project manager, and an adequate time-out has been taken in the project since mid June this year. No goals have as yet been achieved, apart from output such as study trips, meetings etc. An unexpected positive result has been the discussion on the strategies and function of the PES at ministerial level, which emerged urgently in the project, due to the low commitment and slow progression of the project.

interest at the ministerial level, where most key-officials have been changed since the new government took power.

The component 5 is divided into 3 subcomponents, Study trips, Development of pilot offices and Management seminars. In the project description there is a mix between overall objectives, goals and output, within the subcomponents and between them. Thus the evaluators have had difficulties discerning the logic of the project and especially when, where and to what extent an expected result is supposed to be achieved and how this is linked to activities. In this assessment a summary of the goals have been used, based on the evaluators' understanding of the project.

Study-trips have been undertaken in the project, and meetings and seminars have taken place. Four pilot offices had been chosen, Kutaisi, Mtscheta, Vahe-Suburtalo in Tbilisi, and Batumi. It is unclear on what basis the offices have been chosen. Expected results of the project have so far not been achieved at the offices the evaluators visited (Vahe-Suburtalo and Mtscheta). According to documents and interviews the office in Batumi works better, with more vacancies and registered unemployed.

However, unexpected results may be considered to have emerged as a consequence of the project since a discussion of the role and function of the PES in Georgia has been brought forward to the new government.

vi. Project management. Goals;

- Ensure correspondence between approved objectives and activities.
- Support the Georgian Labour market authorities in their development of a still more effective organisation.
- To articulate arguments about why and how a gender equality perspective is relevant.
- To analyse, support, and settle the management and the responsibilities of the PES in Georgia.

As stated previously in the report, clear project objectives are lacking and the activities are not in line with the objectives. This is due to inconsistency in the description of the overall objectives, the expected results, outputs and the lack of indicators. Hence, it is difficult to say that the approved objectives and activities match, since they in some instances do not correspond at all.

From a process point of view the project management seems to have a clear understanding of the barriers in the development. Much force has been put into trying to establish a commitment and ownership on central level, by discussions, study-trips and seminars. At present the project management have stopped one of the components due to lack of results in the project, with the aim to redefine the goals.

The issue of gender equality have to the evaluators knowledge not been addressed in the project. During interviews no such issues emerged, and upon direct questions none of the interviewed remembered discussing gender issues within the project. See further in chapter 8.2.

Due to the effort being put into trying to create ownership and commitment at state level, the project management is assessed to be effective on these levels. The present time-out in component 5 is considered to be an adequate measure in terms of project management.

However several areas are not addressed thoroughly such as gender equality and the programming logic remain unclear and inconsistent. Thus the effectiveness of the project management is assessed to be moderate.

Based on the findings in the table above it is our assessment that the overall effectiveness of the project so far has been low.

The results achieved so far are mainly at state level, where discussions are taking place at the time being on the role of the PES and active labour market policy in general. It is assessed to be unlikely that these discussions would have emerged had the project not been ongoing at time of the change of regime in

Georgia. This is an unexpected result in the project, which should not be underestimated in terms of institution building and capacity development. Even if the current economic situation does not encourage an increased importance of the PES, the project could potentially facilitate the development of a more long-term development plan, to be implemented in parallel with economic development initiatives but this would also require that the project design is more rigorous.

Although one should bear in mind that the project is only a year into its three year cycle, the evaluators have serious doubts as to whether the expected results or even stated outputs can be achieved within the timeframe. This is mainly due to the difficult context the project is operating in, where demand-supply on the labour market is non-functional, and partly due to the fact that objectives and expected results have been loosely defined in an unrealistic manner. However, it is also the evaluators' opinion that the project's objectives and activities do not take sufficient consideration to the difficult context it is operating in. Currently the project seem to be very much based on the "export" of Swedish know-how and methodology within the labour market system, and not so much on how to develop this system from scratch. The counselling given to high-level officials is, as described above, effective, in terms of settling the future role and functioning of the PES. Further down in the system the context makes the methods introduced very difficult to apply, since resources are scarce and the future uncertain, thus making local ownership of the project low. It is also difficult for the experts involved to develop a clear understanding of the complicated context they are operating in during the occasional weeks they spend in Georgia. More consideration to contextual factors needs to be built in to the project, for example by applying a more tailored and systematic approach, with clear and realistic goals, so as to enable continuous follow-up locally. This would probably help to increase ownership and commitment among the participants, at central and local levels. It is also suggested that the experts should spend more time working in Georgia, for example by having a Swedish expert based in Georgia on a longer term basis to guide the project in its initial phases. Such a move would also help to improve the experts understanding of the complexities of working in Georgia.

Lithuanian input to the project has not been widely discussed by the interviewees. Some consultants from Lithuania have been in Georgia, but no study trips have been conducted to Lithuania, which might help explain why this is not such a prominent feature of the project as yet. Upon direct questioning from the evaluators, responses were positive with regard to the potential value of Lithuanian input in the project. The evaluators therefore recommend that Lithuanian input in the project is increased.

4.1 Recent Developments in the Project

The evaluation mission was undertaken in mid June, just after a 'time-out' had been taken in component 5 in the project. Soon after the evaluation mission was concluded, a group of high-officials were invited on an "emergency" study-tour to Sweden, so as to explain the project and clarify the status of the ongoing work from the Georgian side.

According to the Swedish project manager this study-trip brought about some positive progression in the project. These are listed below in bullet form.

- There is an agreement to invest additional funding to the pilot offices in Tbilisi and Batumi;
- A new and committed manager has been appointed for the office in Tbilisi;
- The construction of a Business Incubator Centre in Tbilisi is underway, financing of the premises have been allocated by the state and renovation is ongoing;
- An additional Business Centre is being constructed in Boljomi, upon request by the Georgian counterparts. The Centre will be an additional part of component 2;

These positive results have not been verified by the evaluators, and hence they cannot form a part of this evaluation. However it is considered important to mention the recent development, and to keep mind that the nature of the project is ongoing, and hence development is continuously made.

5. Impact

In order to measure the impact of any development cooperation activities it is advisable to gather base-line data in the first instance which serves as the basis for comparison. Unfortunately no such base line study has been conducted and the evaluators have furthermore only been able to see rough estimates of, for example, the changes in numbers of people registering at the employment offices.

In Georgia the project is ongoing; therefore an assessment of impact of the current project is impossible to conduct. During the previous project from 1999–2001 several results were stated at project completion. It was however difficult to assess the impact of the previous projects since the evaluators only met 2 individuals who had been taking part in it during the mission.

According to AMS the pilot offices in Batumi and Kutaisi showed the best results and commitment during the previous project. Allegedly they still work according to some of the methods developed during the last project in Batumi, whereas in Kutaisi the situation has deteriorated. During our visit we did not have the opportunity to visit these offices, wherefore this information have not been verified.

The developments in terms of registration of unemployed have been negative over the past years, as described earlier in the report. There have also been declines in the number of vacancies reported, as well as staff in the PES. This development can hardly be assigned to the project, but is a result of the political and social development in Georgia, and the recent years of misgoverning of the country. This has provided a context where impact is very difficult to obtain in capacity building project. In the current project this should be taken into account when planning activities, so as to the extent possible avoid loss of competence in the project. However, with a new government in place, there is a good chance that the situation will improve over the coming years.

6. Sustainability

In this section we consider the continuation of benefits from a development intervention following development assistance, as well as the probability of continued long term benefit flows over time. The assessment is based on how well the projects results are in line with the development strategies in the country, on the level of involvement and ownership among participants, and the nature and strength of the financial and political support. On the basis of the above factors the evaluators conclude on the likeliness of the ultimate benefits to survive over the coming years.

6.1 The Country's Priorities

The current change of the political situation in Georgia, and the following uncertainty of the government's priorities and objectives, makes it difficult to assess sustainability in that respect. As described earlier under the chapter on relevance, little reference is made by the new government to active labour

market policy and development of the public employment services. It is at present day impossible to say what the development will be.

One issue of importance to Sida is the recent surge in donor activity in the country. The USD 1 billion that have been assigned to Georgia will put a pressure on all the delivery mechanisms and the absorption capacity in different policy areas. There is a great danger for overlapping initiatives and overstraining of the country's civil service development if activities are ongoing in all areas with insufficient coordination.

6.2 Ownership and Participation

Recent developments in the project have clearly created a situation where high-level officials are by necessity involved and feel ownership of the project. Further down in the organisations the commitment is assessed to be lower. For example at the central level in the State Employment Services the level of participation is high, and they are engaged in the formulation of objectives and activities. Further down in the organisation the ownership is lower, and participants are mainly appointed by the central administration, where after they are given training in methods they have few means to apply.

6.3 Institutional and Cultural Factors

At present the state and the public bodies in Georgia are undergoing a drastic restructuring process. To root out corruption and increase efficiency the government is announcing mass lay-offs and reforms. This will have an impact on the knowledge base and the institutional memory in the PES as well as in other institutions. Already during the evaluators mission this was evident since nobody knew the reasons for choosing the pilot offices as pilots. However it should be noted that the turmoil will inevitably come to a halt and a knowledge base will form itself and become solid.

From a cultural point of view the evaluators assess that the largely network based society in Georgia is a potential threat to the sustainability of the projects if strategies are not developed to break up with this pattern. The collective identity is to a much larger extent associated with family and acquaintances than with the state or civil society. The Swedish labour market system is largely based on the concepts of solidarity, collaboration and consensus, which are presently not predominant features of the Georgian culture.

6.4 Technological Factors

At the present time the progress that is being made in improving the efficiency of the labour market and the work of the employment services is not technologically focussed. Given the resource and capacity restraints this is judged by the evaluators to be positive when considering the sustainability of new processes. However the technological situation is very poor; the only means of communication in the visited offices were telephones. The projects ability to implement and develop methods is not dependent on technology, but the methodology proposed in the project requires some basic tools like a fax and a type-writer. Hence it should be considered in the planning of activities and training what basic requirements are needed to enable implementation, so as to ensure that the training is applicable. This would increase the sustainability of the projects.

6.5 Financial

During the recent years there have been severe cutbacks in staffing at the PES. Allegedly there have in previous years been difficulties getting access to funds for the PES (withheld by a previous head of

department at the ministry) and there has been no strategy in place as to how to develop the PES in the future. At the time being, there are few indications that the PES in general will be provided with more funding or an increase of resources, and the strategy for the development is still unclear. However, it is too early to assess the sustainability of the ongoing project, since the new government is still in the process of restructuring the civil service sector.

6.6 Exit Strategies

No explicit mention has been made towards the development of exit strategies in the project. Neither are there any implicit references to exit strategies. More attention should be given to developing exit strategies as they help to ensure long term sustainability. This is very important for a relatively recently remodelled organisation, especially when it is embarking on new areas of work.

As mentioned above there is currently no strategy in place for the development of the PES in Georgia, or the labour market system. A strategy for the next 5 to 10 years would enable a more long-term perspective on the development process and exit strategies. On a project level it would also be beneficiary to develop a mainstreaming and dissemination plan parallel to the development of pilot offices, so as to replicate the project experiences in other districts and hence ensure impact on a national level.

7. Cost-effectiveness

Cost effectiveness is hereby measured in relation to output, results and impact. This analysis is based mainly in the ongoing project in Georgia, and on the budget put forward in the terms of reference.

7.1 Administrative costs

The total cost of the ongoing programme is 9 000 000 SEK of which 4 191 000 SEK (47 per cent) were allocated for fees and 4 809 000 SEK (53 per cent) for reimbursables. The project is run over a three year period, and from the budgets it is difficult to discern to what extent the different components interact, with regard to study tours and parallel activities. The distribution of fees and reimbursables in the different components is shown in the table below;

Activities	Total	Percent	Fees	Percent	Reimbursables	Percent
Component 1 Statistical Information and Forecasting	703500	8	429000	10	274500	6
Component 2 Creation Business Incubation Center	1473500	16	704000	17	769500	16
Component 3 Social Dialogue	836250	9	515000	12	321250	7
Component 4 Conference on Labour Market Policies	716000	8	142000	3	574000	12
Component 5 Employment Offices	3736620	42	1616000	39	2120620	44
Component 6 Project Management	1434130	16	721000	17	713130	15
Preparation	100000	1	64000	2	36000	1
Total	9000000	100	4191000	100	4809000	100

In the budget component six, project management, accounts for 16 per cent of the total amount. A total 21 weeks are allocated to cover project management, divided into 12 for expert and 9 for project management, which accounts for approximately 17 per cent of the total allocated for fees, and 15 per cent of the total allocated for reimbursables. This is a quite high allocation for projects management. However, one has to take into account that the situation in Georgia is quite demanding in terms of projects management. Therefore it's estimated to be fairly adequate although somewhat in the high end.

The budget for reimbursables is relatively high, constituting over half of the total amount. A break down in number of flights (excluding study tours) gives a total of 93 return flights in the project, or 31 flights per year. Even in a complex project like this one, with several components, this is regarded to be excessive, especially in relation to the lacking results so far in the project. It is however uncertain to what extent travels have actually taken place, no invoices or financial reporting has been made available to the evaluators on the ongoing project. Hence, it has not been possible to receive an overview over the overall disbursement rate at the present.

7.2 Allocative Efficiency

The cost for study tours make up 1 680 000 SEK, which is 19 per cent of the total budget. This is estimated to be reasonable. Study tours should however be of great value to the project in terms of knowledge gained and transferred back to a national context. In this particular project it is assessed to be uncertain to what extent the study-tours have generated the expected outcome, especially with regard to project participants (staff). Hence the cost-efficiency of study-tours is assessed to be low so far in the project.

8. Cross Cutting Issues

8.1 Poverty Reduction

The level of poverty in Georgia is high. In the EDPRP (Economic Development and Poverty Reduction Programme) it is stated that the average salary per month is GEL 113.15, which is 93.3 per cent of the official minimum subsistence level (GEL 124–128 per adult and month). During recent years the level of poverty has stabilised to around 52 per cent. The minimum salary is low and constitutes 40 per cent of the extreme minimum subsistence level (GEL 58–63 per adult and month)⁴.

Most household have several sources of income, half of them three or more, and only 20 per cent of the household incomes are generated from a single source. A major source of income is from land, and agricultural products. However, the share of products sold at the markets is low, and production is mainly for consumption. The level of poverty in Georgia is thus high, and this goes for rural as well as urban areas. However the nature of poverty and how it is manifested differ. In rural areas the main problem is lack of financial resources and poor services (health, education etc.), as they consume the food they produce. In urban areas insufficient food supplies pose a major problem, often resulting in extreme poverty.

This projects over-all objective is to provide support to “modernise and elaborate the active labour market policies”. This may on an over-all level be considered as a way to tackle poverty, through creating and stimulating a functioning labour market, thus decreasing the level of unemployment among all groups, including the poor and most vulnerable. Targeting this area has however not been a prominent feature of the programming or the implementation of the projects.

In the different components poverty reduction is not directly addressed or targeted, apart from in Component two in the project “Creation of employment opportunities through Business Incubation”.

⁴ Economic Development and Poverty Reduction Programme, Tbilisi, June 2003.

This component aims at developing a model for business incubators, and is being conducted by an NGO, Association of Business Consulting Organisations in Georgia, in cooperation with UNDP and the Ministry of Labour, Health and Social Welfare. However, the project has been severely delayed since it proved difficult to find a suitable location for the Incubators. Hence no participants or businesses have as yet been recruited, and the evaluation therefore has to be based on the planned, and not yet implemented measures.

Even though this component explicitly states in the description to be tackling poverty through job-creation, there are several issues that according to the evaluators' opinion are not thoroughly considered in the project. Firstly, during interviews no specific strategy emerged with regard to selection criteria, what sectors to be involved etc. According to the project description the aim is to create "triple-helix" solutions (it should be noted though that none of this reasoning was displayed in the interviews during our mission), targeting business schools and universities, to attract their students. This approach may be successful in creating opportunities for young well-educated people, but it is unlikely to improve the situation for poor or vulnerable groups. According to the component leader recruitment of potential entrepreneurs will be undertaken by the PES, thus targeting unemployed registered at the PES. Hence, there is no visible strategy or clearly defined links as to how this project will in effect tackle poverty or improve the situation for vulnerable groups. Secondly, the Business Incubator-centre is to be established in Tbilisi, where there is a labour market already, and the main feature of poverty is lack of food and fulfilment of basic needs. As a means of tackling structural deficits and poverty by creating job-opportunities, it would make more sense to try to establish sustainable Business Incubators in the regions, where employment opportunities are scarce and the level of poverty very much dependent on unemployment and lack of financial resources.

In other components no direct measures to address poverty reduction are included. To our knowledge the statistics gathered do not state the level of poverty among those registered at the PES, nor does social dialogue explicitly target issues like minimum wages. During the interviews it has been mentioned that registration at the PES is difficult for the extreme poor since they do not have the financial resources to make the mandatory copies of diplomas, and other required documentation. This has not been addressed in the projects as such, other than being stated as one of the difficulties or obstacles.

A large part of the economy and the production takes place in the shadow sector, according to national official statistics 34 per cent of the overall economy. During interviews it was estimated that app. 50 per cent of the work available was within the shadow economy. This is also affecting the situation of the poor, since the shadow economy and informal labour of course impairs the state budget and the state's ability to provide social security. In the project no explicit strategies or discussions on this factor have emerged as yet.

8.2 Gender Mainstreaming

The evaluators saw no evidence of gender related factors in the implementation. During interviews no references were made to the situation of men and women, unless specifically addressed by the evaluators. According to the PES in Tbilisi it is easier for women to find employment, since employment opportunities currently exist mainly within service and administration, where women are preferred. It is apparently not uncommon that employers ask for someone who is "good-looking" when they contact the employment services, which from a gender perspective of course is troublesome. There are however few signs of the projects addressing these issues, it seems as if this has been left aside in light of other imminent issues such as lack of commitment in the project, chaotic political situation etc.

According to interviews with UNDP the situation for women in Georgia is equal on paper, throughout the educational system there are no great differences, but in work life the situation differs. Women are less well paid, the public service sector consists mainly of (under-paid) women, and few women reach decision-making levels. The labour market is thus increasingly gender segregated, even more since the status and wages of the public sector has been decreasing over the last years. This was also the case within the PES where the majority of heads of department were men, and the regional offices mainly had women employed. This has not been addressed by the project, which to some extent is understandable since it might provoke some defensive reaction among the participants. It should however be noted that gender issues has not been discussed so far in any aspects of the project.

In terms of this project the data gathered in the statistical department is gender disaggregated, it is however unclear to what extent this data is used and analysed, for example by referring it to other variables in the dataset, such as level of education and recent employments etc. It is also unclear to what extent this disaggregated data can be attributed to the previous project, since the data have been collected since the early nineties. In the employment offices the distribution of jobseekers among men and women are more or less equal, somewhere between 60/40, the majority shifting by location.

8.3 Environment

Since the project have been ongoing for only a year, and since several of the components are still in the start-up phase, the impact so far on the environment is assessed to be low. Of the different components the component 2 Business Incubation may carry some environmental issues since its objective is business creation. As stated previously the project has been delayed and no businesses are as yet selected, nor is there any strategy in place as to which sectors to involve.

When looking at the different sectors that may have some growth potential, the EDPRP states that economic priority sectors are; energy; transport and communications; Industry; Tourism; and Agriculture and Food. All these sectors have implications in various ways on the environment. In the project this must be taken into account when selecting businesses for the Incubators, so as to promote a sustainable economic development.

9. Lessons Learned and Recommendations

9.1 Economic Development and Labour Market Development

During the assessment of the project in Georgia it has been evident that a severe obstacle is the dysfunctional labour market, with almost no vacancies. This is closely connected to the economic development in the country. During recent years there has been some growth in the economy, but investments are scarce and the offset for products and services is still limited. According to interviews with donors the market forces in Georgia have been set out of play, and the supply-demand chain in economic development is not working. To work with labour market reforms and development of the employment services requires some form of economic growth and job creation. Even if resources were found to create temporary jobs, according to Swedish models, this would be highly inappropriate since the state of Georgia has no system in place for redistribution of wealth at present. Simply put, there has to be a demand for labour, which comes from economic development, in order for the PES to be able to work with active measures.

Currently the project has been redirected to incorporate two pilot-offices instead of the original four. It has been acknowledged within the project that some regional growth potential is necessary in order to develop the PES. This is assessed to be a positive development in the project, and in the continuation it should be further emphasised to link economic development and active labour policies.

9.2 Government Priorities

It has been clearly demonstrated in the projects to be of vital importance to have active government support for the development of the State Employment Services of Georgia. The initial lack of strategy and commitment have delayed several of the components and it is still uncertain to what extent the now expressed support will be backed by active measures. To some extent this may be seen as a consequence of the drastic changes in government and civil society, which naturally were difficult to foresee.

During the remaining timeframe of the project, the evaluators recommend that emphasis be put on defining the long-term strategy for the PES in Georgia, in close cooperation with the ministry. Special attention should be paid to the role of the PES, what its function in society and in the labour market system is to be. Hence, we recommend that the project is redesigned and adjusted vis-à-vis the current political situation in Georgia. By defining a clear strategy with measurable goals the PES will have a solid platform for further development. It could also be considered to set co-financing as a condition in further project development. This would probably ensure the necessary commitment and enhance a long term perspective of the project.

9.3 Systemic and Strategic Approach in Development

As stated before in the report, the evaluators have raised questions as to the relevance of the activities undertaken. The overall objectives of the project are most certainly relevant, but the linkages between activities and objectives are in the evaluators' opinion weak. This is both a matter of applying clear programming logic in the project planning, and also of a need for a more systematic approach to the labour market development.

At the present time work is being conducted in several different areas instead of providing targeted support in specific areas. It could, for example, be an idea to concentrate efforts in Component 5 – Active services at the PES, to working with solely with improving relationships with employers with the aim to increase the number of vacancies posted at the PES. In Component 3-Social Dialogue, the work could be concentrated around issues like facilitation of legislation or enforcement of labour market laws.

These are just some examples, put forward to illustrate the possibility for more systematic approach to project activities. One good example in a specific issue will inevitably spill over to other areas of mutual interest to the parties involved, thus creating a positive development cycle. Within each component there would most probably be an issue of immediate need, which could be identified by the partners. These issues should then form the basis for activities undertaken in the project, clearly stating overall objectives, immediate objectives, time-schedule and milestones. In this process the LFA-seminar to be conducted could be of value to the project, since this would further provide structure to the project and improve the programming logic.

9.4 Cross-component Issues

In the project different components work in parallel with and simultaneously, with little interaction from the Georgian side. Some of the study-tours have been undertaken jointly, but on an overall level

there is little cooperation between the components. It is the opinion of the evaluators that cross-component work could be greatly improved, especially between Social Dialogue and Active services components. The network created in Social Dialogue should within the framework of the project be used to enforce the status of the PES. For example the Georgian Employers Association GEA, could be of great help in promoting the PES as a means to post vacancies and find labour.

9.5 Mainstreaming

Gender aspects, poverty reduction and environmental issues are not addressed explicitly within the project. It should be acknowledged that it is assessed as difficult to work within these areas in Georgia, especially when the projects main objectives are not directed at mainstreaming issues. However, these aspects need to be strengthened in the future work, for example by including a gender, poverty and environmental analysis to activities in the project. A systematic approach and analysis would ensure that negative impact is avoided as a side effect of the projects.

9.6 Baltic Experience

In the project the Lithuanian input has so far not been predominant, due to the circumstances surrounding the project. The Lithuanian feature of the project is of great value, since it enables the Georgian participants to learn about the development process in a context which they can relate to in another way than the Swedish. Consideration should be given to increasing Lithuanian input during the remainder of the project.

9.7 Labour Market Conference

It is the assessment of the evaluators that the labour market conference planned to be held in Tbilisi is not relevant to the needs of the country or sector. At present, international networking on a conference is not assessed to be an effective or efficient way of tackling the deficits within the labour market in Georgia. Our recommendation is therefore not to conduct the conference, but to reallocate resources to other components to meet more immediate needs of the stakeholders.

Mission Activities – Visits and Interviews

Georgian counterparts;

- Pilot office in Mtskheta
- Pilot Office Vashgiz-Subartalo
- PES Office in Tbilisi
- State Employment Services, various interviews with central administration and component counterparts
- Business Incubator Project leader
- Department of Labour Market and Employment Policy, Ministry of Labour, Health and Social Affairs
- Georgian Trade Unions Amalgamation
- Georgian Employers Association

Donor organizations;

- World Bank
- UNDP
- US AID

Country Report: Moldova

Authors: Torsten Wind, Christian Boel & Alexandra Wynn

Executive Summary

The Sida funded project ‘Labour Market Development in Moldova’ was implemented by the Swedish Labour Market Board in the period 2001–2004. The overall aim of the project was to promote a better functioning labour market and increased employment through the introduction of active labour market policies. The project had three main components: the development of a Labour Market Information System (LMIS); the development of active labour market services; and, the adaptation of Moldovan labour legislation. This evaluation assesses the relevance, effectiveness, impact, sustainability and cost effectiveness of the project. Issues of poverty reduction and gender mainstreaming, two of Sida’s priority areas are cross cutting issues dealt with throughout the evaluation.

The project is evaluated as being relevant in terms of the focus on reducing unemployment and upgrading the capacity of the Moldovan public employment system, as high levels of unemployment and limited capacity within the Public Employment Services (PES) are pressing issues. Nevertheless, when taking into consideration the real need to reduce poverty in Moldova, in a more general context, improving the functioning of the labour market and the PES is not the top priority of the Moldovan government. Given the difficult economic situation supporting job creation through economic development as opposed to job facilitation is of higher priority to many. The evaluation further shows that issues of gender mainstreaming and direct interventions towards poverty reduction have not been a feature of the project despite these issues being highly relevant to the Moldovan context.

While there were some difficulties in assessing the effectiveness of the project due to vaguely formed objectives the evaluation demonstrates that positive results have been achieved in developing an LMIS system as well as the introduction of more active services at the pilot centres in Balti and Cahul. The objective of adapting labour legislation, was not, however, achieved as an integrated part of project although experiences gained through the project have indirectly had an impact on subsequent Government decisions and legislation. The evaluation shows that there are a number of positive legislative-administrative impacts, such as changes in the way the Moldovan PES works, in particular in relation to its clients – the unemployed and employers. It was however difficult to measure any socio-economic impacts that can be directly attributed to the project due to the large number of other factors that contribute to for example changes in the level of unemployment. While the lack of clear government prioritization of the development of the PES poses a threat to sustainability the evaluation shows that an increased focus on the dissemination of new working practices would go some way to help improve sustainability.

The main lessons learned from the project include: the need to improve the quality of the project design and logic so that all partners in the project understand the linkages between the components, objectives and the indicators used to measure the fulfillment of objectives; that upgrading the technology of the PES though leading to some positive results has become the overwhelming focus of the project but improvements in technology are not the only solution to the problems the PES faces; more tangible outputs in form of training materials and manuals would have been desirable to facilitate dissemination and ensure long-term sustainability; and, increased cooperation between the VET and labour market sectors at all levels could be a desirable for future projects in this area.

In short, there has been very strong commitment and ownership of the project from the Moldovan side which has been a significant factor in improving the capacity of the PES but this continued commitment coupled with better project planning could in the future lead to more significant results in a Sida funded labour market project.

1. Introduction

Swedish assistance towards improving the functioning of the labour market began in Moldova in 1997. The Swedish Labour Market Authority (Arbetsmarknadsstyrelsen or AMS) was contracted by Sida to carry out the project, which focused on promoting a more effective labour market and contributing to employment promotion in Moldova but this was not until 2001. In the long run an increase of employment was expected through the strengthening of the Moldovan labour market institutions through the application of more active labour market policies. Particular attention was given to two selected public employment centres in Balti and Cahul. Parallel to this project, Sida financed a project supporting the vocational training centres through the Ministry of Education implemented by Swedish Lernia/Hifab with the aim of improving the Moldovan VET system through curricula development and vocational guidance.

Project Title:	Labour Market Development in the Republic of Moldova
Level of Funding:	3.200.000 SEK
Time period:	2001–2004
Partners:	Ministry of Labour and Social Protection and Family (Moldavian) AMS (Swedish);
Overall aim of project:	To promote a better functioning labour market and increased employment by introducing active labour market policies

The Moldovan counterpart for the project was the Department of Labour at the Ministry of Labour and Social Protection. They are responsible for the national labour market policies and co-ordinate all activities of the Public Employment Service System. The National Agency for Employment was the active partner involved in the implementation of the project. Sida, through AMS, had been involved in labour market development in Russia and the Baltics in the 1990s and the positive experiences of these projects played a role in the design and implementation of the project.

The aim of this evaluation has been to assess the relevance, effectiveness and impact of the project that has been implemented within Moldova, and to the degree possible, the sustainability of the results already achieved as well as to provide recommendations for future programming in the labour market in Moldova.

The evaluation of AMS project in Moldova was conducted during the period May–July 2004. The activities carried out during the evaluation consisted of interviews with AMS, desk research, an evaluation mission to Moldova in May 2004 and follow up interviews with AMS. The evaluators have used information gathered through an extensive number of interviews with project participants, observations made at two pilot centres and the analysis of relevant project and locally produced documents on which to base this country report.

The report follows the following structure: a discussion on the *context* for providing assistance to the development of the labour market in Moldova; the *relevance* of working in the labour market as well as the relevance of specific project components; the *effectiveness* of the project and in particular of each project component; the *impacts* that be traced to the project; the *sustainability* of the new methods and working practices that have been introduced; the *cost-effectiveness* of the project activities; the way that *poverty reduction* and *gender mainstreaming* issues have been addressed and finally the evaluators provide *lessons learned and recommendations*.

2. Context

In the following section the evaluators consider the social, economic and political context for working in the labour market in Moldova.

2.1 People and Politics

Moldova is a small country, situated between Romania and Ukraine which became independent in 1991. It is divided by a secessionist movement in Transnistria and historically has been torn between different allegiances with its neighbours partly a reflection of the mix of its population (63, 9 per cent Romanians, 14.3 per cent Ukrainian, 12.8 per cent Russian and 3 per cent Gagauzian). Following independence from the Soviet Union, Moldova faced a difficult economic situation, lacking internal resources and dependent on external trade, including the import of energy supplies. Over the past decade, the situation, in particular in the rural areas, has deteriorated considerably. In addition to inadequate health and school facilities, poor roads and transport infrastructure, a lack of training and credit and often unclear land ownership a mounting problems. A lack of, in particular, rural employment opportunities is one of the main causes for the substantial migration from the countryside to the capital and neighbouring countries; approximately 800.000 Moldavians, from a population of 5. million, are estimated to have left the country over the last 10 years. Other estimates as to the scale of migration are as high as 1.5 million¹.

Following the parliamentary election of early 2001 the Communist Party won a 70 per cent majority of seats in the parliament and a new president was elected in an internationally recognised democratic election process. Despite campaigning on a classic socialist programme with a more pro-Russian orientation, the government has shown a moderate and pragmatic approach both to foreign and economic policy and several key ministers (foreign affairs, finance and economy) were maintained as a sign of continuity from the previous government. The area of Transnistria mainly populated by ethnic Russians and Ukrainians (a population of 250.000) claimed independence in 1991 and is ruled by its own government, and consequently has its own army, police, border guards and border posts. The economic relevance of Transnistria for Moldova is significant, not least for example, as the only sizeable power plant and modern and competitive steel mill are located in Transnistria.

2.2 Economic and Social Situation

Moldova is one of the poorest countries in Europe and its GNI per capita of USD 460 in 2002 is at developing country level, even taking into account the size of the shadow economy. The Moldovan economy has contracted by over 60 per cent since independence and it was not until 2000 that relative financial and macro-economic stabilization was achieved, although at very low level. Although industrial output has increased in recent years, agriculture continues to be in profound crisis, with a continued decline in production. Moldova is in addition one of the region's most heavily indebted countries, with a debt per capita of USD 436 according to World Bank figures.

There has been some form of economic stabilization since the end of the 1990s and the poverty rate has dropped from 71 per cent in 1999 to 51 per cent but, poverty is still widespread, deep and increasing in the rural areas, where 67 per cent of Moldova's poor are found. Those groups that are threatened most by poverty are large or one-parent families, households with unemployed members, pensioners and those employed in agriculture. Many are escaping poverty by migrating from the country which

¹ Other donors that the evaluators met suggested that higher estimates likely to be more accurate.

also helps to account a decrease in the level of poverty. It is estimated that remittances account for as much as 25 per cent of GDP but the money rarely goes into productive investments. Nevertheless, severe economic problems such as those of wage arrears are now a thing of the past.

2.3 Development Cooperation in Moldova

The first EU Partnership and Cooperation Agreement, which formed the basis of EU-Moldova relations, was signed in November 1994 between Moldova and the EU, but only entered into force in July 1998. The agreement provides a framework for building political relations. The EU has assessed that EU-Moldova relations are good both in political and economic areas. The EU provided more than 25 MEURO in support to Moldova in 2003. This support has focused on administrative reform, private sector development and alleviating the social consequences of transition

Moldova joined the World Bank in 1992 and the International Development Association (IDA) in 1994. Since then, bank lending has consistently supported the country's economic reform program. Early lending focused on providing adjustment support, strengthening the private sector in the agriculture and enterprise sectors, and improving the economic and financial management of the energy sector. A major objective of the World Bank is to support the country's efforts to prepare and implement the Economic Growth and Poverty Reduction Strategy Paper.

The UNDP programme in Moldova is regulated by the Country Cooperation Framework aiming at "pro poor" sustainable human development. Since its inauguration, UNDP had funded over 50 development projects aimed at strengthening local governance, facilitation of the juridical reform, promoting human rights and gender equality, protecting the environment, improving social protection and facilitation the development of tourism. The UNDP has recently initiated a new study on "Employment Generation for Poverty Reduction" as they see an increasing need in Moldova to facilitate Pro-Poor Growth Strategies to avoid migration. This is done in cooperation with ILO who has also recently initiated a similar project focusing on providing vocational guidance and employment for women who have been victims of trafficking.

Most Multilateral but also bilateral donors such as DFID, USAID, and Sida define their role in Moldova as supporting sustainable poverty reduction policies and initiatives. But except for an EU Tacis project from 1995–1997 none of the major donors have specifically targeted the labour market area.

3. Relevance

In the following chapter issues of relevance are addressed and discussed. The relevance of the projects is considered to be dependent on to what extent the stated objectives and project activities have been set in line with the country's labour market needs, goals and objectives, the stakeholders' and participants' needs, as well as Sida's priorities.

3.1 Country and Sector Level

As demonstrated in the context section there is no doubt that the situation within the Moldovan labour market is critical. In spite of unreliable statistics resulting in severe gaps between official and unofficial numbers, unemployment and resulting poverty are serious issues. Large numbers of employees working

full-time are not paid for their effort and in rural areas people work mainly in subsistence farming without being able to generate an income that can bring them above the poverty level. In the sense that the projects' stated objective is to reduce unemployment this is highly relevant.

The other main focus of the project, the ability of the official PES system to apply active labour market policies is also highly relevant. The PES system was and still is in severe need for upgrading if it is to have any impact in helping to reduce levels of unemployment. However, to assess whether this type of project is in line with the government's priorities is not as clear cut. The project was drawn up in collaboration with the Moldovan PES and in this sense has full support of Ministry and Government. However, national priorities are steadily changing and different answers are given depending on the people asked.

According to most donors interviewed the unemployment issue is frequently addressed and referred to as a key concern by both the government and the donor community and though strategies have been developed and the labour market part of, for example, the Poverty Reduction Strategy Paper is very weak according to the UN.

According to and the report from the first AMS fact finding mission conducted in 1997 the expressed priorities on the Moldovan government within the labour market were quoted as:

- SME development
- Reform of benefit system (increased benefits)
- More jobs within enterprises through increased productivity
- Change and adapt the labour legislation
- Increase immigration

The project's objective and expected results only to a limited extent reflect these priorities as stipulated in the project summary. Of the above expressed priorities of the Moldovan Ministry of Labour, only labour legislation is directly addressed by a project component and as indicated under effectiveness later this component has not been the most successful. The project clearly focuses more on the institutional building of the PES than on employment generation. The issue of employment generation as opposed to employment facilitation and institution building will be discussed in the overall report.

It is the assessment of the evaluators that the rationale from the implementing partner AMS, has been that PES upgrading and institutional building is the most important and this focus has been accepted by the Moldovan counterpart. The study visits have in therefore been carried out to improve the counterparts understanding of and support for this focus. The project design, therefore, reflects AMS expertise more than Moldovan priorities, as AMS' expertise lies more within building a public employment service system than employment generation and SME development.

3.2 Project Level

The project in Moldova is divided into different components, each with separate activities, goals and results. In the project documents overall objectives and expected overall results are expressed in general terms. However the overall expected results do not correspond entirely with the components activities and goals and results, which make it difficult to evaluate the expected results. Hence, the evaluators base the assessment of relevance on the project's three main focus areas;

- Improved and more developed labour market information system (LMIS)
- Development of active services
- Adaptation of labour legislation

3.2.1 Labour Market Information System (LMIS)

Building a LMIS is an important component in all countries where there is an ambition to develop active labour market policies. Establishing an accurate labour market information system is a prerequisite for the PES to be able to provide vital information for key policy makers and as well as their ability to target effective labour market policies. In particular, the registration of unemployment and vacancies are key variables. If registration does not take place on a continuous and consistent basis specific knowledge about key variables such as regional and occupational differences, skill levels, gender issues cannot be produced and no comprehensive picture of the Moldovan labour market can be established. In this case the application of ad hoc labour market or household surveys is often the second best option but these often take place at great costs and on a random basis outside the PES system.

The application of IT systems to support this process has its obvious benefits if it does more than just transfer manual registration into computer based registration. If the IT options are carefully adapted local circumstances and serve to bring together and analyse comprehensive information to the benefit of policy-making this is a highly relevant exercise.

3.2.2 Development of Active Services

The Moldovan PES system was characterised by a passive approach to registration and administration of the unemployed and their benefits. Only the occasional training initiative was taken. Little initiative taking was a feature of the “let the clients come to us” approach. The PES was most widely known for its role as inspectors, as stipulated by law. Of course, severe fiscal constraints limit the ability to pursue a much more active and service oriented role but in many ways it has been more of an attitude problem understanding what Employment *services* actually entail. In this sense the turn around from passive to active service that involves outreach to employers and drafts action plans in cooperation with the unemployed has been badly needed. Many of the active measures can in fact be implemented without the need for additional resources in the PES. Therefore, supporting the development of active service in the PES is relevant. If the PES can provide high quality services to end users then it reinforces its legitimacy.

3.2.3 Labour Legislation

Legislation, among other things, provides the parameters within which the administrative system functions, and helps to define the role of a particular organisation. It is often heard in a transition context and in Moldova, that legislative issues impede the application of innovative policies and reforms. Policies are approved at the highest level and following their approval government and law makers are charged with the responsibility of making the appropriate legislative adjustments. Work in the area of legislative reform is relevant if it addresses the constraints at the administrative level to implement reforms and helps adjust legislation so that it adequately reflects the need for more active services and a new role of the PES. In an FSU context, legislation does not always reflect reality or has to be bent significantly to accommodate real life needs, so initiatives to align legislation with needed instruments and reform are highly relevant. It must be remembered of course that legislation is a tedious and very political process and project objectives to depend on legislative changes is very risky.

3.3 Sida's Objectives

According to Sida country strategy for 2001–2003, the overall objective for Sida is to create the conditions for poverty reduction and increased prosperity primarily through measures to support a socially sustainable economic transition. Poverty reduction measures must aim partly to create structures for sustainable economic growth and a rise of income and partly to develop a social security net for the poor and the vulnerable.

This project and its' ultimate goal of unemployment reduction is if not explicitly focusing on poverty, at least contributes to "creating the conditions for poverty reduction" while the capacity building of the PES can be regarded as creating the "structures for sustainable economic growth". In this sense the project does support Sida's aims and strategy as described in the preliminary sections. Positive results in this type of project have been demonstrated in Russia where the employment system was in a similar state to the Moldavian PES.

Although most other donors interviewed during the mission (see annex 1) recognised the importance of reforming and upgrading labour market institutions so that they play a more active role none of them have prioritised the labour market system in their development cooperation activities. Issues such as health, social conditions, rural development and private sector development were higher on their agendas. This could reflect limited donor resources and a division of labour within the donor community. The UN is increasingly involved in the area of employment although more from a migration and trafficking perspective.

In terms of relevance it is the assessment of the evaluators that unemployment as indicated in the most documents is a serious national concern and high on the agenda of both the Moldovan government and labour market authorities. It is also clear that the PES is in serious need of technical upgrading and human resource development to improve the efficiency and quality of its services.

However in confronting unemployment and poverty issues, employment generation and private sector development have a relatively higher priority than institutional building and employment facilitation within the government and most of the donor community.

AMS has in initial project documents justified the project in terms of relevance to the Moldovan government and to Sida policies. There is an acknowledgement of Sida priorities and focus on cross cutting issues such as poverty alleviation and gender equality. The focus on poverty and gender in particular is, however, not clearly reflected in the projects specific activities or project implementation. Of course, one of the stated aims of the project has been to support a general reduction in unemployment throughout the country through supporting the improved quality and range of services offered by the public employment services but there is no evidence of targeting measures, for example, to the most vulnerable groups of the unemployed.

4. Effectiveness

In order to assess the effectiveness of the project the evaluators have looked at the extent to which the expected (and unexpected) results have been achieved in the project, the reasons for high/low degree of achievement, and how the different methods and instruments applied have contributed to the development. In the following chapter these issues are being discussed and an assessment of the effectiveness of each component is undertaken.

It should firstly be noted that the objectives of the project have been vaguely formulated, which makes it difficult to measure the fulfilment of the project objectives and hence the effectiveness of the project endeavours. It was not clearly defined how and when the different activities under the project should lead to the desired results. Furthermore, the lack of structured reporting has not helped either in trying to use the vaguely defined objectives as the starting point for an assessment of effectiveness. Within in the reporting achieved results are presented in relation to the activities undertaken.

The overall development objective is an example of this: *to promote a better functioning labour market and increased employment by introducing active labour market policies*. First of all, it is somewhat misleading to refer to the labour market in Moldova as something which can be “optimised” in a situation where the labour market was in a severe crisis and the exodus of qualified labour had begun. In line with this, it is doubtful whether or not it was within the reach of the project in itself to promote increased employment, as employment opportunities are something which depends greatly on the (unstable) political and economic situation in Moldova.

In terms of the specific objectives of the project (i.e. the expected results) there can also be found a lack of clear programming logic as the expected results were not structured and cross-referenced according to whether they could be characterised as objectives, outputs and indicators. Please refer to the left column in below table for further reference as to the expected results. The lack of programming logic will be discussed further in the overall report.

The lack of a systematic design and coherent hierarchy of objectives results and activities makes it difficult to assess at the end of the project what has been achieved and why. It is critical for all partners to be able to assess the progress that has or has not been made and to be able to analyse why this is the case. It has not been possible for the partners to do this in an objective manner in this project due to the weak project design.

In terms of assessing of the effectiveness of the project, we shall however be using the same framework as the project, i.e. the expected results to be obtained as listed in the project description, while bearing in mind the leverage problems.

The expected results will be presented below and compared with the results that the evaluators have found during the visit and desk study.

Expected results	Achieved results	Assessment
Two model public employment centres developed utilising efficient methods of employment services.	The managers and key personnel from the two centres are knowledgeable about Swedish experience and methods from study tours and seminars. Both centres have experimented with more active services and contacts to employers and unemployed have increased. Technology has been upgraded at both centres which is supporting the registration and information processing process.	The evaluators assess that the project initiated a development process in which the two centres at Cahul and Balti are gradually adopting new active working methods. Although the new methods are increasing the efficiency of work, it is doubtful that the new methods yet are being utilised to a degree that can be characterised as efficient.
Labour law legislation adapted to the new situation on the labour market	Seminars and study tours have introduced the Moldavian counterparts to the legislative framework of the Swedish Employment situation.	The evaluators assess that no legislative changes have been as a direct planned result of the project (that is comparable with the expected results stated in the project descriptions). Some initiative was taken by the Swedish partners to assist in the adaptation of Moldovan legislation but the Swedish partners themselves explain in various reports that they could not provide exactly what the Moldovan counterparts needed. However, it can be said that the project has had some indirect impacts on Moldovan legislation a number of decisions have been made

		by the government ² which have been developed as a result of the experience the Moldovans have gained through the project although this was not stated as an expected result.
Improved and a more developed labour market information system	The project has provided a number of computers and technical equipment to the pilot centres and the PES at the working at the national level. Computer skills training have been provided. A first generation LMIS system is in place and operational, not only in the pilot centres, but also in other centres, e.g. Chisinau and Cantemir. The LMIS system mainly provides information on registered unemployed, vacant positions and statistics and the LMIS system is being utilised by the staff at the PES. The LMIS system is not linked up in a national network. The existing LMIS system has been developed by local experts funded by the government itself. Technical assistance provided by the project in terms of developing a Job Matching system has been limited.	The evaluators assesses that an improved LMIS has been achieved although the information and interactive possibilities provided by the system are still somewhat limited. Parallel to the LMIS system (hand) written files are still being recorded and there is still big scope for further utilisation and extension of the LMIS potential before a fully functioning LMIS has been established.
New methods introduced for employment services	The two pilot centres have improved their co-operation with local employers. PES staff now regularly pay visits to local employers, both in the public and private sectors. The importance of close cooperation was highly acknowledged. In addition, both the pilot centres have started to produce an increasing number of individual action plans for job seekers. However, the action plans shown to the evaluators were loaded with statistical information concerning the job seeker, and only to a limited extent concrete action points, probably due to the limited range of possibilities available for the employment centre.	The evaluators assesses that new methods are being applied as a result of project activities. Both centres are to a greater extent implementing active measures passed on by Swedish experience and training and the results that have been achieved to date with regard to establishing contacts with local employers are very positive.
Developed goal oriented job creation programmes	It was stated by the pilot centres that such schemes based on the principles of goal oriented creation programmes had been established, involving vocational training schemes. It was not possible to receive further information on the scale and results of the initiated programmes at the time of the evaluation mission but subsequent data received from the employment services demonstrates that there are increasing numbers of job-seekers registered for vocational training at the two pilot offices.	The Moldovan partners have demonstrated through statistics they have collected that there has been an increase in the number of job-seekers taking advantage of vocational training opportunities and there has been a significant increase in the creation of individual action plans though it is not clear to what extent the latter contribute to the goal orientated job creation programmes.
Increased number of collected job vacancies	The number of job vacancies collected at the employment centres has increased from 2248 in 2001 in Balti to 2602 in 2003 and from 2060 in 2001 to 3269 in 2003 in Cahul	The evaluators assess that the collection of job vacancies has increased in the PES due to the use of new active services as introduced by the project. More positive interaction with employers has generated a better understanding on behalf of the employers about the use and potential of the PES.

² For example, the Decision of the Republic of Moldova nr. 832 from July 14, 2003 'The reorganization of the public employment service'; Decision of the Republic of Moldova nr. 224 from March 1, 2003 'The elaboration of the national employment programme for 2003–2005'

Expected Results	Achieved Results	Assessment
Increased participation in programmes and information session organised by employment centres	Although no specific numbers could be obtained, both centres reported that they had established job clubs with job seekers who meets regularly to receive professional input and mutual experience sharing.	The evaluators assess that the increased participation has been achieved due to the application of more active labour market policies.
Increased number of unemployed provided with regular employment and thus a diminished amount of unemployed	Little available official/unofficial statistics could support this on an aggregate basis and in the pilot areas regional statistics indicated small increases in employment in Balti and unchanged employment in Cahul. It was furthermore not possible to gain any reliable statistics regarding the turnover of job placements generated by the centres in the project period.	It is the assessment of the evaluators that a limited increase in regular employment effect could be verified by fairly reliable numbers. Although the initiatives should over time lead to an increase in employment there are many external factors to take into consideration, meaning that it is very difficult to establish a very clear positive relationship at this point in time.
Action plan created for the future development work of the PES	The Government has approved a action plan for the Employment services in the period 2003–2005 and a plan to develop a plan is an objective for future cooperation between the Swedish and Moldovan partners.	The development of an action plan for the employment services can not be attributed to being as being a direct result of the project, Nevertheless it is clear that the Moldovan partners have been inspired by the project activities and have taken it upon themselves to design this action plan which has been approved by the government. The focus of the project in this area has been to develop a proposal for future cooperation between the Moldovan and Swedish partners.
Strategy developed and carried out regarding dissemination of the knowledge and experiences gained through the project	Dissemination activities have been part of the whole project period through the series of seminars. Despite several inquiries the evaluation team was not able to track any dissemination material of the project translated into Romanian. A few brochures in Swedish, as well as the AMS progress reports translated into Romanian, were the most visible signs ³ . A video film following the project experiences has been produced by the Moldavian counterparts in collaboration with AMS, which was displayed to the evaluation team. The film provides a rather positive picture of the project endeavours and the effects of the Swedish assistance. The film does not focus on explaining the different methods that have been implemented and how they are used today in the pilot offices which would have made the film more useful.	It is the assessment of the evaluators that limited dissemination and knowledge sharing has been achieved within the framework of the project. There is little tangible evidence about dissemination materials produced within the project Initiatives have been taken by the Moldovan partners to initiate a dissemination process and a number of staff from employment offices from around the country have taken part in seminars concerning the new working methods that have been introduced but there is a need to work in a more structured manner in the future to disseminate new working methods to other employment offices.

The table shows that the project has partly achieved the expected results in several of the areas. It is the finding of the evaluators that the project has been mostly effective with respect to the following results:

- Introducing the Swedish model of employment system to key staff from the public employment services in Moldova through study visits, training programmes and seminars, including some key aspects such as collaboration with local employers concerning job opportunities and adapting a more individual approach to the job seekers;

³ Other materials produced outside of the project do however exist.

- Upgrading and improving the functioning of two public employment centres.

While there have been some positive unexpected results in the area of legislation it should be noted that it is the Moldovan partners who have taken the initiative in these areas and there has only been limited input from the Swedish partners in the formulation of propositions etc. Dissemination of the project experiences have not, as yet, been carried out very efficiently and systematically, which may influence the sustainability of the assistance provided from the Swedish side.

As far as unexpected results are concerned, two observations were made. Firstly, it seems that the project has – if not strengthened – then reinforced a certain degree of rivalry between the Ministry of Education and the Ministry of Labour and Social Protection (and in particular the National Employment Agency), which is a hindrance to horizontal coordination at the state level. Secondly, the project has been implemented during a period where approximately 50 per cent of the employment staff has been made redundant. As such the project has allegedly helped the counterparts in the two pilot centres to become more efficient in their job performance and hence overcoming the negative side effects of the massive staff reduction.

The evaluators also find that it is an important result that the project beneficiaries were very committed to the project and highly appreciative of the support extended through the partnership with the experts of AMS. For a large number of people, their participation in the project has undoubtedly had a positive influence on their own professional self-esteem and job performance. In this respect it can be stated that the project has been effective, although it is not an explicit criterion. The partnership between two national employment agencies regarding transfer of knowledge, cooperation and collegial exchange seem to have been an important underlying objective for the project, which were not explicitly stated in the project description.

Overall, the project has not been very effective in terms of achieving the stated expected results (which were not very well defined, structured and measurable). The best results were obtained with respect to introducing new employment methods and upgrading/improving the functioning of the pilot centres. Whether the project interventions have lead to a better functioning labour market in Moldova as a whole is on the other hand doubtful. The same applies to achieving the overall objective of increasing the employment rate, which has not happened according to official and unofficial statistics. Finally, the project has not been addressing poverty and gender issues systematically, which to a large extent explains why the effectiveness in terms of promoting gender equality and poverty reduction is low.

5. Impact

In the following section general quantitative and qualitative impacts, including legal administrative and socio-economic impacts, which have been identified by the evaluators are discussed. In order to measure the impact of any development cooperation activities it is advisable to gather baseline data in the first instance, which serves as the basis for comparison. Unfortunately no such base line study has been conducted and the evaluators have furthermore only been able to see rough estimates of, for example, the changes in numbers of people registering at the employment offices. This makes it difficult to make any concrete statements regarding impact.

With respect to assessing the impacts of the project it is possible to cluster the desired impacts in two broad categories:

- 1) Legislative-administrative impacts, for example, legislative reforms of the labour market delivery system, institution building and strengthening, administrative reform and human resource development.
- 2) Socio-economic impacts, for example, ultimate consequences for the final beneficiaries in terms of welfare, employment and gender equality.

5.1 Quantitative Impacts

The evaluators generally found that the project has generated some positive legislative-administrative impacts, but at the same time unfortunately found very little evidence of any socio-economic impacts. This overall finding can be illustrated by below table, which presents statistical data compiled during the field mission to Moldova.

Indicator	2001	2003	Impacts	Type of impact
Number of registered unemployed persons				
– Balti	4413	4407	The number of registered unemployed has not shown any significant decrease.	Ad 2) Leg-adm.
– Cahul	2783	3212		
Number of registered employed persons				
– Balti	2113	2356	The number of employed has increased slightly in Balti and remained stable in Cahul.	Ad 2) Leg-adm.
– Cahul	1701	1660		
Overall unemployment rate in Moldova	7,3%	7,9%	Overall employment or regional employment is hard to assess and the official numbers give no indication that the project has had any significant impact.	Ad 2) Socio-economic
Number of employers visit by each pilot centre				
– Balti	155	315	In both pilot centres there have been marked increases in the employers use of the PES system	Ad 1) Leg-adm.
– Cahul	200	600		
Number of vacancies collected				
– Balti	2248	2602	In both centres the number of vacancies collected have increased providing a improved picture of the regional labour market needs	Ad 1) Leg-adm.
– Cahul	2060	3269		
Number of individual action plans produced				
– Balti	n.a.	142	In both centres the number of individual action plans drawn up has increased improving the likelihood that the unemployed can be directed towards proper employment.	Ad 1) Leg-adm.
– Cahul	75	250		

Source: Data compiled by evaluators, consolidated with the National Employment Agency, May 2004.

5.2 Socio – Economic Qualitative Impacts

The data compiled in the table demonstrate that the project has not generated any significant results on aggregate basis in terms of wider socio-economic impacts for the ultimate beneficiaries although it is possible to see that for example in Balti the level of unemployment has fallen. This does of course not rule out that the project interventions have led to successful job placements on an individual level in both pilot areas, examples of such cases were provided to the evaluators on several occasions. Of course, the abovementioned statistics are surrounded by a great deal of uncertainty, as are most official statistical records in Moldova, but these statistics have been included here to underline the general impression

of the evaluators. Unfortunately, it was not possible to compile any gender-disaggregated employment/unemployment statistical data in the two pilot regions. It was not possible either to see if there have been any effects for vulnerable groups of poor people in Moldova as outcome of the project interventions in the pilot centres. It is recommended that baselines for measuring such effects are established if the project is continued.

5.3 Legal – Administrative Qualitative Impacts

At the level of legislative-administrative impacts, it is the assessment of the evaluators that the impacts are mainly seen in respect to institution building of the employment system in Moldova as well as the human resource development of the staff. As such the project has led to concrete positive behavioural and job-oriented changes among the staff that took part in the project activities. However, it should be taken into account that their opportunities to implement new ideas and methods taken from the Swedish experience are somewhat constrained by financial cut backs, staff reductions and the socio-economic situation in Moldova. As noted by one of the participants in the study tours to Sweden: “For us, it [i.e. the employment system in Sweden] is just a dream”. It is also unclear whether the observed changes in the two pilot centres have led to any significant changes in the public confidence and perception of the usefulness of the public employment system in the two pilot regions. The project has also supported the development of labour information systems both at national and regional levels primarily by providing training and procurement of equipment and office facilities. As otherwise anticipated in the project description as well as budget, the project has not contributed significantly in developing a software system for Job Matching and/or forecasting. Such dynamic features of the LMIS system have not been developed as yet.

At the policy level, the direct impact of the project has not been visible. The attempts to adapt the labour law legislation were not accomplished as expected in the project plans, as this task was found much more difficult than anticipated due to what was stated as “great differences” between the Moldavian and Swedish legal frameworks. Subsequent legislation which has been proposed by the Moldovan partners has, however, drawn from the partners involvement in the project but they have not received any direct assistance from the Swedish partners in this area.

6. Sustainability

In this section we consider the continuation of benefits from a development intervention, as well as the probability of continued long-term benefit flows over time. The assessment is based on how well the projects results are in line with the development strategies in the country, on the level of involvement and ownership among participants, and the nature and strength of the financial and political support. On the basis of the above factors the evaluators conclude on the likeliness of the ultimate benefits to survive over the coming years.

Given the relatively short duration and recent completion of the project and the political and economic dynamics in Moldova it is of course difficult to make conclusions about sustainability but several of the key issues affecting sustainability are addressed below.

6.1 The Country's Priorities

The adoption of new Law on Employment in 2003 which defines the remit of the public employment services also in theory supports the expansion of the PES' activities and ensures its status in the Republic of Moldova. The adoption of the new law as well as the support to the work of the National Employment Agency from the Ministry of Labour and Social Protection suggests that the PES has a relatively secure future, though it is difficult to judge what impact a change in government or even Minister would have. While there is support for the work of the National Employment Agency recent cuts in the size of the civil service also affected the PES which saw a reduction of over 30 per cent in the size of its staff. The cuts have undoubtedly had an impact on the level of activity that the PES can hope to achieve but there seems to be clear commitment from those staff members of the PES and Ministry interviewed for this evaluation to continue to improve both the efficiency and the scope of their work. Providing that no other significant factors arise to challenge this commitment there is a good indication that commitment to supporting processes of change within the PES will remain strong.

To the extent which it is possible to evaluate the alignment of government priorities, given that there are so many, with the direction of the work of the PES it is possible to say that there is alignment. One part of the government's strategy to alleviate poverty is to increase employment and decrease unemployment. Of course the possibilities for achieving this rely heavily on the level of economic growth that can be generated in the future. Nonetheless, the PES is working to increase the number of people it can assist in getting jobs and given that this compliments a part of the government's strategy this adds further weight to the argument that the PES will receive longer term support for its activities.

The Government is trying to help stimulate local economic development by for example giving tax reductions for businesses with over 19 employees; they do not pay taxes for a three year period. If this programme works and begins to generate some new paid vacancies then of course the PES should be in a position to help match job seekers with vacancies but this also assumes that the PES works in a strategic manner with regard to its contacts with employers. The role of the PES has changed because of a change in the structure of the labour market which follows from a large degree of privatisation and the growth of SMEs and new trade links. In order to make sure that the PES continues to fulfil its function it must be constantly aware of the dynamics of the Moldovan economy and respond to these changes at the employment offices as well as at the national level.

6.2 Ownership and Participation

A strong commitment has been shown to the project both at the Ministerial and the Public Employment Agency level. It is clear to see that there is increasing local ownership of the project and the fact that the Public Employment Agency has been so active in planning future stages of the work is testament to this commitment. Roundtable discussions have been held involving Moldovan and Swedish partners. In fact, many of those interviewed stated that it is being able to see the results from this project which has given them confidence to continue with their work.

As discussed earlier there is increased activity at the two pilot offices that have been involved in the project activities. Both managers of the pilot offices are committed to continuing the work that they have begun. Clearly an important element of their work is the work they carry out with employers and the importance of this is recognised. In order to ensure that the pilot offices fulfil their functions those organising work with employers must think strategically about this work, in terms of the employers they are approaching as well as the needs of the employers and the job seekers they are working with. Activities are only sustainable if they can find an optimal balance between meeting the needs of all stakeholders involved in this process. To do this the work has to be well organised and coordinated.

Private businesses were often quoted as being reluctant to cooperate with the PES because of the role of the PES in the past as inspectors and because of the economic situation. Many are disenchanted with the government and the declining economic situation in the country. Therefore the PES needs to continue to work to build confidence with these partners.

In order to improve the potential of the PES sustainability, dissemination needs to be carried out to two groups – those working in the PES all over the country and to potential clients of the PES both employers and those seeking employment. The level of dissemination activities has been relatively limited to date though this was a specific component of the project. In the future it is essential, however, that the methods and ideas now being used by the two pilot centres are spread to all the PES throughout the country. Again, though not a part of the past project consideration also needs to be given to building confidence among potential clients so that the PES is actually used.

6.3 Technological Factors

The PES has received computer equipment as part of the project – the aim of which was to help make their work more efficient. The long term goal of the PES is to create a national network so that all the PES can be connected and exchange information on job seekers and vacancies. There is no doubt that the equipment has helped in those offices where they have received computers to reduce the amount of paperwork but the use of the computers is relatively limited. The user interface for job seekers is an improvement on the old system but there is still much potential for further development to make the system even more user friendly. A question remains, however, about the overall potential of a computer system to help make the labour market more efficient. A lot of those using the PES are not computer literate posing the first obstacle to the use/reliance on the system. Second, the desire to build a national network while logical in one way relies on the mobility of labour and that there are enough vacancies being advertised via the system to merit the cost of setting it up and maintaining it. At the present time this remains doubtful.

In the long run there is no doubt that the computers will come to play a larger role in the work of the PES both in terms of enabling to collect and analyse statistical data as well as managing job databases but there are dangers associated with the technology becoming the focus of the PES as one of the core activities they need to be engaged in is building the confidence of the unemployed, job seekers and employers so that they use the PES.

6.4 Financial

There is limited local capacity to work with the unemployed and job seekers, staff numbers are limited yet the range of services the employment offices are to provide is broad. The budget for the National Employment Agency was 1, 1 per cent of the social insurance fund in 2002, 1 per cent in 2003 and 0,8 per cent in 2004. This shows a steady decline during the lifetime of the project. The Agency furthermore states that the diminishing resources being made available to them are not sufficient to cover the activities that they are expected to carry out. This puts more pressure on existing staff to increase their work with employers as well as to develop individual action plans with those unemployed people registering at the offices. There is undoubtedly the potential for high turnover of staff given the pressing work conditions and the relatively low salaries that they receive. However, despite a turnover in the staff it seems that at least in the two pilot offices the new methods of working are sufficiently embedded in daily work practices which contributes to sustainability. A lack of good training materials in Russian and/or Rumanian does not of course add to the likelihood of sustainability and is something which should be rectified should there be a continuation in project activities.

6.5 Exit Strategies

As far as the evaluators can assess little attention has been paid to developing exit strategies. Within the project description there is mention of several activities related to developing a strategy for the further improvement of the PES but the evaluators saw no concrete evidence of this work while they acknowledge that some discussions concerning these issues have taken place. Much attention has been focussed on building a plan for the next phase of the project.

There is strong commitment towards the continued internal development of the PES and National Employment Agency but nonetheless exit strategies should play a key role in helping to ensure the sustainability of internal development processes. This is very important for an organisation that has recently changed its role and even more so because of the dynamic and challenging context.

7. Cost-effectiveness

Cost effectiveness is hereby measured in relation to output, results and impact.

7.1 Administrative Costs

The total cost of the programme was 3 200 000 SEK of which 1 632 000 SEK were allocated for fees and 1 568 000 SEK for reimbursables.

Component	Cost Fees	% of total budget fees	Cost reimbursables	% total budget fees	Total for component	% total cost of project
Assessment of current situation	132.000	8	63.484	4	195.484	6
Management and introduction seminar	156.000	9.5	79.984	5	235.984	7.5
Study tours	220.000	14	546.440	33	766.440	24
Staff training	132.000	8	63.484	4	195.484	6
Development of job matching/IT system	156.000	9.5	77.484	5	233.484	7.5
Adaptation of labour legislation	156.000	9.5	77.484	5	233.484	7.5
Staff training	132.000	8	63.484	4	195.484	6
Follow up	132.000	8	63.484	4	195.484	6
Evaluation seminar	156.000	9.5	79.984	5	235.984	7.5
Project Management	260.000	16	202.688	15	462.688	14
Equipment			250.000	16	250.000	8
Total cost	1.632.000	100	1.568.000	100	3.200.000	100

It is difficult to assess fully the size of the budget line that covers administrative costs as some activities might be absorbed within other budget lines. In the budget that the evaluators have ten weeks were allocated to cover project management which accounts for approximately 8 per cent of the total budget and 16 per cent of the total allocated for fees. It is the evaluators' assessment that this is an acceptable level.

7.2 Technical Efficiency

About 10 per cent of the budget has been used for the purchasing of equipment including PCs, faxes and other office equipment. Purchasing this equipment has facilitated the introduction of new working methods in the PES; however, the extent to which the equipment is being used to its maximum potential is doubtful. This budget allocation has not therefore proved to be technically efficient as maximum benefit has not been achieved through the use of these resources.

7.3 Allocative Efficiency

Study tours to Sweden are of course expensive in comparison with activities taking place within the partner countries. In order to justify the costs of study tours it has to be demonstrated that the impact of having been to Sweden to see how work is organised is much greater than the impact of carrying out activities in the partner countries. It is the evaluators' assessment that the study tours have served to stimulate the participants' interest in developing their own work in Moldova.

Study tours could have been conducted to other countries, including for example the Baltic States. This has proved to be successful in another of AMS' projects. Organising study tours in the Baltic States not only helps to reduce costs but also provides valuable opportunities for participants to see other ways of organising and delivering labour market activities. More than this, such study tours can give participants a more realistic picture of the goals they can reach.

8. Cross Cutting Issues

8.1 Poverty Reduction

There is an implicit link between this project and poverty reduction efforts though the project cannot be described as a direct intervention towards poverty reduction. There is no explicit link made to poverty reduction in the project description and there is no evidence of targeted support to the most vulnerable groups of the unemployed. In short, causal links between poverty reduction and improving the efficiency of the labour market have been poorly developed. This is something that should have been more clearly developed during the initiation phase of the project. Of course, striving to improve the chances of the unemployed to get employment does in theory help to alleviate poverty.

While the government is committed towards poverty reduction poverty levels remain high. In terms of those who are eligible to register for unemployment benefit the incentives are not great as the official poverty level lies at 1200 Lei and those on benefit get 600 Lei. Unless those registering for benefit can significantly supplement their income via employment in the shadow economy then those registered as unemployed are living substantially below the poverty level. During discussions with staff from four employment offices it became clear that the proportion of those registered at the offices eligible for benefit was low, for example in one office out of a total of 830 people registered only 9 qualify for benefit, this is because they have not paid any social insurance in the past. While of course the PES cannot raise the level of unemployment benefits above the poverty line it is of course important to acknowledge the very real need to build confidence among the unemployed so that regardless of the low benefit they have greater faith in the PES' ability to help them get a job which further entails continuously improving relations with employers so that any vacancies that exist are advertised through the PES.

It is very difficult to judge whether the poorest are getting access to the public employment services. If they are living in urban areas there is a greater probability but of course those in rural locations face more difficulties. While the PES has statistics concerning seasonal unemployment it is still difficult to judge the level of demand in rural areas for services from the PES and the true level of unemployment as the majority do not register as unemployed at the PES.

Targeted assistance to the poorest groups of unemployed has not been a feature of the project. Large numbers of the population and the unemployed live below the poverty level so it could be argued that there is no need to 'target' assistance directly. Nonetheless the PES must work to ensure that all groups of the unemployed, men, women, skilled, unskilled, young and the more mature have access to the PES and are catered for. This might involve developing different strategies for dealing with different groups of the unemployed. Furthermore, given that the PES is collecting data on those registering it should be able to use this data in a more effective manner so that assistance can be targeted.

8.2 Gender Mainstreaming

The evaluators saw no evidence of gender related factors in the implementation of the project and it is difficult to evaluate the impact of the project on gender equality as there is no baseline data. While on one level it is a commonly held local assumption that there are no gender issues in Moldova greater attention should be paid to targeted support to men and women. This is essential in working towards poverty reduction as both men and women live below the poverty line and yet the possibilities to get above the line are different for men and women depending on their age, level of skill, and location in rural or urban areas.

It is estimated that about the proportion of men and women using the employment centres is equal but that there are more jobs for men. The evaluators saw no evidence that strategies to tackle the deficit of jobs available for women had been developed or considered. Furthermore those women that are getting jobs through the PES are generally speaking getting less specialised jobs. This has implications in terms of women managing to earn an income above the poverty level. Again the evaluators saw little evidence of this issue being explored. Of course, there is a need to respect local traditions but it is Sida's policy to work to help improve gender equality through all its development cooperation activities and there is clearly a need within the labour market activities to address gender issues.

8.3 Environment

There are very marginal impacts on the environment as a result of the project. In some areas of Moldova there is an increase in the demand for labour in the construction sector indicating that there is an increase in physical construction which naturally can have both positive and negative impacts on the environment depending on the type and purpose of the construction. The employment services are trying to help meet this demand by providing training for people in construction and then placing them in jobs. The numbers remain when considered on a national scale very small. Therefore, as stated the indirect environmental impacts from the project are very marginal.

9. Lessons Learned and Recommendations

9.1 Project Logic

Projects of significant size and complexity necessitate a design that ensures a logical and coherent description of objectives, results, activities and indicators. In the Moldovan project such logic is not present and this complicates both the implementation and assessment of the project, not least in terms of the vaguely defined objectives. If an objective is 'to promote an effective labour market service' this must be defined and followed by indicators that make the level of fulfillment of the objective measurable and establish how it can be verified the objective is met. The relationship between the objectives, results and activities must be established in order to ensure that all activities contribute to reaching the immediate project objective. A project without logic is also very difficult to monitor and evaluate because objectives can easily be relevant and yet unrealistic at the same time. The project design and logic have been weak in this case. More attention needs to be paid to the rigorous planning of any future projects in this area based on thorough needs analysis. When the needs are analyzed and prioritized realistic objectives must be defined and project components or activities developed that can lead to the fulfillment of objectives if successfully implemented. Any future reporting should also be more structured so that partners can make objective assessments of the progress that is actually being made in the project and make necessary adjustments if goals are not being achieved. In short, basic project management skills need to be improved in the future.

9.2 Individual Drivers

The PES system in Moldova is faced by many shortcomings in term of staff cutbacks reduced funding and outdated equipment. In spite of these obstacles the system is characterized by committed management and staff. In this respect it clear that individual drivers can achieve results and encourage other people follow their lead, in spite of staffing and resource constraints. There is no doubt that the potential of the new ways of working in the labour market have been understood and the key to this success has been to identify the right individuals that can drive the process.

9.3 Technology

There is strong fascination and insistence on the technological side of the project from the Moldovan side. There is always a danger than technology takes centre stage and becomes the apparent solution to all problems. Equipment is for the recipients the most tangible output that can both help to internal resources and also increase the internal prestige of the department or agency. But the introduction of technology must be subject to a comprehensive analysis of applicability, user-capability and training needs, as well as the potential interaction with other systems before significant resources are committed.

9.4 Inter-ministerial Cooperation

Inter-ministerial cooperation cannot be taken for granted in Moldova, as in most other FSU countries, ministries are often competitors fighting for influence and limited funding. Information is power and there is often reluctance to share vital information and to cooperate with other ministries. Where cooperation is vital, for example, between the labour market and VET systems inter ministerial cooperation must be pushed, managed and made a prerequisite for cooperation and financing in explicit terms. Otherwise there is a danger that independent systems are built that do not interlink sufficiently, which will be to the overall detriment of the end-users.

9.5 Vocational Training

In Moldova both the PES and VET systems have received substantial support from Sida. This support has facilitated both the collection of increasingly detailed information about the needs of the labour market as well as an improvement in the capabilities of the VET system. The potential of VET guidance and training as an active labour market instrument based on accurate information becomes increasingly important and relevant in the Moldavian context. Increased cooperation between the Ministries of Labour and Education would therefore be desirable to ensure the educational system adapts to the needs of the labour market as recorded by the PES system. This could also help place the official educational system in better position vis á vis private providers and avoid too many parallel systems of training being developed and used by different authorities.

9.6 Tangible Outputs

To ensure sustainability it is important that high quality training manuals and materials are produced in either Romanian or Russian. It is not unusual for there to be a relatively high turnover of staff in transition countries like Moldova and dissemination to other regions has to be facilitated by local experts. Therefore, high quality tangible adapted and translated materials should be produced as standard practice in the project.

9.7 Mainstreaming

Few implicit links are made between the Moldovan project and poverty reduction and gender mainstreaming. If these issues are to be mainstreamed then more explicit strategies for working in these areas should be integrated throughout the project design. The issues can be mainstreamed in many different ways but defining specific target groups and devising specific strategies to reach these target groups might be a good start in the mainstreaming process.

Data Collection

Country:	Moldova
Desk research:	May 2004
Date of evolution mission:	May/June 2004
Duration of evaluation mission:	5 days
Evaluators:	Torsten Wind Alexandra Wynn Christian Boel
Interviews conducted with representatives of:	Ministry of Labour and Social Protection Ministry of Education National Employment Agency Pilot office Balti Pilot office Cahul Local office in Chisinau ILO USAID UNDP
Interviews with AMS:	Project Manager AMS Expert

Annex 1 Table of Evaluation Questions and Indicators

Evaluation question	Indicator	Data source
Relevance		
To what extent are the project objectives set in line with, national labour market policy goals and objectives?	High degree of correspondence between overall goals and national labour market policy and or actions plans	- National labour market policy and or action plans - Project documents - Interviews with project managers
How important are the objectives of the project compared to other needs (in the country/sector)?	Degree of correspondence between identified needs of the country and sector and the objectives of the project	- Interview with project managers - Interview with Sida Area Manager - Interview with stakeholders - Interview with other donors (World Bank, USAID, maybe UNDP)
To what extent have the project objectives been in line with the actual needs stakeholders and end users?	Degree of correspondence between assessment of local needs and project objectives	- Interview with local stakeholders - Interviews with participants - Interviews with local entrepreneurs
To what extent are the project objectives set in line with other donors' aims and objectives?	High degree of complementarity between project objectives and those of partners	- Project documents - Interviews with local project managers/Ministry - Interview with Swedish project manager - Policy documents from donors - Interviews with donors
To what extent have the project objectives set, been in line with and coordinated with Sida's overall aims and objectives? (To what extent have AMS been aware of Sida's aims and objectives?)	- High degree of correspondence between overall goals and project objectives - Degree of communication of objectives to AMS	- Documents with Sida's goals and objectives – poverty reduction paper and gender paper - Project documents - Interview with project managers - Interview with Sida area managers
Effectiveness		
To what extent have the expected (original and where appropriate adjusted) objectives been achieved in the projects?	High degree of correspondence between the achieved and expected results	- Project documents - Interviews with project managers - Interviews with participants
If not achieved fully: is it likely that the objectives will be achieved in the near future?	- Degree of capacity and commitment to change - Existence of any barriers to implementation	- Interviews with project managers - Interviews with participants
If not achieved fully: what are the reasons for the low degree of achievement of the objectives?	Degree to which the project objectives were realistic given local capacity and resource constraints	- Interviews with project managers - Interviews with participants
How effective have the different instruments (training, study tours etc.) been in achieving the objectives?	Results achieved through using different instruments	Interviews with the participants
To what extent has the twinning between the state authorities had the desired outcome?	Degree of correspondence between Sida's objectives, objectives of the project and the achievement of these objectives	- Project documents - Interviews with local partners
Have any positive or negative unexpected results been achieved?	Existence of unexpected results i.e. results not indicated among	- Interviews with participants - Interviews with other stakeholders

Evaluation question	Indicator	Data source
Impact		
What quantitative impacts resulting from the changing role of the LMA/PES can be identified?	• Changes in the number of vacancies registered at the PES • Changes in numbers of unemployed people registered • Changes in number of jobseekers actively using the PES • Changes in the number of jobs that are being filled with those registered with the PES • Changes in the number of co-operation arrangements with local businesses • (Changes in proportion of men and women using the services – to be considered!)	• UNDP • Official international and local statistics • Reports and other documentation • Interviews with participants/donors
What qualitative (socio economic and legal-administrative) impacts resulting from the changing role of the LMA/PES can be identified?	Central level • Improved response to regional dynamics in the labour market • Increases focus on addressing gender imbalances • Increases focus on addressing poverty • Changes in labour market legislation • Capacity and commitment to change • Staff are more skilled • Staff are better at their jobs • Staff have a better understanding of their own role and the role of active labour market policies Regional level • Capacity and commitment to change • Staff are more skilled • Staff are better at their jobs • Staff have a better understanding of their own role and the role of the public employment services • PES is to a greater extent perceived as a resource by employers and job seekers • The PES identifies and addresses gender imbalances • The PES identifies and addresses poverty • Increased collaboration with relevant organisations (e.g. Social partners,	• Interviews with participants • Interviews with local project manager/Ministry/National Employment Services

Evaluation question	Indicator	Data source
Sustainability		
Which major factors may favour or prevent the fact the results of the projects will survive in the future?	Degree to which results of the project are in line with the strategy for development in the country and overall development trajectories as seen in the country	- Interview with project managers - Interview with participants (Also planned national labour market policies/reforms?)
Is it likely that the ultimate benefits will survive over the coming years?	Embeddedness of new practices in institutions and institutional structures	Interviews with participants
What is the level of commitment of the political and financial support to the employment sector?	- Turnover of personnel working in the employment services - Financial support to the services - Political support to the services	- Interviews with participants - Interviews with the employment services and the Ministry - Interviews with other donors
How do ongoing and planned government policies affect the labour market mechanisms?	Changes in government policies	- Policy documents - Interviews with local policy makers - Interviews with the employment services
Efficiency		
Have the administrative costs been kept at an acceptable level?	Share of budget used for administration	- Project budgets - Final invoices to Sida
Could the project objectives have been achieved at a lower cost or could more results, outputs and greater impacts have been achieved at the same cost?	- Unit costs for comparable activities e.g. training - High degree of divergence in comparable unit costs	- Project budgets - Final invoices to Sida
Are there other more cost efficient methods, which would be appropriate to employ in any future assistance?	Unit costs for reaching the same objectives with different activities	- Project budgets - Interviews

Annex 2 Data Collection Activities

Data collection activities in the evaluation included:

1. Desk research
2. Interviews with Sida
3. Interviews with AMS
4. Evaluation missions to Armenia, Georgia and Moldova

The evaluation missions were conducted between May–July 2004

Site visits, interviews and observation formed the main evaluation activities.

In each of the countries concerned the evaluators met with a selection of representatives from for example:

- Ministry of Labour and Social Protection (or its equivalent)
- Ministry of Education
- National or Republican Employment Agency
- Managers of the Pilot offices
- Staff of the pilot offices
- Other staff of the PES
- Private enterprises
- Students at vocational training facilities
- Social partners
- Donors including for example: World Bank; USAID and UNDP

Appendix 3 Terms of Reference

...for the Evaluation of Labour Market Projects in Moldova, Armenia and Georgia and Assistance in Project Formulation

1 Background

Since the collapse of the Soviet Union the labour market in the region has undergone dramatic changes resulting in a considerable increase in unemployment. In order to increase the employment Sida provides support to promote active labour market policies.

In Moldova, the support is directed towards the Public Employment Services (PES) and to the system for vocational training. The Swedish National Labour Market Board (AMS) is the Swedish counterpart in the cooperation with the PES, whereas private consultants have been procured for the cooperation with the systems for vocational training.

This evaluation is to focus on the assistance provided by AMS. However, the VETs play an important role in active labour market policies, the VETs are to be considered when analyzing e.g. the relevance of the assistance and the design of the assistance.

In Georgia the support is directed towards the labour market organisation within the Ministry of Labour, Health and Social Protection (MoL) i.e. the Public Employment Service. AMS is the Swedish counterpart in the cooperation with the MoL. The evaluation is to focus on the assistance provided by AMS. The World Bank and the MoL are planning a credit based project (Social Protection and Reform Project) including the labour market sector. Since this support will be of relevance to the Sida financed project, the evaluation is to consider the plans of the World Bank.

In Armenia the support is directed towards the labour market organisation within the Ministry of Social Protection (MoSP) i.e. the Public Employment Agency. AMS is the Swedish counterpart in the cooperation with the Public Employment Agency. The evaluation is to focus on the assistance provided by AMS. The USAID is planning to support the labour market sector. Since this support will be of relevance to further Sida assistance in the sector, the evaluation is to consider the plans of the USAID.

In Moldova, the project with AMS was launched in 2001 and completed in 2004. The Moldovan counterpart was the Labour Employment Department at the Ministry of Labour and Social Protection. The project focused on supporting two public employment offices. Parallel to this project, Sida finances a project supporting the vocational training centres through the Ministry of Education. Both the Ministry of Labour and Social Protection and the Ministry of Education have requested further support in the field of active labour market policies. Sida is considering supporting both ministries within the frame one joint programme, in order to contribute to improved coordination between the system of employment offices and the system of vocational training centres.

In Georgia the first Sida financed development cooperation between the MoL and AMS was a two-year project which started in the spring 1999. The present project with AMS was launched in the summer 2003 and will be completed the summer 2006. The Georgian counterpart is the MoL. The project focuses on support to the labour market authorities to modernise and elaborate an active labour market policy, organisation and activities. The project consists of five components: i) statistics information and forecasting, ii) creation of employment opportunities through business incubation, iii) social dialogue, iv) a South Caucasus conference on labour market policy, and v) active service at employment offices.

In Armenia the first Sida financed cooperation between the MoSP and AMS was a project in 1999–2001. The present project with AMS was launched in January 2002 and will be completed in the summer 2004. The Armenian counterpart is the MoSP. The project focuses on development of labour market policies and methods that are appropriate for Armenian circumstances and responsive to the demands and needs of the Armenian labour market. The project consists of four main components: i) support for preparation of a system of vocational rehabilitation of persons with functional impairments ii) statistical information and forecasting, iii) analysing needs and methods for a system of vocational training, and iv) active service at the employment offices. Sida is considering supporting a third phase of the project.

Apart from assignments in Tunisia and South Africa AMS has mainly been involved in development cooperation in Eastern Europe. The projects in Moldova, Georgia and Armenia are therefore AMS's most extensive cooperation in ODA countries so far. According to an evaluation of Sida's programme in the South Caucasus (October 2002), carried out by SPM, the labour market project in Armenia faces a serious dilemma. The issue at stake, according to SPM, is whether the Swedish model of labour market management is worth emulating in Armenia since the model is rather resource intensive.

The issue may also be applied to Moldova and Georgia. It may also be extended to include the question whether the labour market programmes and policy activities included in the cooperation between AMS and Moldova, Georgia and Armenia have a meaningful impact on very poor countries with extremely high unemployment, i.e. so called ODA countries.

2 Purpose and Scope of the Evaluation

The aim of the assignment is two-fold:

Part 1) to evaluate the projects carried out by AMS in Georgia, Armenia and Moldova and

Part 2) to assist in the development of project plans and ToR for new labour market projects in Moldova and Armenia.

In Moldova and Armenia the projects run by AMS are completed or about to be completed. The purpose of the evaluation is to evaluate the assistance in order to provide recommendations for further assistance.

In Georgia the project started in the summer 2003. The purpose of the evaluation is to evaluate the on-going assistance in order to provide recommendations for a revised project plan.

The situation differs between the three countries but the main stakeholders are AMS, the Moldovan Ministry of Labour and Social Protection, the Armenian Ministry of Social Protection, the Georgian Ministry of Labour, Health and Social Protection, employment offices, employers' organisations and trade unions. In Moldova the Ministry of Education and the vocational training centres also play an important role. Furthermore, other international donors and organisations such as USAID, the World Bank, UNDP, EU, and ILO.

The evaluations should cover the issues listed below. The project proposals and the ToR should be elaborated in accordance with Sida guidelines.

The evaluators should analyse the issue of whether the development cooperation between AMS and the ministries in Moldova, Georgia and Armenia could be meaningful to other ODA countries.

3 Issues to be Covered in the Evaluation

Relevance of the projects in relation to the problem that has been addressed (high unemployment) and the overall objective of the cooperation (to contribute to the establishment of well functioning labour market authorities and efficient labour market mechanisms and to contribute to increased employment).

Both the choice of the type of assistance (twinning between state authorities) and the content are to be analysed.

Factors contributing to success or failure should be analysed (also under *Effectiveness* and *Sustainability*). Examples of such factors are:

- Poverty (incl. unemployment)
- Economic development
- Political culture/climate
- Institutional
- Historical
- Cultural

Effectiveness, the evaluation should specifically look at the effectiveness of the delivery system in the projects. Furthermore the evaluation should take into account the achievement of objectives and the Presumed effects on different target groups (gender analysis and effects on the situation for poor persons).

Impact of the assistance. To what extent have the projects led to changes of policies and the entire system of labour market mechanisms? To what extent have the early projects (1999–2001) resulted in increased employment?

Sustainability of the assistance. What is the political and financial support of the employment sector, especially employment offices? How does ongoing and planned Government policies and reforms affect the labour market mechanisms? How will/do the labour market authorities, employment offices, the Business Centre (business incubation) in Georgia and the social dialogue in Georgia function after the projects have been completed?

Complementarities The evaluation should include a brief description of the context in which the projects take place, and in what way the projects have interacted with other national labour market initiatives.

Cost – effectiveness The evaluation should analyse whether the projects have been cost effective or could the same results have been achieved with fewer financial resources? Are there other, more cost-efficient methods, which would be appropriate to employ in the future?

4 Methodology, Evaluation Team and Time Schedule

The assignment requires a high level of involvement of AMS and the cooperation partners in Moldova, Georgia and Armenia.

The assignment is to be carried out in three steps:

Part 1) A forward-looking evaluation of the projects managed by AMS in Moldova, Georgia and Armenia

Part 2) Presentation of evaluation with emphasis on recommendations for the content and set-up of future cooperation

Part 3) Elaboration of project proposals and ToR for further assistance in Moldova and Armenia, and revision of on-going project in Georgia (revision of project document)

During the elaboration of new project proposals and ToRs, the role of the consultants should be to support and facilitate the process that is to be led by the recipient organisation in the countries.

The team of consultant should cover the following expertise:

- Evaluation methodology
- Labour market expertise
- Experience from Eastern Europe
- Poverty analysis
- Gender analysis and mainstreaming
- Macro economics
- Methods of facilitating project formulations including leading LFA seminars

Cross cutting issues: Both the evaluation and the project proposals/ToR should have a poverty perspective, since this is the overall objective of the assistance. The evaluation and the project proposals/ToR should be gender mainstreamed. Thus the analysis of the target group should be made from poverty and gender perspectives.

“Sida at Work – A Guide to Principles, Procedures and Working Methods” and “Perspectives on Poverty” should guide the assignment.

The assignment should be carried out as described below:

Part 1) A forward-looking evaluation of the projects managed by AMS in Moldova, Georgia and Armenia

- | | | |
|----|--|----------|
| a) | Desk study of project documentation and other relevant information, discussions with AMS | 7,5 days |
| b) | Evaluation missions to Moldova, Georgia and Armenia | 53 days |
| c) | Elaboration of report and presentation | 26 days |

Part 2) Presentation of evaluation with emphasis on recommendations for further cooperation

- | | | |
|----|----------------------------------|---------|
| a) | Workshops in all three countries | 10 days |
|----|----------------------------------|---------|

Part 3) Elaboration of project proposals and ToR for further assistance

- | | | |
|----|--|-----------|
| a) | Process assistance and new ToR for Moldova | 10,5 days |
| b) | Process assistance and new ToR for Armenia | 10,5 days |
| c) | Process assistance and adjusting ToR for Georgia | 9,5 days |

The evaluation will include two missions to each of the three countries.

Throughout the evaluation process the evaluators should analyse the issue of whether the development cooperation between AMS and the ministries in Moldova, Georgia and Armenia could be meaningful to other ODA countries.

5 Reporting

The evaluation report shall be written in English. PLS will have the report translated from English to Russian in its full length. It should not exceed 70 pages, excluding annexes. Format and outline of the report shall follow the guidelines in *Sida Evaluation Report – a Standardised Format* (see Annex 1). The draft report shall be submitted to Sida electronically and in 5 hardcopies (air-/surface mailed or delivered) no later than June; 25; 2004. Within 6 weeks after receiving Sida's comments on the draft report, a final version shall be submitted to Sida, again electronically and in 5 hardcopies. The evaluation report must be presented in a way that enables publication without further editing. Subject to decision by Sida, the report will be published in the series *Sida Evaluations*.

The evaluation assignment includes the completion of *Sida Evaluations Data Work Sheet* (Annex 2), including an *Evaluation Abstract* (final section, G) as defined and required by DAC. The completed Data Worksheet shall be submitted to Sida along with the final version of the report. Failing a completed Data Worksheet, the report cannot be processed.

All workshops and elaboration of project proposals and ToR should be finalised in all three countries by October; 30; 2004.

In the report PLS should cover the issue of whether development cooperation between AMS and the ministries in Moldova, Georgia and Armenia could be meaningful to other ODA countries in approx. 1–2 pages.

PLS will also report orally to Sida. One occasion (2 h) shall comprise general reporting and discussion. One occasion (2 h) shall comprise reporting and discussion on the issue of whether development cooperation between AMS and the ministries in Moldova, Georgia and Armenia could be meaningful to other ODA countries.

Annex 4 AMS comments on the Evaluation

Author: Gerd Elmfeldt

In the beginning I was happy to hear that our teamwork in Armenian was to be evaluated. Since several years the Swedish-Armenian-Lithuanian team have worked deeply together to develop the active labour market policy and to build a network between the countries that also will contain the start of a long-lasting friendship.

The evaluation was well prepared in Swedish National Labour Market Board by Ramboll before going to Armenia and also the following up of the evaluation after the evaluation was managed professionally.

In the evaluation report there are useful points to be considered in preparing the new project, especially from page 22 and forward. And it has been useful to have a rough draft of the terms of reference for the new proposal. And I highly appreciate the table with indicators used in the report (page 14)

But ...

Comments on the Evaluation – Armenia

But there are some comments on the evaluation report of matters that could have been considered:

- The Project leader has *not got the opportunity to comment* anything on the report before the final version was sent to Sida. Some of the comments written there might have been considered to make the evaluation more credible.
- During the whole last year the Swedish – Armenian – Lithuanian team discussed thoroughly the next phase of the development: In June 2004 all parties agreed with the Ministers and the Director General and her managers, on six components for the next phase in the development:
The seminar held in September produced the same components for a new project, as the draft document written by the project leader in June. And the seminar in September in Armenia was held without inviting the project leader.
- The evaluators' statement: *"It was not clearly defined how and when the different activities under the project should lead to desired results"*. The proposal of cooperation for the evaluated project was written three, almost four years ago. At that time the time-plan, showing exact months for each activity to take place, was not put into the Activity Plans. But everyone in the project had a schedule in different colours presenting the planning and how to combine the different activities
- *"There is also a complete lack of indicators"*. Indicators were not used in project proposals three years ago. We used the concept "guaranteed results", that is to say a concrete result to be achieved within each component, in the very same way as Twinning projects use "benchmarks". *All of these guaranteed results were accomplished in the project.* This is also documented in the final report from the project (Arbetsmarknadsstyrelsen September 2004).
- *"The project has not addressed poverty and gender systematically despite Sidas insistence that these issues be mainstreamed"*.

At the time when this cooperation was decided and signed, Sida had not pronounced Poverty reduction as a target for these projects: It is our opinion that *all components in the project belong to an accepted basic method for reducing poverty*. To improve the labour market function is a considered to be the basic feature for developing prosperity in a country.

It is *true that the gender issue has not been addressed systematically* in the project document, but it has been a substantial part in our activities on all occasions. And it will be addressed systematically in the next project.

- *“There is no explicit link made to poverty reduction in the project description and there is no evidence of targeted support to the most vulnerable groups of the unemployed”*. At the time when this cooperation was decided and signed, Sida had not pronounced Poverty reduction as a target for these projects. The main objective of a Public Employment Service is to match demand and supply to make the market function and to make people work instead of relying on benefits. In reality the achievements in Guymri are directly related to work with vulnerable groups.
- *“However work with the unemployed has not been seen to be targeted.”* This statement is difficult to relate to, since the evaluators do not clarify what they mean with the expression “target the unemployed”. In our view the establishment of Job Offices with a methodology to combat unemployment and a functioning infrastructure, including statistical analysis and forecasting, will benefit the unemployed.
- *No Impact on Legislation*. Our project has had a real impact on Armenian legislation. For instance as part of the project the first *public works* were introduced and the law was changed to make it possible.
- *Three traineeships have been made, not two*. One could even say three and a half, because we were allowed to use some of the money for an additional traineeship to develop an IT management program.
- The total cost of the project was 5.350.000 SEK. *“20% of the total fees were allocated for project management to account for a slightly larger project management costs than might otherwise been expected.”*

The evaluation report does not clarify the diversity of experts included. These fees are also used for:

- The Armenian project Leader
- Armenian key officials
- The Lithuanian Advisor
- The Swedish project Leader
- Labour County Director of Blekinge (hostess county)
- All visits to Armenia and Sweden during the 2 ½ year by the General Director of Lithuania
- All visits to Armenia by the project leader.
- Together with the Director General of Armenia we have also worked by lecturing, seminars, meeting with other donors, meeting with a huge network of the project etc
- 6 Steering committee meetings (in Jerevan, Vilnius or Stockholm) where all the mentioned persons were taking part

Project management of the whole project

Our opinion is that this money is used in a more than an effective way and very cost effective.

Gerd Elmfeldt

Project Leader

Comments on the Evaluation – Georgia

Author: Christer Florman

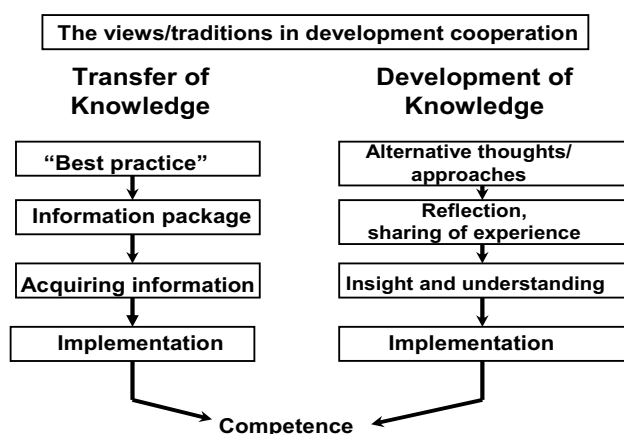
The Ramböll evaluation of labour market projects managed by AMS – Country Report: Georgia

We welcome the initiative to evaluate the Georgian project, which quite clearly is in need of a revision, primarily due the political changes in Georgia during the last ten months.

We are, however, surprised by the low level of communication needed to perform this evaluation. Normally evaluators choose to discuss some of their findings with the evaluated party, without renouncing their integrity. In this case the evaluators did not discuss any part of the evaluation with the evaluated party before presenting the report.

In the report we also expected to find a presentation of the evaluation process and the methodology. There is no account of the number of interviews carried out. Nor is there a presentation of what kind of interviews, with whom these interviews took place or the questions asked in the interviews.

One important finding in the evaluation is that the project to some extent is unclear in regard to stated objectives, targets and indicators and we admit that there are cases where this statement is justified, although we do not always agree. The most likely reason for these omissions is that some parts of the process are so obvious to us, that we have forgotten to spell them out. But all the same some elements are not explicitly stated in the project document, and leaving something out, especially if it is of vital importance to the success of the project, is not good practice.



But there is an important difference between our view on project management and the approach presented by the evaluators. A graphical representation is the best way to illustrate this:

The graph above depicts two different approaches to project management. In real life there is probably no project belonging fully to one of these models. Most projects mix elements from both of them.

Normally there is agreement on the fact that there are differences in the project plan, the structure, the time-table, the indicators and the “milestones”, depending on which of these models you use. It is also mostly recognized, that evaluation methods differ, depending on which of the models the evaluation object belongs to.

In the project model we have developed from field experience in the labour market policy field there are very strong elements of the “Development of Knowledge” model, represented in the right part of the scheme above. Our basic opinion regarding the evaluation performed in Georgia is that the evaluation method used by Ramböll is adapted for evaluation of “Transfer of Knowledge”-type projects, that is projects modelled as depicted in the left part of the scheme.

In our view the evaluators have adopted a rather static approach to the issue. In their report the present conditions in the Georgian Employment Offices are investigated and characterised, thereafter the evaluators discuss what measures would be appropriate to use. They have not considered the potential development on the Georgian side, as a result of the process in the project. This way they have overlooked the potential of the interactive process in the “Development of Knowledge” model. To us, the interactive process, with a high level of participation from all parties involved, is crucial to the progress of the project.

Projects of the “Development of Knowledge” type are not expected to and do not proceed in a linear way. During the early stages of the process there are periods when very little seems to happen, where after substantial changes can occur very quickly. This is of great importance for the methodological discussion on indicators, how to formulate them and how to interpret the outcome. It is also of the great importance when discussing “milestones” in a timetable to indicate the level of progress in the project.

For example we lack this process-oriented approach in the evaluation report in section 3.2.3 Social Dialogue. The social dialogue is a process involving the social partners and the government. It is very unusual to find a process of this kind, where the partners initially ‘define their roles’ (Evaluation report, section 3.2.3, page 11) and thereafter start a dialogue. In a process these things generally go together, as a consequence of the simple fact that the organisations define themselves in relation to other parties belonging to a relevant context.

We have also found some inconsistencies in the way the Evaluation has treated the component “Statistical Information and Forecasting” in Georgia and Armenia respectively. In the report on Georgia the evaluators give a good description of the situation with regard to labour market statistics. This might, however, just as well be a presentation of official labour market statistics in Armenia today. We are somewhat puzzled by the way the “statistical” component is presented in the Georgian and in the Armenian report, since the evaluators have reached very different conclusions, although the basic problem is the same. This makes it difficult for us to identify what the evaluators regard as success factors within this component.

The evaluators make a good presentation of the recent, rather turbulent, development in Georgia, usually referred to as “the Revolution of the Roses”. In the succeeding analysis of the progress in the project there is, however, no further reference to this event. We would have expected the evaluators not only to have paid greater attention to this, but also to have tried to assess how much time had been lost in the project because of “The Revolution of the Roses”.

To conclude we find that the main elements in the evaluation report seem to be

- 1) a claim that objectives, targets, indicators and “milestones” are not clearly formulated or absent in the program document,
- 2) a claim that the elements in the different components in the project have not been adapted to the situation in Georgia, and
- 3) an assessment of the different components in the project

In regard to first point we have already declared that there is room for improvement in the project document on the Georgian project. We must state more explicitly all the features we are planning for and expect to happen in the project.

Also, objectives and targets can be formulated in a clearer way and also interconnected, in order to make the project document more coherent and transparent. We have already started to do this, but we must continue and intensify our efforts. But in a “Development of Knowledge” model there will always be a higher degree of vagueness in the initial phase of the project, the phase named “Alternative thoughts/approaches”, than in a “Transfer of Knowledge” model.

The development of indicators in a dynamic “Development of Knowledge”-based project model is also, as is well-known, a more difficult issue, than the same process in a “Transfer of Knowledge”-based model. We must, however, improve this part of the project document, but within the context of an interactive and process oriented project model.

In regard to the second and the third point we do not agree. It is our opinion that the evaluators have exaggerated the differences between the problems facing the Swedish, the Lithuanian and the Georgian labour market authorities, possibly out of poor knowledge of the problems facing the Swedish labour market policy. As a consequence the evaluators have concluded that some of the activities proposed in the project document are almost impossible to implement.

Comments on the Evaluation – Moldova

Authors: Ragnar Gussing, Göran Olsson & Olga Koulaeva

Ramböll Management Evaluation of Labour Market Project in the Republic of Moldova

1. Evaluation report and “LFA Seminar”

We would like to take this chance to present our comments not only on the evaluation report but also on the seminar organised by Ramböll Management in Kishinev on the 13th–the 16th of September, 2004.¹

The fact of making evaluation is without hesitation very valuable and gives all the parties an opportunity to estimate the cooperation in the field of the labour market from new angle.

The evaluators had high ambitions not only to look at the job already done but also to formulate recommendations and advices for the future.

The report is comprehensive and covers different aspects of the project between AMS and the Ministry of Labour and Social Protection of Moldova. It is besides well structured and well written.

Some of the estimations and recommendations presented in the report are valuable and useful. We agree of course that we need to make better analysis and spend more time on preparation of the new projects. During last years we ourselves planned to make these changes in our job. Moreover we started working on methodology of the project logic and on improvement of documentation in our projects.

Nevertheless in connection with the report and the seminar organised by Ramböll Management in Moldova we have some objections which we consider necessary to present below. Due to the fact that both the report and the seminar on the 15th of September, 2004, paid more attention to the form than to the contents of the project we can not accept all their points of view.

2. Cooperation between Ministry of Education and Labour Market Ministry in the Republic of Moldova

The cooperation between the two Ministries was put in focus both in the report and even to a higher degree during the seminar in Kishinev.

National Employment Agency (NEA) of Moldova hesitated about the commitment of the Ministry of Education to the new programme and considered it to be a risk for it. *NEA accepted the new approach because it was informed that cooperation with the Ministry of Education was the condition of financing the new programme.* As this was stressed already at the introduction of the LFA seminar the whole process of discussions and working on recommendations of course was influenced by pressure of this argument.

Unfortunately the Ministry of Education was not represented by high officials who could make decisions and take responsibility for future co-operation in the whole country.

In this complicated situation to make the co-operation between the Ministry of Labour and Social Protection and the Ministry of Education function one needs much deeper preparation, motivation, argumentation than that which was presented at the seminar on the 15th of September. Otherwise the process can turn out to be very formal, ineffective and unnecessarily expensive.

¹ In advance this activity was announced as LFA seminar but in reality it turned out to be 2-days discussions before and after the meeting which was organised within 6-hours period including break for lunch.

There is no question about importance of inter-ministerial cooperation in transition economy. Taking into account that the two projects financed by Sida in the Republic of Moldova and focused on active labour market policies and vocational training can successfully complement each other we agree with Sida's proposal to develop a more coordinated approach in terms of a common development programme in the next phase. We think that it is important to build up such a programme on Twinning principles involving organisations which work with similar issues in both countries. We from our side consider having full responsibility for our part of cooperation with the Moldavian authorities in issues concerning active labour market policies to be an important condition of efficiency of our future co-operation.

In our opinion it makes sense to develop the successful direct co-operation between the Ministry of Labour and Social Protection and the National Employment Agency of Moldova on one side, and AMS in Sweden on the other even under the new phase in accordance with the plans which we have discussed earlier. During the first project period we managed to develop good contacts, efficient forms of co-operation and mutual confidence of the partners. Both sides are interested in complete responsibility for the coming project and are not ready to accept that the project should be lead by the third party. On the other hand we are open to co-operation with the Ministry of Education in the relevant fields in forms.

We believe that the necessary task of coordination of activities in the fields of labour market and vocational training in the frames of the new programme, advising, monitoring and follow-up can be fulfilled by the joint Steering Committee with representatives of both the Ministry of Education and the Ministry of Labour and Social Protection.

Cooperation with ILO not only on local (Kishinev) but even on regional (Budapest) and central (Geneva) level with the purpose of coordination of the programme in certain forms could also be discussed.

If joint activities of the two Ministries are planned they should be very well prepared and organised. Support of both parties is an important condition for success of the programme. For now this seems to be a problem which still needs to be solved. In case such cooperation would be developed it is necessary to find relevant, rational and even emotional forms for it.

We would like to stress here that our Moldavian co-partner shows understanding of such approach. On the 16th of September AMS experts had a meeting with the Minister of Labour and Social Protection of Moldova Mr.Valerian Revenco and General Director of National Employment Agency Mrs. Nina Turcan. The Minister talking about importance of coordination of efforts of the Ministry of Labour and the Ministry of Education at the labour market stressed that to guarantee high efficiency of such cooperation he could initiate discussions on this issues by the government of Republic of Moldova.

It is also important to mention that the mechanism coordinating fulfilment of the cooperation programme can not be too complicated, otherwise it will be difficult to avoid development of management for management's sake and the risk of Parkinson's Law ("Work expands to fill the time available") grows.

3. Methodology, Project Objectives, Information Sources

The report and the discussions in Kishinev paid a lot of attention to methods of framing the objectives and measuring the results. It is surely an important matter but to make right conclusions about them it might be necessary to study not only documents but the reality as well.

The report touched the essence of the project in a limited scale. The result of this is that the conclusions made in the report often are very formal and do not reflect real processes.

- To a large extent the evaluators' opinion about the priorities of the project are based on the first preliminary negotiations on the project which took place in 1997. They were not quite the same when the project was started in 2001. The top priorities in our understanding were: a) transfer to the active labour market policy through two pilot offices; b) start of the development of informational system for public employment offices; c) development of legislative base for labour market policies. We considered it important to launch these processes and never offered ready-made decisions. At the beginning of the project it was not even realistic to present concrete time tables regarding possible solutions.
- It is not clear from the report what kind of method was used by the evaluators. On p.3 interviews are mentioned but this is the only indication concerning the methodology of evaluation. It does not state who was interviewed and what questions were discussed. One gets the impression that the interviews took place under a very limited period which might have effected the conclusions of the evaluators. Just to give an example we can say that the interview with the project management at AMS was limited to 30 min. and done at the end of the evaluation.
- Moreover none of the information sources is mentioned in the report. That's why it is difficult sometimes to see the relevant motivation for some of the conclusions in the report.
- None of the issues which were top priorities of the project had been analysed deep enough to enable the evaluators understand what was done in the fields of: a) active labour market policies and operation of two pilot offices; b) LMIS; c) labour legislation. During the meeting on the 14th of September, 2004, in Kishinev, the heads of two pilot offices Mr.Ilie Chitac and Ms.Ludmila Diminet presented the indicators showing the results of the project which were not used in the evaluation but which are both concrete and measurable.
- So far as the report is characterised to a large scale by formal and mechanical² approach the recommendations of evaluators were often also formal.
- Both the Swedish and the Moldavian co-partners know that the results of the project were concrete and measurable.
- The report describes very accurately Sida's priorities, such as poverty reduction and focus on gender³. They are defined in the report in accordance with Sida country strategy for 2001–2003⁴ and have full support of counterparts of the project. But despite the importance of the above mentioned issues it was difficult to foresee that they should be defined as Sida's priorities when elaborating the main project documents in 1997–1999. It is also necessary to stress that the development of active labour market policies obviously has correlation with the economic growth and the poverty reduction. Besides according to the Moldavian co-partner both gender issues and work with the most vulnerable groups are reflected in the new legislation.⁵ In our understanding it corresponds with Sida's decision⁶. We agree that both these priorities – poverty reduction and gender issues – should be paid more attention to during the next phase of co-operation.
- Both from the evaluation report and the meetings at the Ministry of Labour and Social Protection in Moldova in September 2004 one gets impression that the evaluators had wrong estimation of the

² Not to be mixed up with logical and obviously not with dialectical logical approach.

³ Evaluation of Labour Market Projects Managed by AMS. Country Report: Moldova, p.8–9.

⁴ Op.cit., p.8.

⁵ General Director of the National Employment Agency Mrs.Nina Turcan at the meeting at the Ministry of Labour and Social Protection in Kishinev on the 14th of September, 2004.

⁶ Sidas beslut om insatsstöd Öst 577/00, p.8.

participants of the project from the Moldavian as well as the Swedish side. Making evaluation one has to keep in mind that Moldova is a country in transition period, not a developing country. The Moldavian experts proved through the project period their high qualification as well as their commitment to the project. This was stressed again at the meeting in Kishinev when the AMS experts met with the Minister of Labour and Social Protection of Moldova Mr.Valerian Revenco on the 16th of September, 2004.

- At the meeting at the Ministry of Labour and Social Protection in Kishinev on the 14th of September, 2004, the First Vice Minister of Labour Mr.Sergey Sainciuc stressed referring to p.2.2 of the report that the situation described was typical for the country 3 years ago, now it was very different and that this had to be taken into consideration in the evaluation.
- The overall development objective “*To promote a better functioning labour market and increased employment by introducing active labour market policies*” is interpreted in the report as an attempt to optimise the labour market in Moldova⁷. Better functioning of the labour market and its optimisation can hardly be considered to be synonyms.
- The report estimates dissemination of project results as very low⁸. We have to mention here that all public employment offices of Moldova were represented in workshops conducted by the Swedish experts and in study visits to Sweden. This was done in accordance with the proposal of the Moldavian co-partner and shows his commitment to the project, his ability as well as his will to implement its results. Besides we have to stress that in some of the seminars (e.g. on forecasting) representatives of the Ministry of Finance of Moldova, experts in statistics, the employers’ organisation and the trade unions took part.
- The report stresses that “...to ensure sustainability it is important that high quality training materials are produced in either Romanian or Russian”.⁹ No one can question the importance of this factor and our Moldavian colleagues informed that they themselves wrote instructions for PES staff on how to use the action plans, how to work with employers etc.¹⁰ To ensure dissemination of the project results National Employment Agency plans to organise staff training for personnel from all public employment offices of the country in two pilot offices.¹¹ AMS experts plan under the coming programme to distribute at workshops methodical materials in Russian.
- Conclusions related to other countries (e.g. Russia)¹², even though being positive, need to be confirmed by relevant sources of information.

4. Sphere of Activities and Active Labour Market Policies

The essential matters and various aspects of labour market policies as well as important indicators were not covered to a sufficient extent in the report, neither at the seminar in Kishinev. This opinion is shared by our Moldavian colleagues.¹³

⁷ Evaluation of Labour Market Projects Managed by AMS. Country Report: Moldova, p.9.

⁸ Op.cit., pp. 13, 19.

⁹ Op.cit., p.25.

¹⁰ General Director of the National Employment Agency Mrs.Nina Turcan at the meeting at the Ministry of Labour and Social Protection in Kishinev on the 14th of September, 2004.

¹¹ General Director of the National Employment Agency Mrs.Nina Turcan at the final meeting at the Ministry of Labour and Social Protection in Kishinev on the 16th of September, 2004.

¹² Evaluation of Labour Market Projects Managed by AMS. Country Report: Moldova, p.8.

¹³ The First Deputy General Director of the National Employment Agency Mr.Ion Holban at the meeting in Kishinev on the 14th of September, 2004: The evaluators have not used all the necessary statistical indicators. I have 20-years of experience in this field and should recommend looking at the indicator which reflects the share of population which uses PES. Besides the indicators of pilot offices has to be analysed.

Both co-partners consider that the huge step forward was made in all key fields of the labour market policy sphere: a) a transfer from passive to active labour market policy through two pilot offices; b) a start of the development of informational system for the public employment offices; c) a development of a legislative base for labour market policies. But that does not seem to impress much the authors of the report.

The evaluators covered different aspects of the project in their report and even showed their opinion not only about its foreseen but also unforeseen results. On the other hand, due to the fact that the report was elaborated in accordance with formal criteria and was more focused on technical issues than on the essence it lacks proper ranking of different objectives, components and activities of the project in reality and gives no estimation on which of them were more important for the project than others.

Taking into consideration the economic situation in the country characterised in the report¹⁴ one should understand that the results achieved in the frames of the project (e.g. 2 pilot offices, informational technologies and a local net in every public employment office, the transfer from passive measures to active labour market policies) mean enormous progress for the labour market and PES of the country. Our Moldavian colleagues share this opinion and highly appreciate the positive effects of our co-operation. These positive effects are even more obvious if we compare the real results of the project with those achieved in many other countries within the projects managed by AMS with labour market issues in focus.

The report states that "...to access whether this type of project is in line with the government's priorities is not a clear cut".¹⁵ We think that the fact that during the project period the government developed and accepted the National Employment Strategy as well as made a step forward in the institutional building and created the National Employment Agency shows that the issues related to employment policy are very much in focus of the decision makers of the country. Mr.Sergey Sainciuc stressed at the meeting on the 14th of September in Kishinev that the project had been one of the top priorities for the government of Moldova. For the vast majority of the population the labour market is the only source of income – either in the form of wages or in the form of social benefits.

The importance of the labour market issues for the country is proved even by the fact that the government of Moldova during the project period invested by its own initiative USD 150 000 in equipment and software for the public employment offices.¹⁶

One of the success factors of the project was permanent personal involvement during the whole project time both of the Minister of Labour and Social Protection of Moldova Mr.Valerian Revenco and his First Deputy Mr.Sergei Sainciuc.

We agree with the three main focus areas defined in the report on p.6 but in our opinion they should be ranked as follows:

- Development of active public employment services (though formulation "Development of active labour market policies" is more precise)
- Improved and more developed labour market information systems (LMIS)
- Adaptation of labour legislation

¹⁴ Evaluation of Labour Market Projects Managed by AMS. Country Report: Moldova, pp.4–5.

¹⁵ Op.cit., p.6.

¹⁶ NEA General Director Nina Turcan at the meeting on the 14th of September, 2004.

The evaluation makes the right conclusions on the role of LMIS in development of active labour market policies in transition economy. And of course it is true that such system enables PES "...to provide vital information for key policy makers as well as...to target effective labour market policies".¹⁷ In our opinion the last is far from being the least: using of informational technologies for services provided to clients (both jobseekers and employers) is a high priority and in this sense the development of the LMIS can be estimated as a positive result in the project. But of course both intensive and extensive factors of development of information technologies for PES still can and should be used in the frames of the new programme.

One aspect of a more efficient usage of the LMIS is of course the mobility of the labour force¹⁸ – both occupational and geographical. We completely agree with the thesis that now Moldova is characterised by extremely low level of this indicator which is for sure an obstacle for implementation in full scale of the opportunities provided by informational technologies. On the other hand, the country shows extremely high figures of international migration. That means that in case information about vacancies in different regions of Moldova should be available via Internet people might to a certain degree migrate inside their own country instead of leaving it in hope to get a job abroad.

Being inspired by the Swedish experiences and passing the new legislation on employment and a new Labour Code is a sufficient proof of efficiency of this component. The Moldavian co-partner¹⁹ at the meeting at the Ministry of Labour and Social Protection in Kishinev on the 14th of September, 2004, stressed the importance of these steps and estimated the transfer from the passive to the active labour market policy as "revolution for Moldova".

The report makes the correct statement that "...little attention has been paid to developing exit strategies".²⁰ This can be explained that in agreement with Sida co-partners were working on building a plan for the next phase of the project. This job resulted in working out of concrete components of this new phase which were approved by Sida as well as by both co-partners in February of 2004.

Of those recommendations left by the evaluators it should be important to pay special attention to the following:

- Project Logical Framework
- Development of coordinated programme
- Mainstreaming gender issues
- Special measures for the most vulnerable groups
- Training material for PES staff in Russian and/or Rumanian.

¹⁷ Evaluation of Labour Market Projects Managed by AMS. Country Report: Moldova, p.7.

¹⁸ Op.cit., p.20.

¹⁹ The First Vice Minister of Labour and Social Protection Mr.Sergey Sainciuc, the First Deputy General Director of the National Employment Agency Mr.Ion Holban.

²⁰ Op.cit., p.20.

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