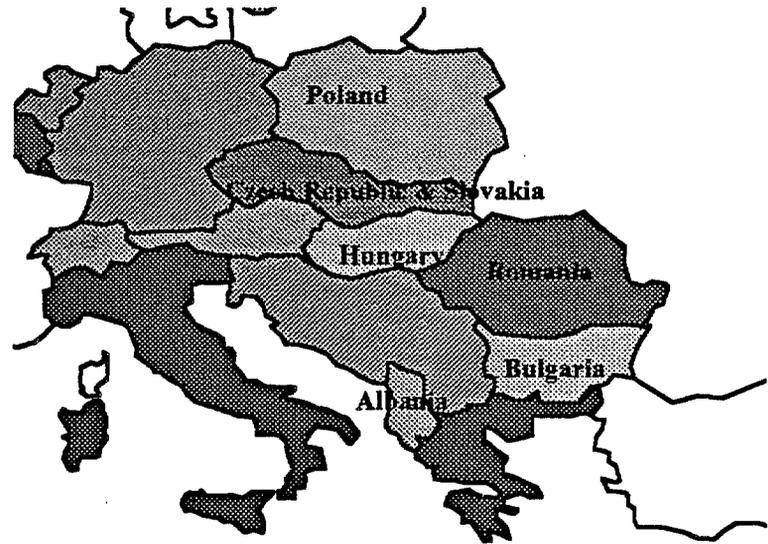


Evaluator's Report  
First and Second Quarters  
Year Two



United States Agency for International Development  
Management Training and Economics Education Program  
for Central and Eastern Europe (AID-MTEE)

Dr. Leslie Koltai - Principal Evaluator

August 15, 1993

## Acknowledgment

*The Management Training and Economic Education Program (MTEE)* has now entered its second year of operations in Central and Eastern Europe. It is an efficient and effective program resulting from a successful cooperation between United States Agency for International Development (AID) and American and counterpart universities.

*The Management Training and Economic Education Program* in Eastern and Central Europe has one objective - the development of new and successful democratic systems. This is not merely an attempt to forestall backlash, but is to nurture new processes and systems.

For the first time in the history of the AID *Management Training and Economics Education Program*, all of the grantees met in Budapest, Hungary from July 19-23, 1993. On this historic occasion, the Evaluation team provided meeting attendees with an abridged version of the 1993 bi-annual Evaluation Report.

This report is an evaluation of the first and second quarter activities of MTEE grantees in Eastern and Central Europe. In addition, a report on University Development in Business Management, managed by United States Information Agency in Estonia, Latvia and Lithuania is also included.

I want to express my appreciation to the members of the Evaluation team, the grantees, and AID country officers for their cooperation and assistance.

Dr. Leslie Koltai  
Principal Evaluator

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The Principal Evaluator wants to express his gratitude and appreciation for enthusiastic support and creative work of the following members of the 1992-1993 MTEE Evaluation team:

Elaine Fox  
Jeffrey Kovacs  
Yana Kushner

Melora Sundt  
Micheal Wilding  
Claudine Wolas

May their pioneering efforts contribute to a new free life in Eastern and Central Europe.

## Table of Contents

Evaluator's Executive Summary - Central and Eastern Europe .....	4
Methodology, Findings, and Recommendations .....	8
Purpose and Methodology .....	8
Program Regional Findings .....	10
Recommendations .....	20
Central Connecticut State University .....	27
Evaluator's Report .....	27
Student Contact Hours - First Quarter - Year Two .....	34
Student Contact Hours - Second Quarter - Year Two .....	35
Financial Data - First Quarter - Year Two .....	36
Financial Data - Second Quarter - Year Two .....	37
Iowa State University .....	38
Evaluator's Report .....	38
Student Contact Hours - First Quarter, Year Two .....	43
Student Contact Hours - Second Quarter, Year Two .....	44
Financial Data - First Quarter, Year Two .....	45
Financial Data - Second Quarter, Year Two .....	46
State University of New York .....	47
Evaluator's Report .....	47
Student Contact Hours - First Quarter - Year Two .....	52
Student Contact Hours - Second Quarter - Year Two .....	53
Financial Data - First Quarter - Year Two .....	54
Financial Data - Second Quarter - Year Two .....	55
Trend Analysis - First and Second Quarters - Year Two .....	56
The University of Delaware .....	64
Evaluator's Report .....	64
Student Contact Hours - First Quarter, Year Two .....	69
Student Contact Hours - Second Quarter, Year Two .....	70

Financial Data - First Quarter, Year Two.....	71
Financial Data - Second Quarter, Year Two .....	72
Trend Analysis - First and Second Quarters, Year Two.....	73
The University of Minnesota .....	82
Evaluators Report .....	82
Student Contact Hours - First Quarter - Year Two.....	89
Student Contact Hours - Second Quarter - Year Two.....	90
Financial Data - First Quarter - Year Two .....	91
Financial Data - Second Quarter - Year Two .....	92
The University of Nebraska-Lincoln.....	93
Evaluator's Report.....	93
Student Contact Hours - First Quarter - Year Two.....	100
Student Contact Hours - Second Quarter - Year Two.....	101
Financial Data - First Quarter - Year Two .....	102
Financial Data - Second Quarter - Year Two .....	103
Trend Analysis - First and Second Quarters - Year Two .....	104
University of Pittsburgh .....	110
Evaluator's Report.....	110
Student Contact Hours - First Quarter - Year Two .....	119
Student Contact Hours - Second Quarter - Year Two.....	120
Financial Data (CERGE) - First Quarter - Year Two .....	121
Financial Data (CERGE) - Second Quarter - Year Two.....	122
Financial Data (CMC) - First Quarter - Year Two .....	123
Financial Data (CMC) - Second Quarter - Year Two.....	124
Trend Analysis - (CERGE) First and Second Quarters - Year Two .....	125
University of Washington/Washington State University.....	136
Evaluator's Report.....	136
University of Washington: .....	137
Washington State University:.....	138
Student Contact Hours - 1st Quarter - Year 2.....	148
Student Contact Hours - 2nd Quarter - Year 2 .....	149
Financial Data - 1st Quarter - Year 2 .....	150

Financial Data - 2nd Quarter - Year 2.....	151
University of Wisconsin-Madison Project "MANTREE" .....	152
Evaluator's Report.....	152
Student Contact Hours - 1st Quarter - Year 2.....	155
Student Contact Hours - 2nd Quarter - Year 2 .....	156
Financial Data - 1st Quarter - Year 2.....	157
Financial Data - 2nd Quarter - Year 2.....	158
Midwest Universities Consortium for International Activities (MUCIA) .....	159
Evaluator's Report.....	159
Student Contact Hours - 1st Quarter - Year 2.....	164
Student Contact Hours - 2nd Quarter - Year 2 .....	165
Financial Data - 1st Quarter - Year 2.....	166
Financial Data - 2nd Quarter - Year 2.....	167
Ohio State University .....	168
Evaluator's Report.....	168
Student Contact Hours - 1st Quarter - Year 2.....	179
Student Contact Hours - 2nd Quarter - Year 2 .....	180
Financial Data - 1st Quarter - Year 2.....	181
Financial Data - 2nd Quarter - Year 2.....	182
Appendices.....	183
Appendix A. - PIF Scores for 1st and 2nd Quarters - Year 2 .....	184
Appendix B. Total Student Contact Hours - 1st Quarter - Year 2.....	187
Appendix C. Total Student Contact Hours - 2nd Quarter - Year 2.....	188
Appendix D. Program Financial Data - 1st Quarter - Year 2.....	189
Appendix E. Program Financial Data - 2nd Quarter - Year 2 .....	190
Appendix F. Case Studies. ....	191
Appendix G. - USIA Evaluator's Progress Report .....	202

## Evaluator's Executive Summary - Central and Eastern Europe

The United States Agency for International Development entered its second year of activities in the *Management Training and Economics Education Program* for Central and Eastern Europe (referred to as MTEE throughout this report). In this second year a total of \$13,221,598 was administered by eleven American universities, offering training and counseling in eight Eastern European and newly emerging nations: Albania, Bulgaria, the Czech Republic, Hungary, Poland, and Romania. Since the initiation of grant activities in December 1990, two new countries, Slovakia and Macedonia, were identified for inclusion in this program.

The following report serves two purposes; it provides an historical perspective of events and activities during the first and second quarters of funding year 1992 and is an up-to-date analysis of the Program.

In tracking the continuing progress of grantees, the Evaluation Team is working in conjunction with project administrators and AID personnel to provide recommendations to the field, time sensitive performance updates to AID representatives, and strategic reviews of program goals and objectives.

Grantees reported to the Evaluation Team that they spent the first half of Year Two reassessing project goals, designing implementation plans and preparing for third and fourth quarters. The result of the heavy emphasis on planning activities is evidenced by a reduced number of student contact hours (SCH) delivered in this period as reported by the grantees. Although the narrative on third and fourth quarter activities is not included in this discussion, current project activities confirm the Evaluation Team's observations and recommendations.

During the reporting period, the MTEE Program transformed from a short-term activity into a long-range approach. Objectives were recast from improving institutional capacities to developing self-sustaining high quality management training and economics education programs. It appears that local attitudes support this shift; the Eastern European university faculty has increasingly expressed interest in the American system of management training and business education. As a result, even greater emphasis is being placed on university affiliations.

Recalibration of the program's design began in Year Two with proactive emphasis on the development of practical skills. The revised program design promotes the use of existing institutions over the creation of new ones, encourages strengthening institutional partnerships, and emphasizes train-the-trainer courses. Implementation will continue in the third year by requiring commitments between counterpart institutions and developing

*Centers of Excellence.* The MTEE Program can make this adaptation because American universities are in a position to offer long term services to their target country partners.

It is a credit to the grantees that in a relatively short period of time they have been able to make a significant transition from general training programs to multipurpose, multilevel efforts. The university-based training program presents a great challenge because it requires a higher level of sophistication of administrative capabilities and leadership, as well as a more serious involvement by the academic community.

At the same time, the Evaluation Team noted a slowdown in grantee activities during the first half of fiscal year 1992-93. With no guarantee of funding from year to year, all parties have been hesitant to make major financial and resource commitments. This hesitancy inhibits the ability to develop a multi-year strategic approach. Program delivery could be improved, as could international partner relations, if grantees were given the opportunity to develop multiple-year funding cycles.

In light of current circumstances, the Evaluation Team continues to support the need for stronger partner relations. Many U.S. training programs have remained on the periphery of activities at their partner institutions, thus giving OECD universities and other funding agencies the opportunity to garner more substantial commitments by local institutions of higher learning. When U.S. funding efforts are measured against European efforts to support the region, the limitations of yearly commitments proved to be a detraction to some Eastern European faculty. In several instances faculty opted to dedicate themselves to European Community projects which offered longer commitments and greater access to resources. By establishing *Centers of Excellence*, the United States is sending a clear message of continued dedication and support to the region.

These *Centers of Excellence*, awarded to four of the eleven MTEE grantees in the third year, are the newest development in the MTEE program. The centers will provide on-site assistance and direct access to American "know-how." With a plethora of new private institutions cropping up throughout the region, the *Centers of Excellence* can provide a model for quality and service.

Grantees are challenged with the task of securing and retaining high quality American faculty for extended stays in target countries. Local participants have often complained that American professors are not available to them for long enough periods of time. Due to American tenure practices, long term assignments outside of the United States are problematic. Recognizing the constraints under which American faculty must operate, the Evaluation Team recommends that the projects explore other available sources of assistance - specifically the Peace Corps, International Executives Corps and Citizens Democratic Corps volunteers. This idea has been well received by the grantees as demonstrated by their third year proposals exploring and establishing these new linkages.

In the meantime, it seems easier for grantees to bring target country faculty to the United States for short and intensive work sessions than to have U.S. academic representation on location. Perhaps for this reason, training in the United States for locals has significantly increased. The impact of this shift must be carefully evaluated.

Specifically, we must find the appropriate balance between U.S.-based training experiences and those delivered in the target country. Of course, the opportunity to participate in American education is very valuable to target country counterparts. Nevertheless, the transfer of obtained knowledge can only be of value to the home country when assimilated into its local practices. U.S. training programs should be accompanied by follow-on assignments back home, with expectations that upon their return, target country faculty will commit to long term service. The challenge lies in the ability to select appropriate participants with the commitment to be "agents of change" and the ability to transfer their positive experiences to plans of action appropriate to local circumstances.

To complete this cycle, the projects require greater commitment from local faculty. It has been reported that the influx of Western businesses in the region have called upon local talent in such great numbers that it is now difficult to retain newly-trained faculty in these areas of expertise. Furthermore, it is difficult for U.S. and local universities to compete with Western European and international firms offering the lure of big salaries. The universities, therefore, should consider which incentives or retention policies can be offered to local faculty to guarantee their commitment.

American university grantees, on the other hand, must determine where to place appropriate emphasis -- on developing training capabilities, which will build academic resources and rejuvenate the university as a modern institution, or consulting expertise, which will deliver information directly to the business community. Establishing a healthy working relationship between U.S. and local partners is essential to the success in finding the proper balance.

In view of this recommendation, the Evaluation Team is paying more attention to the development of fee structures - charging for programs. Allowing market forces to dictate the relative worth of an activity will indicate its ability to continue. Actually, fee setting has less to do with guaranteeing total cost recovery at the moment than with the need to clarify educational goals for target country institutions. Establishing fee structures will take time; therefore the process must start now. Fees should be charged for executive education programs, short-courses for businesses, and auxiliary offerings. Business development and management service centers should also be operated under the same principles and with the same attention to efficiency and cost recovery.

The reform process in Central and Eastern Europe requires special coordination among the affected economic sectors. During its most recent site visit, the Evaluation Team paid particular attention to the involvement of the *Management Training and Economics Education Program* in capital privatization, banking, agriculture, finance and tax issues, and environmental protection.

Judging from comments made by project participants, the Team concluded that environmental issues are not emphasized adequately through the MTEE Program. Business people want to learn about the social losses of environmental degradation and the benefits of establishing and enforcing environmental standards. The need for field coordination among U.S. agencies is apparent in this case.

In addition, it may be beneficial for AID to design a project specifically addressing management training and economics education in the secondary schools. Many of the

projects under MTEE are interfacing with vocational high schools and gymnasia; however, additional small grants for this endeavor should be set aside.

The capacity for change in the economic landscape and the need to respond ably should call for a re-examination of the way AID sets policy goals and interfaces with other funding agents. Given the inevitability of overlap and the desire to provide efficient and cost effective assistance, U.S. agencies should be more amenable to coordination efforts from AID. These adjustments should also be made with an eye towards the United States' relationships to other foreign assistance agencies, particularly OECD countries.

Program impact could be further enhanced by encouraging local government participation. Substantive economic reforms cannot be secured without active participation by local governments. With private enterprise moving at a faster pace than policy development, governments have become roadblocks to establishing trade relations, joint-venture agreements and standards of business practices. Unless governments educate themselves, the business community will continue to face a hostile environment. Although the original MTEE program targeted management training for government officials, less than ten percent of the program's participants in Year One involved this group. The Evaluation Team believes that this group should be more aggressively recruited.

In conclusion, the Evaluation Team developed an improved understanding of the training and management activities in Central and Eastern Europe during the first and second quarters of Year Two. In view of the heavy emphasis on project planning during the first half of Year Two, the next evaluation report will look for visible impact. In the meantime, grantees continue to work closely with the Evaluation Team and share the serious commitment to improving and strengthening project delivery.

## **Methodology, Findings, and Recommendations** **AID - MTEE First and Second Quarters - Year Two**

### **Purpose and Methodology**

This report summarizes project findings and recommendations made by the Evaluation Team regarding continued assistance to the grantees of *The Management Training and Economics Education Program* for Central and Eastern Europe. The Program, referred to as MTEE, is sponsored by the Agency for International Development (AID).

Each of the eleven university grantees has the primary goal of serving as a "catalyst to market reform in their region by transferring practical know-how to implement market economies" to as many people as possible (AID Request for Application, 11.15.90). Moreover, in an effort to maintain "quality control" and to develop more refined project goals and delivery systems, AID has put in place the independent evaluation of each grantee project. This report utilizes the following as its primary evaluative methods:

- **A. On-site Evaluation:**

Throughout the period of evaluation the Evaluation Team travels to each grantee's site of operation for the purposes of:

1. Confirming grantee quarterly reports;
2. Interviewing local participants and policy makers;
3. Positioning grantee programming within its local context;
4. Enhancing communication between AID, the local and grantee institutions, and Evaluation Team; and,
5. Providing time-sensitive recommendations as necessary.

- **B. Analysis of Grantee Quarterly Reports:**

Through this process the Evaluation Team develops a detailed understanding of current programming, changes to the project, and plans for the future.

- **C. Analysis of Grantee Student Contact Hours:**

The Student Contact Hour (SCH) measures the quantity and diversity of grantee programming. In addition, SCH provides an indicator of the backgrounds and professions of program participants.

The SCH is calculated from one hour of contact, via consultation, teaching, discussion, etc. per student. Thus, if ten students attend a class which lasts for ten hours, the program has generated 100 SCH. This method allows the grantee to report the hundreds of hours spent with participants which normally go unreported. The SCH, for reasons of reliability, does not include contact and/or influence the program may have via radio, television, and other forms of mass media. It does, however, include conferences and other large gatherings at which the program has a substantial impact.

- D. Analysis of Grantee Expenditures:

Each grantee provides a detailed description of expenditures by contract category. The Evaluation Team, through the long-term collection of financial data, is able to develop trends in expenditures by country, and grantee. This data provides AID with a "snapshot" of each grantee's expenditures, as well as accrued expenditures.

- E. Summary and Analysis of Grantee Programming (Trend Analysis):

Trend Analysis reviews the relationship between the grantees' proposed activities (initial proposal and project implementation plans) and completed activities (as noted in quarterly reports).

- F. Analysis of Participant Evaluation of Grantee Programming (PIF):

The Participant Inquiry Form (PIF) is a two-page survey that is translated by on-site staff and distributed to participants as they complete either an individual class or course. Few PIFs are distributed to large conferences or participants who received programming via television, radio, or other mass media.

Together, these evaluation methods facilitate the accurate assessment and timely dissemination of programmatic and grantee-specific recommendations.

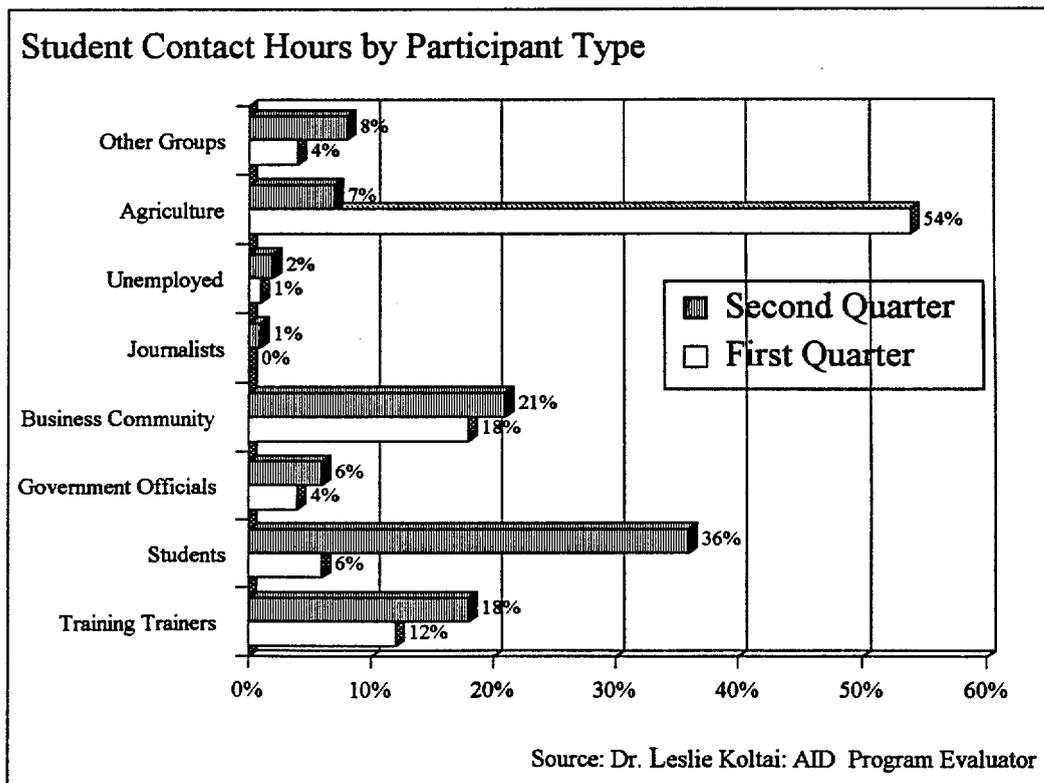
## Program Regional Findings

This report is a formative evaluation which offers a mid-year assessment of program activities. The period of analysis spans from the Summer of 1992 through approximately December 1992. Although at the writing of this report universities are involved in fourth quarter activities, the observations and recommendations included in the report are aptly timed for more successful implementation. Grantees are currently entering the third year of the MTEE Program, a determinant year which concludes the first phase of, and ushers in the second phase of the MTEE program in the 1994-95 funding year.

### Student Contact Hours (SCH)

The following table indicates that during the first quarter of operations, participants associated with agriculture received 54 percent of the total SCH. These hours are due, in large part, to "Farmers' Fairs" coordinated by the University of Washington (UW) at which 100,000 SCH were generated. Although UW was responsible for coordinating the fairs, the fairs do not represent traditional delivery of SCH, nor the type of programming originally proposed by the University.

In total, the SCH generated by the AID project in the first three months of Year Two were slightly over 185,000. In the second quarter just over 103,000 SCH were generated.

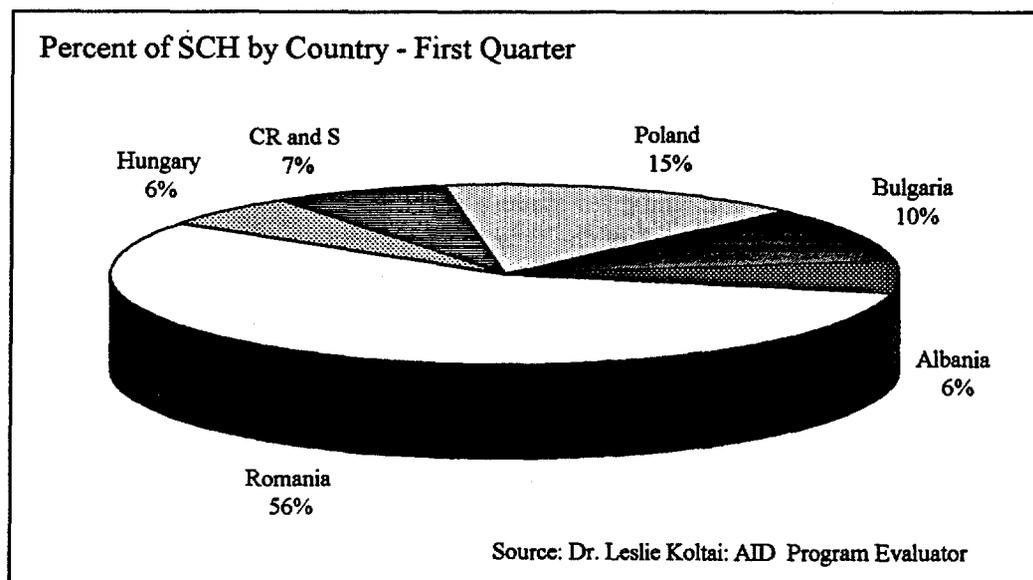


Apart from the unusual amount of SCH generated for agriculture in the first quarter, the preceding table is a good reflection of programming emphasis. In an effort to create sustainable programs, note that programming has focused upon teachers (training trainers) and students. These two groups account for 18 percent of the target audience in the first quarter. However, in the second quarter, without the influence of the Farmers' Fairs, faculty and students received 54 percent of the SCH.

Moreover, in the interest of helping these countries enter a free market economy as viable partners, interaction, communication, and comprehension of the local business environment are vital to offering proper assistance. USAID seeks to enhance the development of these free market economies in Eastern Europe, including the establishment of business contacts and trading opportunities. Grantees addressed this interest by directing a large portion of time and effort toward the business community. In the first quarter, 18 percent of the SCH was provided for the business community; business communities in the second quarter accounted for 21 percent of the SCH. With the rapid growth of an entrepreneurial spirit in Eastern Europe, the projects have recruited participants who are eager to participate in their transitional economies.

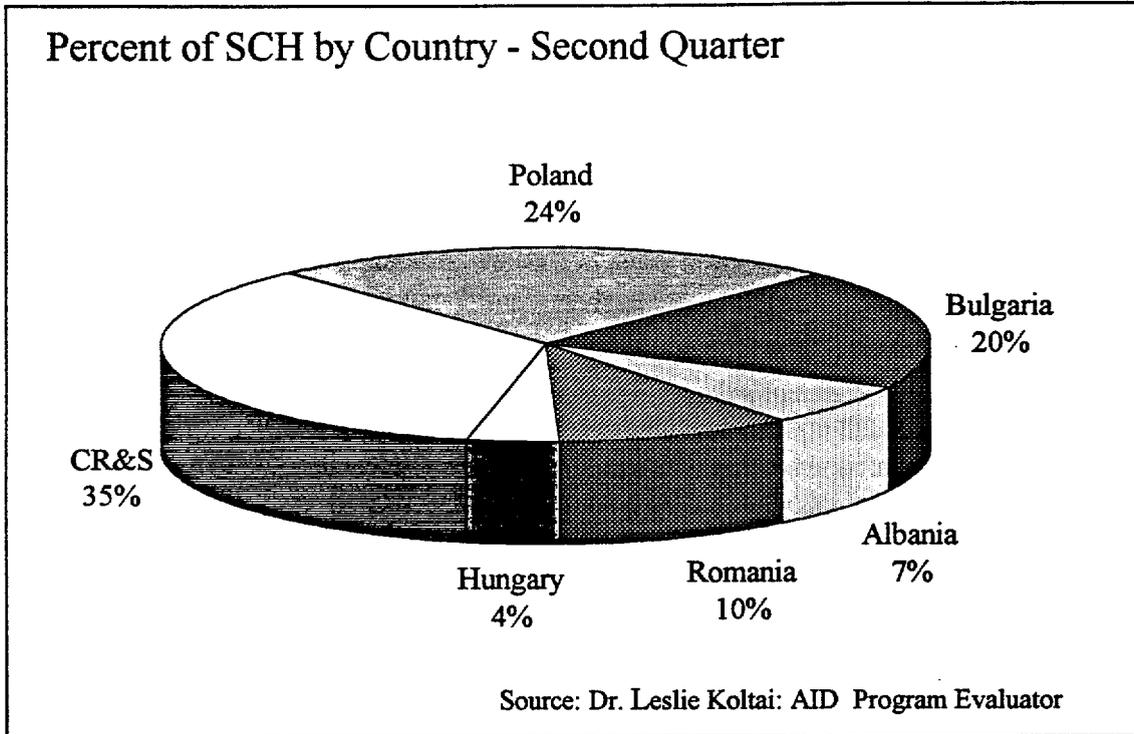
Interestingly, journalists and government officials received relatively scant attention. Without government support and understanding of free market economics, the business environment will continue to face hostile conditions to growth. For this reason, the Evaluation Team recommends that grantees increase their training to government representatives and more rigorously recruit these participants.

The following tables display SCH by country. Note that the University of Washington's Farmers' Fairs in the first quarter skew the chart in favor of Romania.



Student Contact Hours for the second quarter indicate a more plausible distribution. Of interest here, however, is the relative distribution of SCH among the

countries of operation. The Czech Republic and Slovakia (CR&S) experienced 35 percent of the SCH, yet only two grantees operated in these countries this quarter; Iowa State University and the University of Pittsburgh. Poland received 24 percent of the SCH with three grantees engaged in programming (The Ohio State University, University of Minnesota, and Central Connecticut State University). Hungary, where both MUCIA and SUNY are operating, consistently engaged in the lowest percentage of SCH.

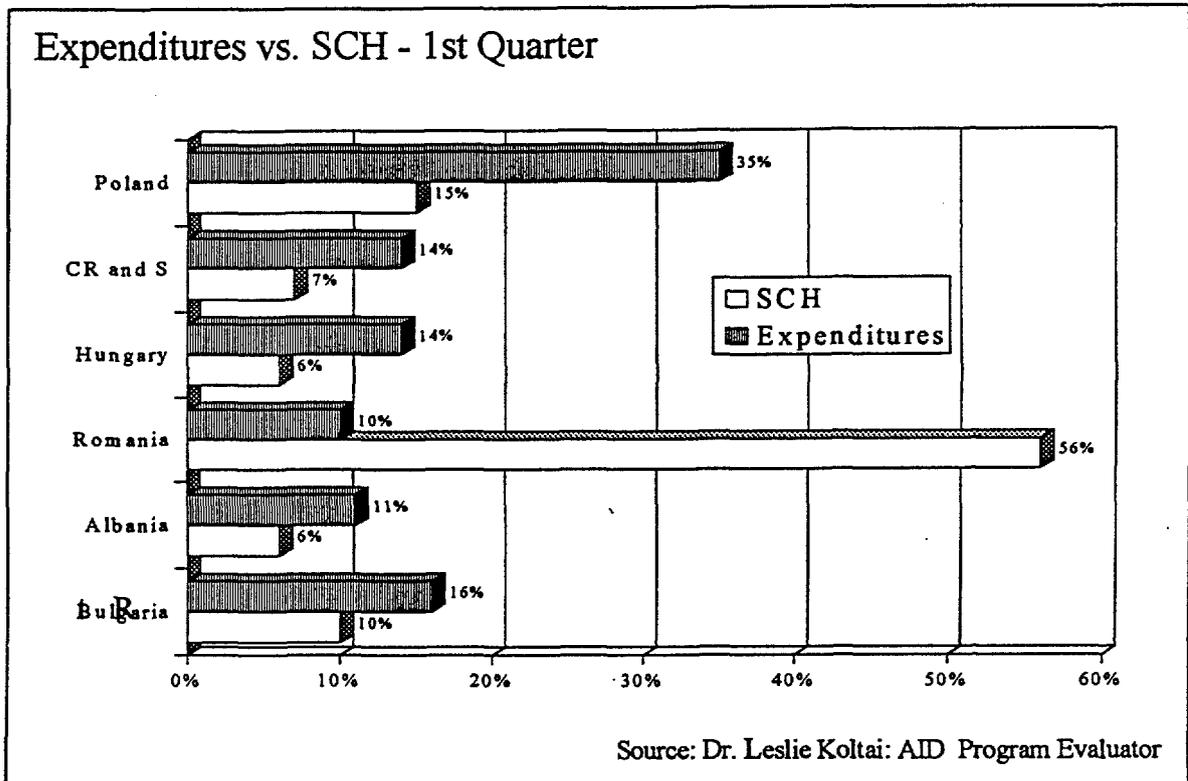


The Evaluation Team believes that the SCH statistic is a good measure of project activities. One should bear in mind, however, that each of the grantees goes through periods of intense programming followed by periods of "down time." This reporting period is no exception; several of the grantees reported relatively light operations during the Autumn and Winter months. Moreover, this period was characterized by the Year Two contract renewal process, during which the grantees were required to submit new proposals and project implementation plans. Note that attachments 1 and 2 provide a detailed display of SCH by participant category throughout Central and Eastern Europe.

### **Project Financial Expenditures**

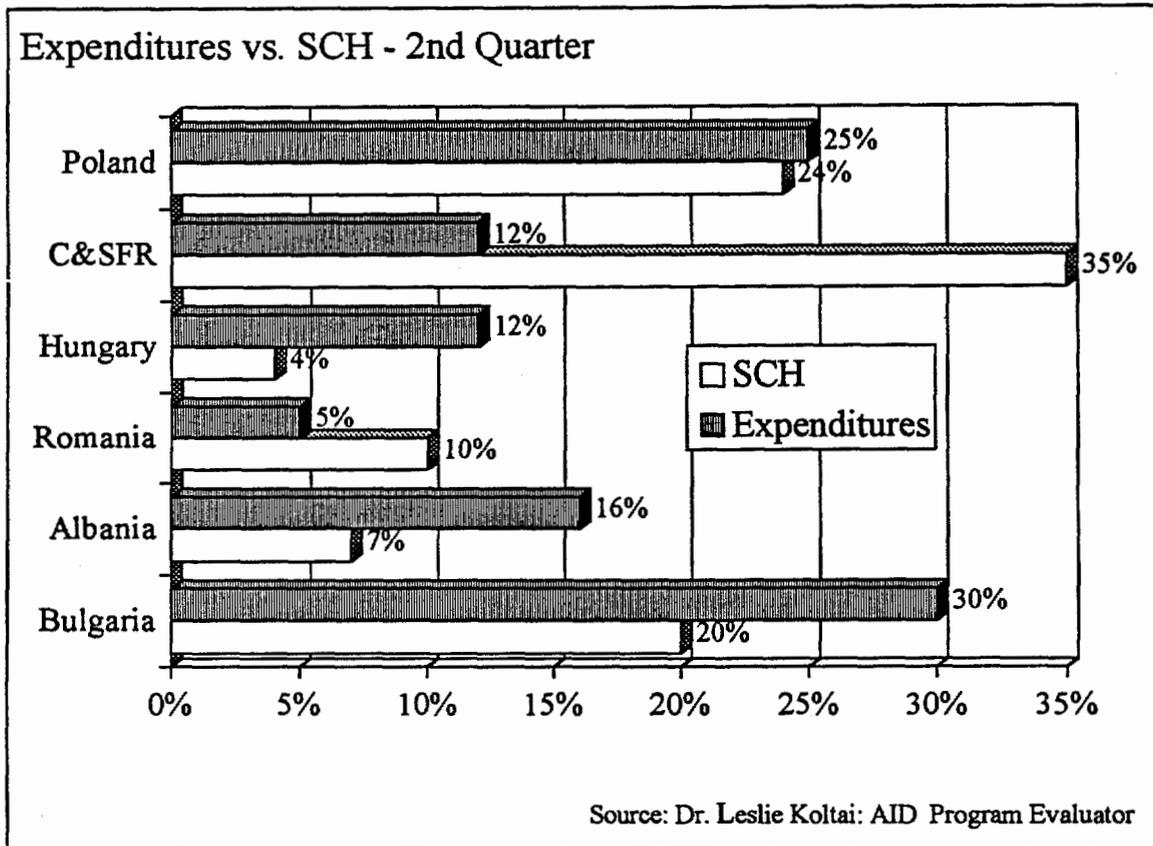
Expenditures vary according to project design, programming, grantee project cycle, and the cost of "doing business" in a particular location. Given these realities, the following graph provides a comparison between project expenditures and delivery of service. Note that the Romanian (University of Washington) SCH versus expenditures is

quite extraordinary due in large part to the Farmers' Fairs. Under "normal" conditions the Evaluation Team expects to see fairly even distributions. For example, if a country experiences 15 percent of the SCH, approximately 15 percent of the expenditures should be reported. This trend holds true in the following table, with the exception of Romania (again explained by the Farmers' Fairs) and Poland. Poland, as cited earlier, has more grantee programs than the other Eastern European nations (accounting for a higher percentage of expenditures), yet has fewer SCH than expected. These observations may in large part be attributed to the close-out of AID funded activities by both MUCIA and the University of Wisconsin-Madison in Poland during these two quarters.



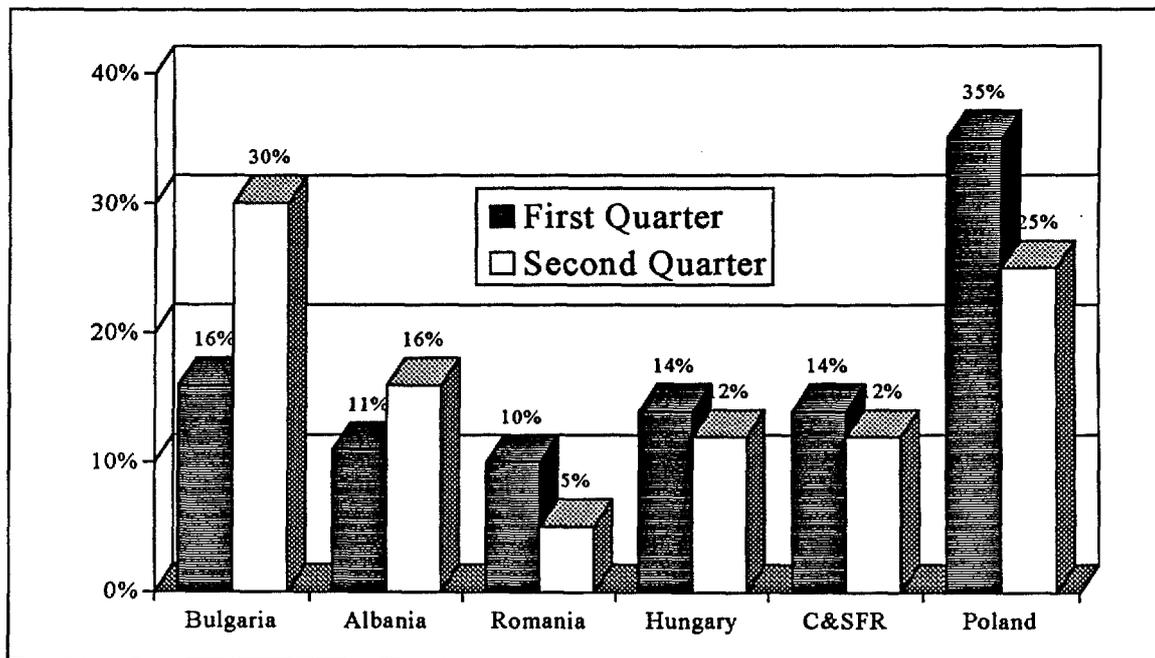
The second quarter of Year Two provides a different view of grantee activities. Note that once again the expenditures of the grantees operating in Poland far exceed the SCH. Grantees operating in the Czech Republic and Slovakia, on the other hand, seem to be providing a great deal of programming at a substantially lower cost. To explain this trend, look to the programming offered by the University of Pittsburgh, which emphasizes classroom instruction more than consultation and other more costly methods.

Moreover, note once again the proportion of expenditures to SCH in Romania. Without the influence of the Farmers' Fairs, the proportion is substantially different, yet the program still remains an efficient and effective operation.



The following table, *"Percent of Expenditures by Country,"* summarizes expenditures by location over the reporting time period. While several of the grantees reported relatively minor amounts of programming during the first quarter of the second year, four of the countries experienced higher rates of expenditures. Approximately 20 percent of total expenditures were spent on U.S.- based instructional staff salaries. Salaries for locals (target country citizens), including payment for hours spent on assisting grant administration and project delivery, also started to rise, accounting for five percent of total expenditures. For a detailed account of expenditures by category see Attachments 3 and 4.

Percent of Expenditures by Country - Year 2.



## **Participant Demographics and Evaluation of AID Grantee Programs**

The Evaluation Team developed and distributed Participant Inquiry Forms (PIF) during this reporting period as part of the on-going evaluation effort. In all, 761 PIFs were processed for the first and second quarters -- Year Two -- of the AID program. Some grantees are not represented in this analysis. Reasons vary from a lack of programming during that time period to an inability to return the forms in a timely manner to the Evaluator's office in California. The following universities submitted the most data:

- University of Delaware (Bulgaria) - 41% of the respondents
- SUNY (Hungary) - 18% of the respondents
- University of Washington (Romania) - 14.5% of the respondents

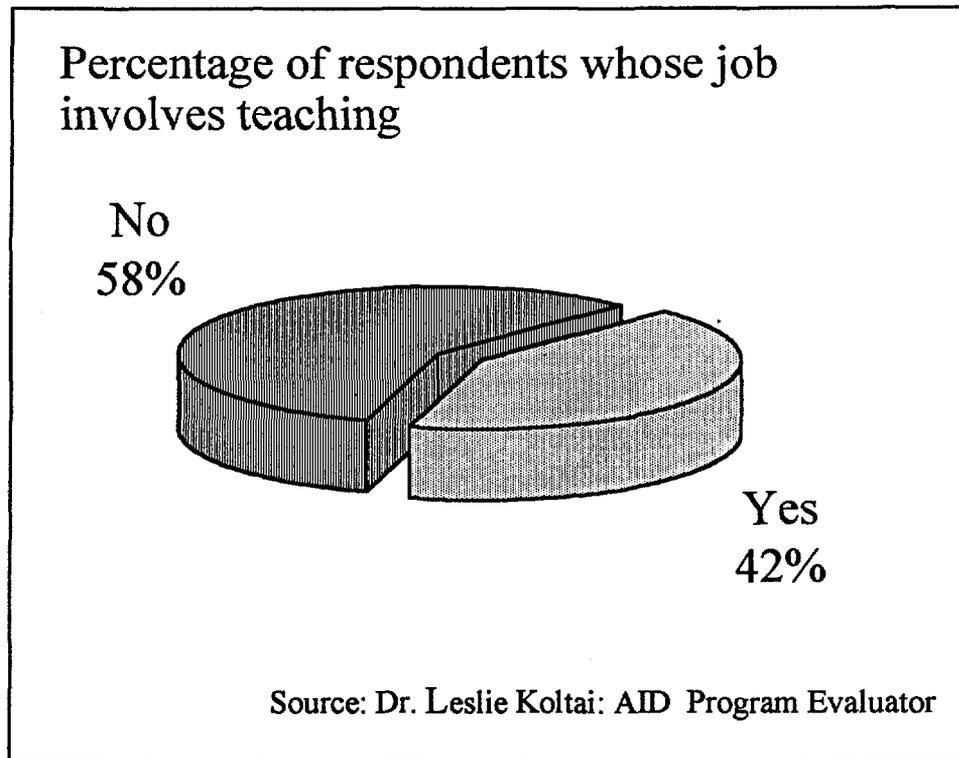
Other contributors to the data set were the University of Pittsburgh, MUCIA; the Ohio State University; and the University of Minnesota. Attachment 5 displays the average score, as well as other useful statistics, for each survey item.

As in earlier analyses of demographic data, this cycle of data indicates that the majority of the participants (60%) are male. The University of Nebraska-Lincoln (UNL) project in Albania, however, is an exception. On-site evaluation of the third UNL MTEE Conference revealed a remarkable percentage of female participants.

The average age of the respondents during this cycle was 33.5 years. The University of Minnesota's average was highest at 38 years, while the Universities of Delaware and Washington averaged 31 years. This trend may be attributed to project design. Where the University of Minnesota (Poland) is heavily focused on curriculum development and train-the-trainer programs, the Universities of Delaware and Washington (Bulgaria and Romania, respectively) offer short courses and counseling sessions that tend to draw a younger audience. Analyzing the data by city reveals that the participants in Budapest were the youngest, averaging about 27 years. All other locations fell much closer to the mean.

Age of project participants is an important indicator of program sustainability. So, too, is the participant's occupation. The hope, of course, is to attract and impact a large proportion of teachers who are the conveyers of knowledge. Teachers will be able to

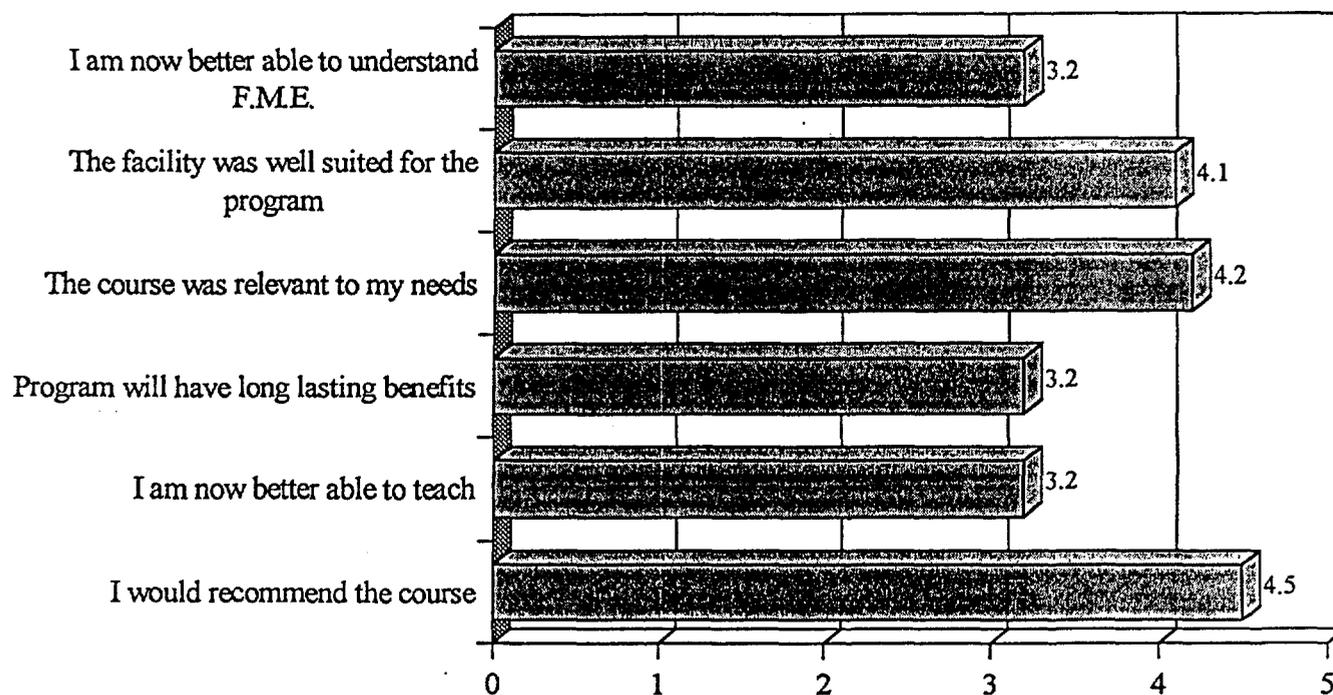
maximize the impact of the AID sponsored program over the long term by transferring the information acquired in AID grantee projects into their own classrooms. Sustainability is also enhanced as Western instructional technology becomes part of the pedagogical landscape of Eastern Europe.



The companion question to the teaching category on the survey asks whether the participant's job involves supervising. Not surprisingly, since these programs involve management training, the majority indicated that they are supervisors (51 percent).

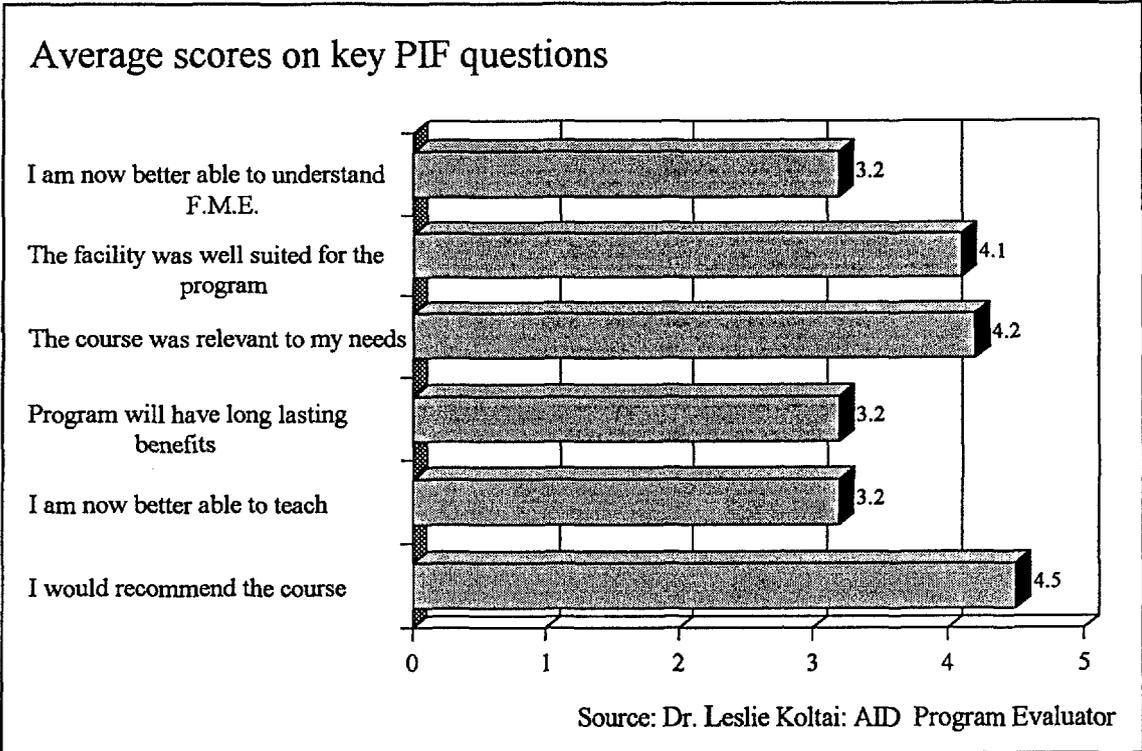
Another important aspect of project sustainability is a grantee's ability to market the program. Early on, project directors and their staff struggled with promoting program activities. Efforts to "get the word out" ranged from media events to flyers posted around the city. The following graph demonstrates how participants heard about the course of study in which they were enrolled. Analysis reveals that "word of mouth" via teachers and friends is a highly effective method of attracting students. Advertisements, usually located in newspapers, however, remain an especially effective tool for recruitment. Twenty-three percent of the respondents indicated they heard of the program through advertisements.

## Average scores on key PIF questions



Source: Dr. Leslie Koltai: AID Program Evaluator

The table above indicates that participants generally felt that the program was relevant, well organized, and utilized high quality instructors and staff. Nearly all the participants would recommend the course to others. The degree of learning or the participants' preparedness for the materials is less apparent. Items measuring the respondents' understanding of the materials--their understanding of the Free Market Economy (FME)--receive lower scores. So, while participants believe they are being exposed to quality information in a quality environment, they are no, as yet, completely confident about teaching, supervising, and managing others within the framework of Western economic and management theories.



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## **Recommendations**

The following recommendations reflect the Evaluation Team's general program conclusions and provides an overview of issues that require attention from USAID and the MTEE grantees. These recommendations are reached following the results of site visits and an exhaustive reviewing of all available reports and data.

### **Consider developing multiple-year funding cycles.**

Too much time is spent on planning rather than producing or delivering services in these short grant "life spans." This is one consequence of a year-by-year funding process with limited guarantees. It is obvious that program delivery could be improved, as could international partner relations, if given the opportunity to develop multiple-year funding cycles.

### **Work to build academic support for curriculum changes from within.**

Academic changes affect the integrity of any university. In order to effect substantive, lasting change, grantees together with their university partners, must have faculty support and agreement to change. Support from above or outside will not guarantee commitment from the faculty. Rather, faculty acceptance and participation throughout the process will truly assure project impact.

### **Encourage conversation among the business and banking communities and local government.**

Roundtable discussions and forums that bring bankers and business people together would improve the understanding between these two communities. Communication may also foster a more lucrative business environment.

Banks must become more willing to invest their money back into the local community, despite the risk. To do so, they must learn how to analyze business plans, and how to set appropriate interest rates and collateral requirements. In addition, if banks are looking to increase their foreign capital, they must be prepared to handle joint venture requests and to sign letters of credit. The business community must learn how to properly present business plans for assessment, provide all documentation required by the banks, and be clear in understanding their obligation to business loans and payment plans. Together these two sectors can work synergistically in building a market economy.

Bringing local government offices and representatives into the conversation may help to ensure that gains made in the private sector are backed by government support.

Government must continue to adopt regulations standardizing business practices, such as Accounting and Finance standards, so that all parties know and understand the national regulations. One step to improve this process is to make an extra effort to recruit government personnel and/or to offer special training tracks for this peer group.

**Establish long-term academic presence utilizing the appropriate professorial and volunteer organizations.**

A much stronger faculty presence on-location is preferable and should replace the all too prevalent faculty "shuffle" between the U.S. and Central and Eastern Europe to maximize impact and effectiveness. In establishing this longer term presence, many American universities face the challenge of finding enough people willing to spend long periods overseas. Recognizing the constraints that American faculty have on their time, the Evaluation Team recommends that the projects explore other areas of available assistance - specifically the Peace Corps, MBA interns, International Executives Corps, and Citizens Democratic Corps volunteers.

The university grantees should also bear in mind that professors who are experts in lower division instruction may be more effective for extended stays than those with experience teaching at the research level. University faculty experienced in instructing at the undergraduate level are likely to be better suited to cover the introductory and intermediate course offerings required to establish the educational groundwork for their colleagues at the research level to handle advanced topics. Future project designs should reassess the selection of American faculty.

**Establish "mentoring" relationships between American and local faculty.**

Many project staffs are challenged with transforming the attitude of the local faculty. Local faculty are not used to an interactive method of teaching either in the classroom or during office hours, and sometimes feel threatened by a new approach which forces them to interact and be questioned by their students. This challenge is compounded by the fact that the student body runs ahead of the faculty in knowing what it wants from the university. As a result of this rapidly changing environment, a "bottleneck" often occurs when faculty are not up-to-speed to meet these new demands. U.S. faculty "mentors" on extended stays can provide guidance before and during project offerings, and will ensure appropriate follow-up at the conclusion of short-cycle programs for the people who need it most -- the local faculty.

**Match U.S.- based programming with assignments to be completed back in the target country. To improve effectiveness. Recruitment for U.S. training activities must be highly selective.**

U.S. training programs should be accompanied by follow-on assignments back in the home country with expectations that, upon their return, target country faculty are committed to long-term service.

It is important to channel the eagerness and enthusiasm that can develop stateside productively back in the target country. Therefore, participants who have the ability and drive to keep the momentum going, and thus be "agents of change," are appropriate for state-side training.

**Improve grantees' record keeping systems.**

Each project should engage in continual self-assessments, including the proper maintenance of records to serve evaluation, monitoring, and auditing purposes. The Evaluation Team will continue to assist in this effort by integrating a series of common practices to be adopted by all grantees; however, each project is accountable to the Team and AID for failing to keep records or deadlines. Furthermore, the recording of self-evaluation materials will improve the project's perception of itself and improve the program as it develops.

**Support and encourage greater communication between projects and programs.**

Grantees have on repeated occasions requested the ability to contact and talk with other grantees. The Evaluation Team feels strongly that such cross-project and cross-country communication could only strengthen the foundation of the MTEE Program. In response, the Evaluation Team has organized the Project Directors' Meeting being held in Budapest, Hungary from July 19-23, 1993.

It is hoped that the meeting will facilitate discussions on how to better interact, share resources, and draw on each project's strengths to improve the overall delivery of the program.

**Improve American grantee comprehension of Western European activities and determine the level of cooperation versus the level of competition that exists.**

Over the past year, American programs have remained on the periphery of activities due primarily to select "advantages" provided by Western European donors. An understanding of European aid activities in relation to American efforts would enhance an understanding of region-wide activity and determine the level of friendly competition coming from our Western European counterparts.

Currently, the MTEE program is responding to competitive force by strengthening U.S. presence and affiliations through the Center of Excellence substructures.

**Establish an appropriate balance between training and consulting activities.**

Placing priority on individual counseling sessions is, under current conditions, not cost efficient or effective. It lowers the multiplicity factor in disseminating information and only indirectly strengthens faculty teaching skills. Projects that focus on one-on-one consulting services must still maintain the academic development of their project. Such

activities should be complemented by an academic component that will fulfill two objectives: 1) training local individuals to become consultants/advisors; and 2) teaching and disseminating information effectively to the community via seminars and workshops.

Furthermore, educational assistance provided by the MTEE Program must be distinguished from technical assistance that the U.S. government is already providing through other agencies. For example, small business development services offering consultations to their clients fall under this program. But, consulting to the government or large state companies, which is often categorized as technical assistance, does not fall under the purview of this program. The difference is in the MTEE Program's ability to work in conjunction with technical assistance efforts by designing and delivering highly specialized or more general short courses and seminars to meet the specific needs of each target audience.

#### **Differentiate course offerings to fit target audiences.**

Courses for faculty should be tailored to deal with pedagogical and methodological issues, in addition to the development of new course topics. Hands-on practical experience should be offered to business people, while government officials should be educated with a focus on policy development and social impact.

#### **Develop and institute fee structures to guarantee sustainability of project components.**

Taking a "product to market" measures public demand. This response allows market forces to dictate the relative worth of an activity, and therefore, its ability to continue. Establishing fee structures will take time; the process must start now.

#### **Discuss project expectations between partners and agree upon common objectives.**

A balance needs to be established between taking the time to assess local needs and meeting project goals and timelines. The most important lesson learned to date is the need for both parties to agree upon and understand clear guidelines and expectation levels.

This issue of meeting expectation levels is particularly pertinent when projects rely upon local nationals to administrate and coordinate project activities.

On a more basic level, some project staffs have determined that training local staff for basic office and secretarial skills is worth the investment in their long-term goals of establishing permanent delivery systems.

#### **Establish certification programs for local trainers to ensure quality of work and level of commitment.**

It is necessary to have a system for training new trainers that will install a criteria and mechanism by which new employees earn counselor and short-course training status.

The purpose of this system is to enable partner institutions to continue to incorporate new trainers into their projects and combat attrition. A few of the projects have begun to establish certification programs for their trainers. These programs will add legitimacy and credibility to the knowledge and reputation of local faculty/participants being trained.

**Offer new courses to complement curriculum changes within universities.**

A re-occurring theme throughout the MTEE project has been the need to ensure that courses and seminars sponsored by the American assistance effort become fully integrated into the university. It is critical to the long-term development of these institutions that these courses become permanent elements of their curriculum.

**Provide in-depth briefings for Americans going abroad.**

The project needs to more thoroughly prepare the staff and instructors for their roles. Although the lengths to which the grantees go to prepare their staff vary, the Evaluation Team noted that virtually every group of participants and visiting instructors comment on their wish for greater familiarity with the conditions in-country.

**Explore linkages between research institutes and universities.**

Following the practices of the old Soviet system, the primary research institutes were removed from the universities, thus severely undermining the invaluable link between theory and practice that has proven so beneficial in the West. The Evaluation Team believes that a great deal of effort must be dedicated to incorporate these institutes into the universities. In addition to the obvious academic advantages to the universities, these mergers would also provide an opportunity to forge stronger links with the business community who may come to rely and use these important resources. These linkages will not only serve to strengthen businesses, but will also foster the private sector's belief in the importance of the universities.

**Case studies, once properly tested, should be more widely distributed to grantees.**

Many of the MTEE grantees are involved in writing cases that are attuned to local conditions in Central and Eastern Europe. Over the past year, many cases have been published by the grantees in compilation books. With the majority of project participants complaining that the majority of case studies being used are not relevant to local conditions, it would be worthwhile for the grantees to share their well developed cases and therefore make available a larger pool of teaching materials that are relevant to local conditions.

**Teach and discuss business ethics.**

Without some generally accepted and enforced sense of right and wrong, the worst elements of corruption will become institutionalized, prohibiting any participation in the international community. The Evaluation Team has repeatedly encouraged not only the inclusion of this topic in appropriate courses, but also its addition to the overall curriculum. Without swift action, this is sure to become an increasingly troublesome issue.

**Explore the various accreditation options.**

Accreditation will be a growing problem throughout Eastern Europe. Since the Evaluation Team's first site visits in 1991, private schools and training programs have sprung up, including our own programs. At some point, the issue of program quality will come under scrutiny. Were programs to establish their own standards of quality and begin a dialogue with their community on expectations for content and delivery, these programs could shape future accreditation processes rather than be regulated by them.

**Project Analysis by Grantee:**

Each grantee section is comprised of the following elements: description of quarterly reports, presentation of quantitative data, financial analysis and the Evaluation team's bi-annual assessment.

The Evaluation Teams assessment focuses on issues and recommendations that the Team considers critical to the continued success of each project. Though many issues substantially affect the individual projects, the Evaluation Team has confined itself to those that impact directly on each grantee's ability to deliver its project in accordance with the Management Training and Economics Education program's mission.

## Central Connecticut State University

### Poland

**Project Design:** Central Connecticut State University (CCSU) works closely with the Technical University of Wroclaw (TUWr) on a number of project components. The partnership is developing three strong academic programs: the Institute for Business Studies, a certificate executive education program for the business community; the School of Organizational and Managerial Communication --a joint collaboration between CCSU, the Technical University of Wroclaw and the University of Wroclaw to have a school of Communications; and, a training program for Lower Silesian high school teachers to learn how to teach economics, delivered by Solidarity trainers (trained by the project for this task). Additional activities include: ZIVEX consultants advising KGHM Copper Mining and Smelting Group, one of the largest employers in Poland, on restructuring and retraining local managers; special training programs for local bankers on the fundamentals of banking, entrepreneurs on how to write a business plan, and business people on the Principles of Export Marketing and International Trade. This summary is an analysis of project activity from June through December, 1992.

### Evaluator's Report

#### Project Administration

In November, Central Connecticut State University's partner institution, the Technical University of Wroclaw (TUWr), dedicated a facility to be used by the program. CCSU devoted \$15,000 to the renovation of the site.

Other administrative activities include an increased emphasis on sustainability, and the transfer of program responsibility to the Technical University of Wroclaw (TUWr).

Central Connecticut has been successful in two key areas: recruiting their target audiences and developing curriculum materials attuned to the local conditions of Poland. CCSU has trained a numerous faculty members and government and partner institution officials.

## **Realignment of Project Priorities**

The main issue facing this project is the need for extensive strategic planning to secure the sustainability of its efforts. In reviewing their third year proposal, this has clearly been CCSU's aim as well. During the past two years, the project has explored a number of academic approaches to disseminating knowledge to various audiences via six project components (the Institute for Business Studies, training for KGHM, Bank training, Grantsmanship Training, Entrepreneurial training, and Economic Education for Solidarity.) Rather than continue these separate components, the project is focusing its attention on developing, improving and expanding continuing education programs and auxiliary courses. The Institute for Business Studies, Economic Education for Solidarity, and the Organization and Managerial Communications School are priorities. Activities with KGHM Copper Mining and Bank training (primarily with Bank Zachodni) will be discontinued.

## **Institute for Business Studies (IBS)**

During the second year of activities, Polish faculty have become the principal teachers with American counterparts participating 20-30% of the teaching time. By the beginning of third year activities, Polish IBS trainers will handle all teaching responsibilities.

The Institute for Business Studies continues to operate efficiently. It has served as an instrumental training ground for TUWr faculty, launching them into other aspects of this project's training activities. It also seems to be developing a very positive reputation, attracting a strong audience comprised of business managers, faculty, students and government representatives. However, IBS is about to face the true test of recruitment by charging fees for the program (\$312.50 U.S.). Charging fees for training services marks a significant step forward for this project, in that market forces will now determine its ability to continue.

Rather than enlarge the IBS project component at TUWr, CCSU has opted to offer both subject-specific and advanced short courses while broadening its area of coverage. New topics will include Small Business Development, Human Resource Management, ISO 9000 Total Quality Management, Statistical Process Control and Quality by Design: Taguchi Methods. Training by TUWr faculty will extend to TUWr branches in Jelenia Gora, Legnica, and Walbrzych. This will allow the project to reach a large population that is in desperate need of developing new skills and has limited access to this type of training. (Many of these towns are about to face skyrocketing unemployment rates as state industries close.)

IBS is a continuing education program, but it may ultimately become a School of Business in its own right. If so, then the next tier of intermediate course offerings should be developed. It is possible that CCSU's move towards offering new short courses will lay the groundwork for this second tier. The project, however, faces the same roadblocks as other grantees trying to establish new faculties. the pace of change is slow at the university, with little flexibility demonstrated by key players --in this case the faculty. In

the meantime, enrollment has increased 50 percent since 1991, adding another 5000 students. In response to TUWr growth, new admission requirements were established. Perhaps CCSU's subject specific approach to enlarging the type of course offerings will entice more faculty to participate.

During the recent site visit, conversations were held in an attempt to explore ways of providing the faculty with a thorough training structure. In response to the Evaluation Team's recommendation, CCSU is strengthening pedagogical and methodological training for its faculty counterparts. In cases where American professors visit Poland for a short period of time, CCSU has designed a comprehensive work week. Professors in the Organizational and Managerial Communications program, for example, work with TUWr faculty on curriculum, content, design and pedagogy prior to the course, provide one-on-one consultations during the course, and a final day devoted to curriculum design and problem solving.

Recommendation: This is an effective model to follow and should be adopted by other grantees with similar short course program designs.

CCSU faculty consulted with local faculty to enhance sustainability and program quality. Specific topics of discussion included: international marketing research; international marketing plans; international product adaptation; country of origin survey results; international communications; international channels of distribution; and licensing, franchising, and export intermediaries.

Other IBS activities included the increased use of computer software as a teaching tool. In particular, software designed to simulate small business ownership was well received as an effective method by which participants gain an understanding of the market driven economy.

Having concluded the programming committed to in the Project Implementation Plan, the local partner requested additional services. Thus the IBS project component will begin its third year of activities to include five sessions, offered monthly, from February to June, with heavy involvement of the local faculty. To insure success, a training session will be conducted by CCSU staff prior to program implementation.

### **In-house Executive Training at KGHM Copper Mining and Smelting Group**

The period covered by this report was primarily utilized as a training session for partner faculty and senior management. In November, project faculty engaged in training sessions with a number of local faculty. These individuals gained an enhanced understanding of the "case method of instruction," while management personnel studied privatization strategies. Management participated in a six day, 52 hour session. Specific topics covered by the faculty trainees included cash flow analysis and capital budgeting and audits. Specific cases ranged from performance appraisals to layoffs and decentralization.

## **Banking Fundamentals**

The project staff concluded from their experiences with earlier programs that a number of challenges lay ahead for Polish banking. To help the banking community meet these challenges, the staff proposed a number of new courses.

The banking session, offered late in the reporting period and attended by 42 participants/bankers, emphasized the identification and management of problem loans. Topics such as loan approval, credit administration, internal controls, loan management and asset recovery were discussed.

The Evaluation Team met with the bank training coordinator and representatives of Bank Zachodni. To date, the majority of training participants have been Bank Zachodni employees, with 1500 of the 3500 employees having participated.

The bankers were more interested in techniques for bank growth than the mechanisms of banking. Topics of interest include: bank participation in the securities market, protection against risk, foreign exchange risk and changing interest rates under inflationary conditions, and development of bank products. Based on these specific needs, it seems that bank training is more appropriately handled by the U.S. Department of Treasury which has set aside funds for banking. (It was also called to our attention that Bank Zachodni is a shareholder in the Banking School in Warsaw which is receiving funds from the Department of Treasury for curriculum development.) In addition, Bank Zachodni expressed resistance to the idea of including officials from other area banks for this training; the project director feels that inclusion of other banks is essential to the mission of this A.I.D. project.

Recommendation: CCSU withdraw from their bank training project, and instead enlarge their relationship with the vojevodeship (district offices) in offering specific training on issues relating to banking policies and privatization. It seems that CCSU is moving in this direction. According to their third year proposal, courses on "Production for Markets" will recruit workers and managers from key enterprises facing privatization. In addition, trainers previously involved with ZIVEX and KGHM will provide privatization counselling to participants selected in cooperation with regional Solidarnosc and Lower Silesian vojevodeship economic development officials.

## **Export Marketing**

This component is comprised of several one-time short courses. The session entitled "Principles of Export Marketing and International Trade" was presented during this period, with twenty-five students enrolled. In addition, CCSU conducted two days of pedagogical training for eight partner professors. Additional consulting services covered topics such as: measuring a company's international quotient; getting started-trade shows; securing internal support; and financing, shipping, and insurance.

According to the project coordinators, the interest in the course was less than expected. They felt that three factors contributed to lower turnout: participants had to pay for the course; the topic was very specific; and, sessions were not scheduled properly.

### **In-House Executive Training - KGHM Copper Mining**

Through a subcontract with ZIVEX, an American consulting group, project activities over the past year have benefitted KGHM. However, given the magnitude and delicacy of the company's problems, KGHM needs specific professional managerial services to advise on internal management issues, diversification, and privatization.

Recommendation: Future activities should be more appropriately negotiated between ZIVEX and KGHM to directly fulfill specific consulting needs. Therefore, AID would no longer fund this effort. This does not necessarily mean that all training should stop. A strong relationship continues to exist between KGHM and Wroclaw Technical University with KGHM turning to the Polytechnic for training.

### **Grantsmanship / Communication Programming**

CCSU concluded their efforts in the area of grantsmanship by securing the status of the grant resource office and assisted in informing the community of the resources that presently do exist at the Technical university. Conversations with participants show a need for such an office, still being discussed by the two universities. According to the project director, the Rectors of the University of Wroclaw and TUWr have been discussing possible arrangement in assigning one person to run the grants office, but no action has yet been taken.

Although CCSU had originally planned to develop their grantsmanship program more fully, they have opted to redirect their energies to a new endeavor. At the request of the Rector of the TUWr, and in cooperation with the University of Wroclaw, the project is establishing a School for Organizational and Managerial Communication --the first of its kind in Central and Eastern Europe.

During the Evaluation Team's visit, the Communications program began. Although it is not yet a full academic program the hope is that it will evolve into one. Since this activity has just begun, a more extensive evaluation will be conducted in the future. There is a strong commitment and sense of cooperation between the University of Wroclaw and the Technical univeristy in establishing a permanent school of communications. This type of local university partnership is the first of its kind and may serve as an important example for the larger academic community in Poland.

### **Organizational and Managerial Communication**

In preparation for project delivery, case studies were translated and the appropriate books, monographs, etc. donated to the TUWr library. The first session, "Public Relations," was attended by thirty participants, ten of whom were government officials.

Also enrolled were four representatives of the media and several business and faculty members. As with many of the other project components, the CCSU staff is working toward training local faculty to maintain sustainable efforts.

### **Economics Education for Solidarnosc and Lower Silesian High School Teachers**

Training of the Solidarity councils continues with the project hoping to reach its original target of 1400 worker's councils. Furthermore, the coordinator of this component is trying to expand this project component to utilize trainers who have been teaching Solidarity workers' councils to assist teacher-training institutes.

Activities now include training for high school teachers with CCSU having established a relationship with the Wroclaw Teacher Training Center. This center, under the auspices of the Ministry of Education, offers continuing education programs for secondary school teachers throughout the region. Programs are usually designed in Warsaw, but Wroclaw would like to take the lead in developing economics education materials.

Given the growing need for economic education, the Center staff formulated their expectations of continued assistance in a proposal to continue with the summer program and allow well prepared teachers to continue preparing materials for other teachers. Some trial lectures have been held, and the response was favorable. The video "Economics USA" was the primary means of instruction for the target audience. In addition, numerous class-room exercises were developed by the CCSU staff. Training sessions, led by first year participants, continued to occur on a regular basis.

It appears that since the recent evaluation site visit, agreements with the Center have been formalized and CCSU will begin to offer market economics training for Lower Silesian high school teachers this summer. This training focus is an especially positive development because training at this level will have a profound effect on the future generations.

### **Compilation of Economic Terms**

Since the start of this grant, CCSU has been actively working on compiling a glossary of economic terms. During this period, the glossary was completed and published. It is the intention of the project staff that the glossary be widely distributed. The greatest problem, however, continues to be issue of copyrights piracy which CCSU is trying to resolve.

### **Student Contact Hours and Financial Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial data reported by the grantee during the reporting period.

### **Evaluation Team's Summary of Observations**

The project is "future-oriented," with appropriate capabilities for modifying program components with questionable results. Central Connecticut State University has been successful in bringing together local higher education institutions and in creating a bridge between the academic and business communities. This should continue to be fostered and enhanced.

The move to have local trainers take over teaching responsibilities of basic courses is an important step for the project. This transition should be completed so that American assistance can continue to devote its energies to new endeavors. Meanwhile, the project should continue to forge ahead in the introduction of new areas of study and in upgrading and upscaling curricular program offerings.

CCSU will have to delineate functions between the Center of Excellence and continuation activities. Furthermore, careful review of CCSU's partnership with Solidarnosc should be continued.

In meetings with the Evaluation Team, Central Connecticut's Project Director clearly stated the project's objectives, " Our goal is to establish sustainable institutions." Based on the recent evaluation site visit and an analysis of the project's third year proposal, the project is clearly and aggressively moving towards this end.

**Student Contact Hours - First Quarter - Year Two**

Participant Categories	CCSU			Total CCSU
	Mgmt. Ed.	Econ. Ed.	% of Total	
Training Trainers	310	1956	0.43	2266
Students	32	0	0.01	32
Government Officials	32	0	0.01	32
Business Community	1458	0	0.27	1458
Journalists	0	0		
Unemployed	0	0		
Agriculture	0	0		0
Other Groups	0	0	0.00	0
Solidarity Workers	0	1536	0.29	1536
<b>Total SCH</b>	<b>1832</b>	<b>3492</b>		<b>5324</b>
<b>% Total Grantee</b>	<b>0.34</b>	<b>0.66</b>		
<b>Percent of Total</b>				<b>0.03</b>

**Student Contact Hours - Second Quarter - Year Two**

Participant Categories	CCSU					
	Mgmt. Ed.	Econ. Ed.	Consul.	Bus. Comm.	% of Total	Total CCSU
Training Trainers	593	357	448	345	0.21	1743
Students	236	0			0.03	236
Government Officials	56	0		321	0.04	377
Business Community	2615	0		280	0.34	2895
Journalists	0	0		56	0.01	56
Unemployed	0	0				
Agriculture	0	0				
Other Groups	0	0				0
Solidarity Workers	0	3104			0.37	3104
<b>Total SCH</b>	<b>3500</b>	<b>3461</b>	<b>448</b>	<b>1002</b>		<b>8411</b>
<b>% Total Grantee</b>	<b>0.42</b>	<b>0.41</b>	<b>0.05</b>	<b>0.12</b>		
<b>Percent of Total</b>						<b>8%</b>

**Financial Data - First Quarter - Year Two**

	AID Expenses		Cost Share		Total CCSU
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	21,848	10,000	13,052	15,000	34,900
Staff Salaries U.S. (Staff)	20,540	56,250	0	0	20,540
Fringe Benefits	7,148	16,500	6,529	7,500	13,677
Salaries Local	49,060	16,250	0	0	49,060
Consultants	17,935	2,500	0	10,000	17,935
Travel - Per Diem	23,590	20,000	0	0	23,590
Nonexpendable Equipment	656	3,500	1,039	0	1,695
Expendable Supplies	0	5,000	0	5,000	0
Indirect Costs	29,446	29,800	0	0	29,446
Participant Costs	0	0	0	0	0
Workshops, Seminars, Conf.	0	0	0	0	0
Video/TV Production	0	0	0	0	0
Subcontractors (Zivex)	43,095	0	0	0	43,095
Subcontractors (WTU Equip.)	7,000	0	0	0	7,000
Subcontractors (WTU Supplies)	7,000	0	0	0	7,000
Translation	2,000	0	0	0	2,000
Scholarships	0	0	0	0	0
Curriculum Development	0	0	0	0	0
Other Direct Costs	0	0	0	0	0
Other Reimbursement	0	0	0	0	0
<b>TOTAL</b>	<b>229,318</b>	<b>159,800</b>	<b>20,620</b>	<b>37,500</b>	<b>249,938</b>
Percentage of Total Expenditures					7%

**Financial Data - Second Quarter - Year Two**

	AID Expenses		Cost Share		Total CCSU
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	38,040	25,000	0	0	38,040
Staff Salaries U.S. (Staff)	39,793	56,250	11,840	14,018	51,633
Fringe Benefits	16,416	24,000	3,347	3,886	19,763
Salaries Local	0	16,250	0	0	0
Consultants	12,126	12,500	0	0	12,126
Travel - Per Diem	20,540	20,000	0	0	20,540
Nonexpendable Equipment	0	3,500	0	0	0
Expendable Supplies	416	10,000	0	2,500	416
Indirect Costs	17,321	29,800	0	0	17,321
Participant Costs	0	3,500	0	0	0
Workshops, Seminars, Conf.	0	1,000	0	0	0
Video/TV Production	0	0	0	0	0
Subcontractors (Zivex)	0	0	0	0	0
Subcontractors (WTU Equip.)	0	0	0	0	0
Subcontractors (WTU Supplies)	0	0	0	0	0
Translation	0	0	0	0	0
Scholarships	0	0	0	0	0
Curriculum Development	2,788	0	0	0	2,788
Other Direct Costs	3,102	0	0	0	3,102
Other Reimbursement	0	0	0	0	0
<b>TOTAL</b>	<b>150,542</b>	<b>201,800</b>	<b>15,187</b>	<b>20,404</b>	<b>165,729</b>
Percentage of Total Expenditures					5%

## **Iowa State University**

### **Czech Republic and Slovakia**

Project Design: Iowa State University (ISU), employing a "demand-driven" philosophy, is working with a number of partner institutions in the Czech and Slovak Republics on 4 project components comprised of a total of 9 counterpart teams. They are: Management and Economics Education for Agribusiness Managers (MEEAM) - 4 teams, Curriculum and Materials Development (CMD) - 2 teams, Extension - 1 team, and Policy Analysis - 2 teams. In addition, ISU has been working on production, broadcasting and distribution of a television video series called "The Doorway to Opportunity." The quarterly reports analyzed for this report covered the period between September 1 through December 31, 1992. Note: Though that time period does not correspond with the proscribed timeline, ISU asked that their report be accepted as a complete record for both quarters.

### **Evaluator's Report**

#### **Administrative Activities**

During the report period, the management component focused on first, the finalization of the Counterpart Team structure; second, the hiring of new in-country coordinators, Ms. Nina Jurewicz (Slovakia), and Ms. Catherine Hope (Czech Republic); and third, the distribution and analysis of a follow-up evaluation of year one participants.

The most challenging obstacle to ISU's continued success was presented by the split of the Czechoslovak Federal Republic on January 1, 1993. Although the project now finds itself working in two new countries, the Czech Republic and Slovakia, the project's leadership positioned themselves well in anticipation of this development. As a result, this important milestone had only a modest impact on project activities and caused no serious problems. To maintain efficiency, administrative and management activities at Iowa State University will continue to be handled by a single, unified team.

To insure that both countries continue to be well served, ISU assigned an in-country coordinators in both the Czech Republic and Slovakia. Ms. Jurewicz and Ms. Hope are important communication points between ISU and the various participating universities. Unfortunately, however, they do not make up for the lack of continued academic presence.

**Recommendation:** A much stronger faculty presence on the scene is preferable and should replace the faculty shuffle. Such recommendations have taken root in the ISU

third year proposal. Although the counterpart teams will continue, there are fewer planned. In addition, the teamwork should be significantly strengthened by the presence of rotational extended stays by ISU professors.

### **Project Design - Demand Driven**

To be directly responsive to the conditions in both the Czechlands and Slovakia, Iowa State increased the involvement of the partner institutes in the planning and coordination of activities. This expanded role, referred to by ISU as the "demand driven" process, of year two activities utilizes "counterpart teams." These teams, comprised of ISU project personnel and partner institute members, increase the overall effectiveness and coordination of project activities while enhancing the transfer of skills and knowledge to their Czech and Slovak partners.

Iowa's experimentation with this "demand-driven" process depends upon the strengths and effectiveness of their "counterpart teams." Having gone through one cycle, it is hoped that the process will be improved. Although this demand-driven process is praised for its ability to maintain relevance, any further delay in project implementation will ultimately detract from this method's advantage.

Iowa State University's redesigned project focuses on tactical objectives but lacks strategic perspective. Perhaps focusing this perspective will clarify the following questions: In what direction are they heading? Can ISU succeed without having a strategic plan for being on site?

Recommendation: A balance needs to be established between taking the time to assess local needs and meeting project goals and timelines. The most important lesson learned to date is the need for clear guidelines and expectation levels which both parties agree to and understand. In addition, workplan ideas, once fully developed, should be discussed with local AID representatives for guidance and approval prior to implementation.

### **Project Activities**

As people come to understand that marketing is inextricably linked with production, quality and policy, the demand for competent instruction grows. ISU recognized that in the case of agriculture, marketing is more than simply "understanding consumer behavior." Three distinct areas of concentration have been targeted: the marketing of processed agricultural products; marketing for primary producers; and marketing as it related to industry structure and performance.

One of the largest obstacles to providing technical assistance to the agricultural communities was bridging the gap between American knowledge and perspective of the work and the knowledge and world view of the Czechs and Slovaks. In response, several Czech and Slovak teams were encouraged to submit proposals to the Iowa State project administrators. Given their intimate understanding of current conditions, this high level of

local participation should ensure that each project element is carefully tailored to the needs of the intended audiences.

Activities centered on the development of four Counterpart Team components, mentioned above. Each in-country team is assigned an ISU partner team to work on the development of specific goals. The teams, participating institutes, and activities are described below.

### **Management and Economics Education for Agribusiness Managers Team (MEEAM)**

Referred to as MEEAM, this team activity is designed to enhance the ability of partner institutes to provide economics and management education. A special emphasis is placed on the transformation of collective farms and the privatization of state farms.

Partner institutes include: Agroinstitute, Slovak Ministry of Agriculture along with the participation of the Economics University, Bratislava, Slovakia; Southern Bohemia University, Ceske Budejovice, Czech Republic; University of Agriculture, Brno (UAB) Czech Republic; University of Agriculture, Prague (UAP), the Research Institute of Agricultural Economics (VUEVZv), Czech Republic.

Select members of the faculty will participate in the development of case studies which will be incorporated into management workshops offered by the VUEZVz at the University of Agriculture, Prague. Additionally, faculty from the University of Agriculture, Prague and VUEZVz will develop curricula and teaching materials in business innovation and rural entrepreneurship.

### **Curriculum and Materials Development Team (CMD)**

CMD focused on curriculum improvement and the development of appropriate teaching materials for undergraduate education at both the University of Agriculture, Brno (Czech Republic) and the University of Agriculture, Nitra (Slovakia). The Czech and Slovak members of the team traveled to ISU in March to take part in intensive courses and seminars and work on research activities.

Efforts to develop case study methodology have been a primary focus of ISU's Curriculum and Materials Development Counterpart Team. These efforts will certainly be enhanced by local faculty participation in the World Association of Case Research and Analysis (WACRA) conference. We are pleased to note that Iowa is taking advantage of the Conference being held in Bratislava this year.

Recommendation: This project and others should continue to take advantage of such forums as vehicles for developing international networks and showcasing their programs.

### **Extension Team**

The Extension Team will examine the options for an extension service for the agricultural sectors in the Czech Republic. The team will make specific recommendations in the form of a policy paper to be delivered to the Czech Ministry of Agriculture in May, 1993. The Team plans to host a conference to publicize the proposal, once delivered. The highly political nature of an extension service (e.g., who will administer it, where will funding originate, corporate organization, etc.) may severely undermine any effort made in this area.

ISU's effort to establish an Extension Program is not an extension program in the American sense of the term. It offers neither a degree granting program nor continuing education classes. Rather, the Extension program will provide consulting and advisory services to the farming community at centers around the country. Such a service is a new concept in the country and is favored by the Czech government.

Recommendation: If the program is accepted and integrated, it will need a strong academic component, presently undefined, to fulfill two efforts - 1) training local individuals to become consultants/advisors; and, 2) teaching and disseminating information effectively to the community via seminars and workshops.

Note: The MTEE program will not cover the academic development of this component. As of Year Three funding, Extension activities will be transferred to Iowa's AID funded RAAPS Program which has the budget to cover continued development and expansion of Extension services into Slovakia.

### **Policy Analysis Team**

The Policy Analysis Team will focus on increasing the ability of the University of Agriculture Nitra and the University of Agriculture Prague, together with the Czech Ministry of Agriculture, to broaden public awareness and understanding of agricultural policy in a market economy, and develop the ability to conduct independent policy analysis. Czech and Slovak team members were hosted in Iowa and Washington, D.C. in January, 1993 as a first step in exposing them to the "US policy arena."

The Evaluation Team believes this area of policy analysis should be more carefully examined to determine whether this activity appropriately meets the guidelines of the MTEE program.

### **Television Component**

The production of 12 half-hour video programs was completed --a significant accomplishment in light of the negotiations needed for broadcast agreements in both republics. Response to the initial presentation at the University of Agriculture Nitra, was positive. This component should reach well beyond the participants directly involved and significantly advance the general public's perception and understanding of the issues facing them during their transition to a market economy.

ISU plans to develop a series of lesson plans to complement the videos and workshops to maximize their application. ISU discussed distributing the videos and

support materials to other universities, high schools, and vocational agriculture schools with the Evaluation Team. However, the proposal for Year Three do not propose any specific measures or target audiences selected to achieve a wider distribution.

Recommendation: ISU is well aware of the marketing values of their videos. Now that a master has been made in English, the videos can be used in a multitude of markets for the simple cost of dubbing, airing, duplicating, and disseminating. This could prove very useful for training purposes in the Newly Independent States.

### **Grantee Self Assessment**

One of the strengths of Iowa State University's project is the emphasis it places on self-assessment. The project continued its practice of conducting and analyzing questionnaires completed by project participants. A survey was distributed to 150 first year participants. The bulk of the 117 respondents indicated that not only were the grant activities useful and relevant, but the activities also had an immediate impact on their lives.

### **Student Contact Hour and Financial Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial Data reported by the grantee during the reporting period.

### **Evaluation Team's Summary of Observations**

The report submitted by Iowa is well organized and clearly illustrates that the partner institutions have made significant commitments to the project, a level of commitment that is also shared by their faculty. However, the report lacks specific details regarding project activities and impact. Given that the report Iowa sent was to represent both the first and second quarters of the second grant year, this lack of detail raises questions regarding both immediate and long-term impact.

The strengths of ISU's efforts are: (a) that the project is tackling agribusiness, a formidable challenge; (b) that the project targets both the Czechlands and Slovakia; and lastly, (c) the staff has developed strong relationships with partner institutions illustrated by written and verbal commitments for space.

Areas needing more attention are: (a) the development of a long range plan both to implement the immediate project objectives and to guide the project into viability after ISU has left; and (b) the imbalance between planning/research efforts and actual training. More attention needs to be directed to training activities.

**Student Contact Hours - First Quarter, Year Two.**

Participant Categories	Iowa State				
	Mgmt. Ed.	Econ. Ed.	Consul.	% of Total	Total Iowa
Training Trainers	0	0	1397	0.81	1397
Students	0	0	5	0.00	5
Government Officials	0	0	194	0.11	194
Business Community	0	0	105	0.06	105
Journalists	0	0	6	0.00	6
Unemployed					0
Agriculture			22	0.00	22
Other Groups					
Other Groups					
<b>Total SCH</b>	<b>0</b>	<b>0</b>	<b>1729</b>		<b>1729</b>
<b>% Total Grantee</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>		
<b>Percent of Total</b>					<b>0.01</b>

**Student Contact Hours - Second Quarter, Year Two**

Participant Categories	Iowa State				Total Iowa
	Mgmt. Ed.	Econ. Ed.	Consul.	% of Total	
Training Trainers	0	0	1397	0.81	1397
Students	0	0	5	0.00	5
Government Officials	0	0	196	0.11	196
Business Community	0	0	105	0.06	105
Journalists	0	0	6	0.00	6
Unemployed					0
Agriculture			22	0.01	22
Other Groups					
Solidarity Workers					
Total SCH	0	0	1731		1731
% Total Grantee	0.00	0.00	1.00		
Percent of Total					2%

**Financial Data - First Quarter, Year Two**

	AID Expenses		Cost Share		
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	Total Iowa
Staff Salaries U.S. (Instruct.)	17,918		4,121		22,039
Staff Salaries U.S. (Staff)	43,861		10,088		53,949
Fringe Benefits	11,304		2,560		13,864
Salaries Local	0		0		0
Consultants	0		0		0
Travel - Per Diem	49,973		0		49,973
Nonexpendable Equipment	0		0		0
Expendable Supplies	3,411		0		3,411
Indirect Costs	55,170		0		55,170
Participant Costs	0		0		0
Workshops, Seminars, Conf.	1,372		0		1,372
Video/TV Production	4,304		0		4,304
Subcontractors	0				0
Subcontractors	0				0
Subcontractors	0				0
Translation	0				0
Scholarships	0				0
Curriculum Development	3,195		0		3,195
Other Direct Costs	7,801		0		7,801
Other Reimbursement	0		0		0
<b>TOTAL</b>	<b>198,309</b>	<b>0</b>	<b>16,769</b>	<b>0</b>	<b>215,078</b>
Percentage of Total Expenditures					6%

**Financial Data - Second Quarter, Year Two**

	AID Expenses		Cost Share		
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	Total Iowa
Staff Salaries/Benefits	77,234		0		77,234
Staff Salaries U.S. (Staff)	0		0		0
Fringe Benefits	0		0		0
Salaries Local	0		0		0
Consultants	0		0		0
Travel - Per Diem	33,062		0		33,062
Nonexpendable Equipment	0		0		0
Expendable Supplies	0		0		0
Indirect Costs	34,487		0		34,487
Participant Costs	0		0		0
Workshops, Seminars, Conf.	0		0		0
Video/TV Production	4,304		0		4,304
Subcontractors	0				0
Subcontractors	0				0
Subcontractors	0				0
Translation	0				0
Scholarships	0				0
Curriculum Development	0		0		0
Other Direct Costs	15,182		0		15,182
Other Reimbursement	0		0		0
<b>TOTAL</b>	<b>164,269</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>164,269</b>
Percentage of Total Expenditures					5%

## **Hungary**

**Project Design:** The State University of New York (SUNY) opened the Center for Private Enterprise Development. Situated in the heart of Budapest, the Center acts as the communication nexus for the various workshops, training courses and seminars SUNY offers throughout the country. This project places special emphasis on Total Quality Management (TQM). Activities include: Small Business Development Center advisory services, dissemination of a 16-part Accounting video, short courses for the business community and local faculty, establishment of local non-profit organizations to strengthen trading opportunities between the U.S. and Hungary, and preparation for trade delegation visits. The Center has also expanded its network by helping to establish two management development foundations in Gyor and Gyongyos. The period covered in this report spans June 18, 1992 through January 17, 1993.

## **Evaluator's Report**

### **Developing Project Focus**

SUNY's Year Three proposal is the culmination of two years of groundwork in which SUNY explored many training possibilities and university affiliations with varying degrees of success. In order to strengthen their program, we recommended that SUNY secure more substantial affiliations with those universities that have demonstrated greatest potential. In addition, SUNY needed to address the lack of curriculum coherence and multi-level course offerings. The third year proposal demonstrates action on these recommendations with resources devoted primarily to three institutions: Budapest Technical University (TUB), University of Miskolc, and Szeged University of Horticulture and Food Industry.

SUNY welcomed a new Center director, the former deputy director, who is expected to emphasize program sustainability. This period has been described by SUNY as primarily a time of preparation and development for the coming year. As a result, project activities were largely limited to project development, administration, and planning.

### **General Activities**

The project continued to adapt to a changing operating environment. Several modifications were made to the project structure to insure that project activities remained relevant. These "modifications" included: (a) the addition of an advisor from SUNY's Small Business Development Center to the Center staff. This advisor will advise Center graduates and

AID partner organizations in their development of similar small business development programs; (b) an increased emphasis on Total Quality Management courses; and (c) an increased reliance on specific partner organizations to coordinate and sponsor the courses offered in their areas of expertise.

In addition to the changes noted above, the Center hired several new employees to replace individuals who left the project at the end of the first grant year. The fourth MBA intern arrived at the outset of the quarter. As in the past, the intern will stay in-country for six months, dividing time equally between Center work and individual research.

The project staff met to establish an Artisan Management Development Foundation designed to enhance the artisan communities knowledge of business and management; worked with local mayors to attract tourists and foreign investors; developed new courses in regional marketing and small business management; and developed a conference on Total Quality Management with a partner institution.

### **Emphasis on Total Quality Management (TQM)**

SUNY's Center for Private Enterprise Development has distinguished itself by focusing activities on developing a firm understanding and commitment to Total Quality Management (TQM) in Hungary. Given Hungary's advanced business climate, this emphasis on TQM could give Hungary a significant advantage in the marketplace and could very well make it a model for TQM throughout the region. Furthermore, this direction provides SUNY with a clearly defined focus that it greatly needed.

The project has shied away from government involvement; less than two percent of the training efforts during its first year were devoted to government programs. However, SUNY has carved out a niche for itself, TQM, which substantiates the benefit of government involvement.

Recommendation: A local advisory committee should be established to handle the national and local issues created by the TQM development. This would establish a national forum for work in this area. It may also help to ensure that gains made in the private sector are backed-up by government support.

### **The Economic Literacy Project**

Another noteworthy development is the association with the Economic Literacy Project (ELP). The ELP rented office space at the Center to manage its operations and increase the level of cooperation between the ELP and the Center. The ELP and the Center have been working to market and distribute both the ELP's three part video series on basic business management and the Center's own fifteen part basic accounting instructional video series. The Evaluation Team requests a copy of this series for its analysis.

### **Management Training**

Few management training courses were presented this quarter, though the Center offered a single short course for small business and banking in Pecs with fifteen participants, nearly a third of whom had taken other courses offered by Center.

### **U.S. Based Training**

Two additional Hungarian Fellows, funded by the Pew Charitable Trust, joined the project. Each received individualized training to prepare them for their roles as consultants for the Center during the coming year.

### **Center Developments**

Following a visit to Gyongyos, the Foundation for Advanced Management announced a plan to create a non-profit organization to promote "economic cooperation" between Gyongyos and Buffalo. It was left unclear which funding source will sponsor this program.

The Center expanded its activities to better serve the Hungarian business community, including the preparation for and participation in the visit of a trade delegation from New York State, led by the Lieutenant Governor.

### **Program Sustainability**

Efforts to create sustainable programs proceeded with measurable success. For example, of the project participants in the second quarter, 33 percent were academics and 40 percent worked in government corporations. Moreover, students taking a second course increased by fifteen percent. Finally, the Center collaborated with local academics to develop more applicable and relevant course materials. Courses offered included: (a) Regional Marketing; (b) Small Business and Banking; (c) How to Write A Business Plan; and (d) Finance for Non-Financial Managers.

### **Trade Development/Small Business Development Center**

The SBDC began operations in October with the immediate goals of offering one-on-one consultation in the development of a small business; individualized international trade assistance and assistance to partner institutions interested in developing similar programs. Additional activities include the development of international trade opportunities and the facilitation of international business in Hungary. Interaction with the business community through this structure can be an important linkage. Upon inspection of SBDC forms, however, it was noted that the forms had not been adjusted to fit the local environment.

Recommendation: Adapt these forms to the local situation.

### **Cooperation with the Peace Corps**

SUNY wants a long term academic presence but faces difficulties in giving release time to professors --a problem tha the Evaluation Team recognizes is not unique to SUNY and has addressed it in the Executive Summary. During evaluation meetings the idea of coordinating with other international organizations was raised. SUNY's Year Three proposal reflects moves towards resolving this predicament. If an agreement can be reached, Peace Corps volunteers will begin to work with the SUNY Center.

### **Faculty interaction with Students and Business People**

In working on curriculum and faculty development, SUNY is challenged with transforming the attitudes of the local faculty. This challenge is compounded by the fact that the student body runs ahead of the faculty in knowing what it wants from the university. The roadblock appears when the faculty are not prepared to meet these challenges head on.

Recommendation: Placing U.S. faculty "mentors" for extended stays may help this effort and is an appropriate first step in assisting this transformation.

The project's TQM design also poses the challenge of bringing the academic and business communities together. In an effort to facilitate this process, SUNY has begun planning the development of Centers for Industrial Effectiveness (TCIE). The centers represent partnerships between the private sector, government agencies and universities. This effort, however, is constrained by the newness of the local management staff and the lack of a trained core of faculty members who can successfully negotiate all the necessary relationships. Therefore, training is sure to be a priority.

### **Rector's Conference on Management**

SUNY conducted a Rector's Conference on Management during the year. It offered eye-opening perspectives on management and higher education skills. The project has expressed interest in expanding this effort beyond Hungary.

Recommendation: Being the primary deliverer of MTEE efforts in Hungary, SUNY should continue to focus on needs of the country, itself.

### **Student Contact Hours and Financial Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial Data reported by the grantee during the reporting period.

### **Evaluation Team's Summary of Observations**

SUNY established a viable multi-location management program in Hungary. The emphasis on TQM will help the Hungarian export business by offering practical opportunities for product improvement. SUNY's new association with the Budapest Technical University, a highly

distinguished and internationally known institution of higher education, promises a rewarding future.

The SUNY project continues to benefit from the analysis of its substantial self-evaluation efforts. The ability to recognize participant needs in a timely fashion, and respond in an equally timely manner allow the SUNY project to maintain the high-quality of its effort in Hungary.

The next step in improving the academic environment is to fill the gaps between universities and the research institutes particularly in reorienting research institutes under university structures.

**Student Contact Hours - First Quarter - Year Two**

Participant Categories	SUNY			
	Mgmt. Ed.	Consul.	% of Total	Total SUNY
Training Trainers	1568	127	0.81	1695
Students	184		0.09	184
Government Officials	48	9	0.03	57
Business Community	128	19	0.07	147
Journalists	0	0		
Unemployed	0	0		
Agriculture	0	0	0.00	0
Other Groups	0	0	0.00	0
Other Groups	0	0		
<b>Total SCH</b>	<b>1928</b>	<b>155</b>		<b>2083</b>
<b>% Total Grantee</b>	<b>0.93</b>	<b>0.07</b>		
<b>Percent of Total</b>				<b>0.01</b>

**Student Contact Hours - Second Quarter - Year Two**

Participant Categories	SUNY		% of Total	Total SUNY
	Mgmt. Ed.	Consul.		
Training Trainers	86	648	0.33	734
Students	136		0.06	136
Government Officials		59	0.03	59
Business Community	845	203	0.47	1048
Journalists	0	8		
Unemployed	0	0		
Agriculture	0	0	0.00	0
Other Groups	262	10	0.12	272
Solidarity Workers	0	0		
<b>Total SCH</b>	<b>1329</b>	<b>928</b>		<b>2249</b>
<b>% Total Grantee</b>	<b>0.59</b>	<b>0.41</b>		
<b>Percent of Total</b>				<b>2%</b>

**Financial Data - First Quarter - Year Two**

	AID Expenses		Cost Share		Total SUNY
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	15,100	0	0	0	15,100
Staff Salaries U.S. (Staff)	35,026	65,446	9,825	0	44,851
Fringe Benefits	16,907	20,704	1,718	0	18,625
Salaries Local	7,026	4,000	0	0	7,026
Consultants	6,167	18,547	0	0	6,167
Travel - Per Diem	16,528	19,840	100	0	16,628
Nonexpendable Equipment	0	0	70,000	70,000	70,000
Expendable Supplies	3,485	910	960	1,250	4,445
Indirect Costs	35,384	28,502	7,022	0	42,406
Participant Costs	9,412	10,786	0	0	9,412
Workshops, Seminars, Conf.	63	500	1,162	0	1,225
Video/TV Production	69,375	69,375	0	0	69,375
Subcontractors	0	0	0	0	0
Subcontractors	0	0	0	0	0
Subcontractors	0	0	0	0	0
Translation	13,189	1,006	400	0	13,589
Scholarships	5,653	0	0	0	5,653
Curriculum Development	0	0	0	0	0
Other Direct Costs	9,677	9,000	600	0	10,277
Other Reimbursement	0	0	0	0	0
<b>TOTAL</b>	<b>242,992</b>	<b>248,616</b>	<b>91,787</b>	<b>71,250</b>	<b>334,779</b>
Percentage of Total Expenditures					9%

**Financial Data - Second Quarter - Year Two**

	AID Expenses		Cost Share		Total SUNY
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	17,578	15,000	0	0	17,578
Staff Salaries U.S. (Staff)	97,744	62,971	9,825	7,825	107,569
Fringe Benefits	36,215	28,331	2,898	2,308	39,113
Salaries Local	15,233	38,163	0	0	15,233
Consultants	5,982	16,500	192	0	6,174
Travel - Per Diem	34,206	23,541	800	2,400	35,006
Nonexpendable Equipment	0	0	0	0	0
Expendable Supplies	2,767	4,500	300	2,500	3,067
Indirect Costs	57,910	50,311	2,079	3,235	59,989
Participant Costs	3,365	3,700	5,970	0	9,335
Workshops, Seminars, Conf.	2,885	6,500	6,010	200	8,895
Video/TV Production	0	0	0	0	0
Subcontractors	0	0	0	0	0
Subcontractors	0	0	0	0	0
Subcontractors	0	0	0	0	0
Translation	10,167	9,000	2,500	0	12,667
Scholarships	88	3,700	0	0	88
Curriculum Development	0	0	0	0	0
Other Direct Costs	32,595	29,500	600	0	33,195
Other Reimbursement	4,000	0	0	0	4,000
<b>TOTAL</b>	<b>320,735</b>	<b>291,717</b>	<b>31,174</b>	<b>18,468</b>	<b>351,909</b>
Percentage of Total Expenditures					10%



**B. QUALITY CONTROL  
MANAGEMENT**

**General**

Faculty will conduct seminars, lectures and individual consulting sessions.

**Industry Specific Quality Control  
Management**

1. Small substantive working conference of twelve key persons in the quality control field.

**Emphasis on Total Quality  
Management Training  
(TQM)**

- 1 day introductory conference, Budapest.
- 2 day TQM Awareness workshop, Szeged.
- SUNY consultants worked with faculty in Miskolc and Gyor.









**I. MICROLOAN PROGRAM**

Center to administer "Micro Loan Program" for small businesspeople.





## The University of Delaware

### Bulgaria

**Project Design:** University of Delaware (UD) operates on three concurrent tracks throughout the country; 1) The Management Education Program -- offers short courses to the business community, faculty and students -- activities also include consultation with private and government business managers; 2) Economics Education Program -- offers a graduate level program on two tracks, beginning/intermediate and advanced, to a cadre of students; 3) English Language Program (ELP) -- offers specialized language training in Business English, Banking English and Customer Service English, and provides language training support to those people participating in the other two tracks. In addition, members of this team provide logistic support for overall administration of the project. The central project office is located at the UD Resource Center in Sofia which also provides access to books, periodicals and other information sources, and a Media Room. This summary covers the period of activities from July 1 through December 31, 1992.

### Evaluator's Report

*Note to the reader: During this period the Evaluation Team did not conduct a site visit of the University of Delaware project. Therefore, both the information and data covering the first and second quarters have been reported by the grantee.*

### Project Administration

Several key new members of the University of Delaware's administrative staff were installed during the second grant year of the project. Dr. Stanley G. Shumway accepted the newly created position of Project Manager, while Sandra A. McCollum stepped in to replace Dr. Shumway as the projects in-country Coordinator.

These administrative changes, accompanied by the appointment of several new team leaders and in-country coordinators should allow for the continued successful supervision of this grant.

Plans for the second year include an emphasis on individual and institutional sustainability. This new emphasis is most apparent in the new affiliation developed with the Center for Training Foreign Economic Personnel (CTFEP) located in Sofia. This is an important move for Delaware project in that it will establish a direct affiliation with an institution in the capital city. Further, they have agreed to cooperate in offering advanced courses in economics and business, and in retraining CTFEP's foreign language faculty.

Although training activities will not begin until the third year of grant activities, the two institutions are working with each other to prepare course offerings.

The University of Delaware's Economic, Management, and English Language teams successfully completed their programs in Varna and returned to their base sites in Sofia and Plovdiv.

Additionally, the Management team completed its project in the city of Gabrovo. During the same period, the Economics team continued its graduate-level program in Sofia. Both project teams received operational support from the English language team.

### **Management Training Program**

The Management team finalized preparations for the second grant year. Activities in the first quarter were conducted in Varna and Gabrovo (summer locations) and then moved to Plovdiv for the second quarter.

Seven Management courses were offered in Varna (Production and Operations Management; two Human Resource Management courses; two courses in Export Marketing for New Business; and two courses in Basics on New Business Planning). At the same time, four courses were offered in Gabrovo (Management Techniques and Methods, Total Quality Management, Production and Operations Management, and Export Marketing for New Businesses).

Approximately 338 students participated in management courses during this quarter, and evaluations indicated that they were well received.

As planned, the project relocated to Plovdiv for the second quarter only to discover that UD lacked the proper partner institution support to successfully run the project. Despite these difficulties, the Management team delivered 7 courses to approximately 400 students before relocating the program to Sofia. The courses taught were Marketing and Communications and Advertising (offered twice, and enjoying the largest participation), Essentials of Marketing (two times), Managing the Small Export/Import Business (two times), and Financial Management and Accounting. In addition, a one-day seminar on marketing was offered in Pazardzhik (a small town near Plovdiv.) It seems that UD will continue to offer courses in this area.

The project returned to Sofia to continue activities. Considering the preparations described by UD for course offerings in Plovdiv, the reasons for retreating from Plovdiv remain unclear. The move back to Sofia was accompanied by a shift in the project's emphasis from agriculture to business management based on conversations with AID in-country representatives and the Department of Agriculture. Other activities of the management team included presentations and extensive consultation with private and government business managers.

An important component of the Management program is the MBA fellowship. Ms. Kalinka Momchilova of Varna Technical University was awarded the fellowship and has since arrived in Delaware to begin her studies.

## **Economic Education Program**

The Economics team completed instruction in Varna and returned to their base site in Sofia, resuming activities in mid-September.

The first and second phases of the Advanced Economics Program were completed during this reporting period, consisting of ten courses modeled on the University of Delaware's Masters degree program. Topics ranged from Microeconomics to Trade and Finance to Industrial Organization. Five new students have begun the program.

Presently, thirteen students are continuing in the program and several are nearing "graduation." The UD staff is making an effort to add new students to the program.

Although the performance of the 13 remaining participants was exceptionally good, the screening examinations used to select additional participants reveals just how few prospective participants are sufficiently prepared to enter this program. Efforts to expand the program include utilizing these highly trained students as supervised instructors in the near future. In general this program was well received by the participants.

In September, the Economics team also offered courses in Sofia to a total of approximately 205 students. Participants were advanced students from Varna as well as economists from government and academia. A total of six courses were offered: Money and Banking, Economic Development, Intermediate Microeconomics, Information and Firm Structure, Labor Economics and Econometrics.

The Advanced Economics program was reportedly successful in both Varna and Sofia. The courses were taught in English, and were comparable to graduate level courses taught at the University of Delaware.

The faculty and staff of the Economics Education Program had numerous other contacts/meetings and advising sessions with individuals seeking assistance. Their second quarterly report (pages 11-13) lists these activities in detail.

## **English Language Program**

The ELP continued to provide programmatic support to the other University of Delaware programs.

The English Language Program completed its Business English, Economics English, and Customer Service English programs in Varna and relocated to Sofia and Plovdiv. In total, nine courses were delivered in Varna, while the Sofia site offered two sessions of courses (for a total of 11 classes). The first session focused on English for Economists, while the second focused on English for Business.

Following a series of comments noted in the participant evaluations, the ELP reassessed the current four-week instruction structure and decided to offer six- and eight-week versions. The ELP program also finalized plans to offer Banking English courses in Plovdiv in which two distinct courses were offered: English for Bankers and English for Business, Banking, and Finance. In total, nine courses were delivered in Plovdiv.

One of the most interesting noteworthy elements of the projects self-assessment can be drawn from the results of the data depicting the types of students who participated in the fall ELP in Plovdiv and Sofia. Altogether, 615 participants took part, representing all segments of society. Careful analysis of participant type should enable Delaware to further refine the composition of entering classes.

One of the ELP's "other" activities was the maintenance of the Media Rooms in Varna and Sofia. In Varna, this service, designed to serve participants but opened to the general public, offered instructional video series, feature films, English proficiency testing, audio tapes, course materials, etc. Nearly 300 visitors made use of the Varna center. In Sofia, the Media Center added consulting services, to those noted above, to over 400 visitors.

### **National Focus Initiative**

In continued preparation for future activities, a substantial effort was made to develop a national focus for the overall program in cooperation with a number of government ministries.

The project dedicated significant effort to the development of closer relationships and coordination between the project, and ministry officials, and various institutions in Sofia. The attempt to augment the project's participant base (which has been largely composed of trainers, managers, and entrepreneurs) with government and public sector leaders, should prove beneficial to both the project and the host nation. Contacts with more than thirteen ministries were made during July and August. These initial contacts were followed up in September with a series of meetings which led to a number of important preliminary agreements with: the Agency for Privatization, the Ministry of Industry, the Ministry of Finance, the Bulgarian National Bank, the Ministry of Health, the Ministry of Labor and Social Welfare, the Ministry of Trade, the Ministry of Foreign Affairs, the Institute of Economics, the Federation of Scientific and Technical Organizations, and the Center for Administration.

In addition, the UD staff has developed contacts with a number of U.S. assistance agencies helping to enhance their efforts in Bulgaria, and to work with other assistance agencies.

### **Student Contact Hours and Financial Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial data reported by the grantee during the reporting period.

### **Evaluation Team's Summary of Observations**

As in the past the University of Delaware program demonstrates a high level of organization. The program is characterized by a clear sense of goals and clear planning. However, UD quarterly reporting lacks the descriptions of efforts being undertaken to produce sustainable systems. Furthermore, UD did not adequately address the reasons for relocating management activities from Plovdiv to Sofia, nor did it elaborate on the nature of preliminary agreements reached with a number of Bulgarian government institutions. Given Delaware's efforts to maintain a national focus and strengthen its affiliations in the country, it seems that the project is making progress.

Overall, it appears that the three tracks -- management, economics and English, are working effectively with one another.

**Student Contact Hours - First Quarter - Year Two**

Participant Categories	University of Delaware				% of Total	Total Delaware
	Mgmt. Ed.	Econ Ed.	Consulta.	English		
Training Trainers	2066	3002	90	930	0.34	6088
Students	576	2110	81	683	0.19	3450
Government Officials	18	397	15	213	0.04	643
Business Community	1020	1543	73	490	0.18	3126
Journalists	0	0	6	0	0.00	6
Unemployed	360	536	0	187	0.06	1083
Agriculture	0	0	0	0	0.00	0
Other Groups (State)	1340	1409	21	602	0.19	3372
Other/Academics	0	0	24	0	0.00	24
<b>Total SCH</b>	<b>5380</b>	<b>8997</b>	<b>310</b>	<b>3105</b>		<b>17792</b>
<b>% Total Grantee</b>	<b>0.30</b>	<b>0.51</b>	<b>0.02</b>	<b>0.17</b>		
<b>Percent of Total E. Europe</b>						<b>0.10</b>

**Student Contact Hours - Second Quarter - Year Two**

Participant Categories	University of Delaware			% of Total	Total Delaware
	Mgmt. Ed.	Econ Ed.	English		
Training Trainers	1480	1754	1737	0.24	4971
Students	1617	867	1569	0.19	4053
Government Officials	158	1032	1014	0.10	2204
Business Community	2599	709	1265	0.22	4573
Journalists	84	21	63	0.01	168
Unemployed	718	631	509	0.09	1858
Agriculture	0	0	0	0.00	0
Other Groups (State)	614	707	1038	0.11	2359
Other Groups	23	760	126	0.04	909
<b>Total SCH</b>	<b>7293</b>	<b>6481</b>	<b>7321</b>		<b>21095</b>
<b>% Total Grantee</b>	<b>0.35</b>	<b>0.31</b>	<b>0.35</b>		
<b>Percent of Total E. Europe</b>					<b>20%</b>

**Financial Data - First Quarter - Year Two**

	AID Expenses		Cost Share		Total Delaware
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	251,368	107,063	0	20,653	251,368
Staff Salaries U.S. (Staff)	36,608	10,761	2,426	8,475	39,034
Fringe Benefits	57,293	35,613	0	8,983	57,293
Salaries Local	13,728	7,345	0	0	13,728
Consultants	0	0	0	0	0
Travel - Per Diem	39,391	36,578	1,529	20,340	40,920
Nonexpendable Equipment	10,292	3,000	1,943	0	12,235
Expendable Supplies	18,963	16,955	249	0	19,212
Indirect Costs	149,399	79,189	1,592	13,253	150,991
Participant Costs	6,495	6,278	0	0	6,495
Workshops, Seminars, Conf.	0	750	0	0	0
Video/TV Production	0	375	0	0	0
Subcontractors	0	0	0	0	0
Subcontractors	0	0	0	0	0
Subcontractors	0	0	0	0	0
Translation	0	0	0	0	0
Scholarships	0	0	41,916	10,385	41,916
Curriculum Development	0	0	0	0	0
Other Direct Costs	0	4,535	0	0	0
Other Reimbursement	0	0	0	0	0
<b>TOTAL</b>	<b>583,537</b>	<b>308,442</b>	<b>49,655</b>	<b>82,089</b>	<b>633,192</b>
Percentage of Total Expenditures					17%

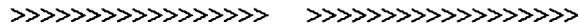
**Financial Data - Second Quarter - Year Two**

	AID Expenses		Cost Share		
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	Total Delaware
Staff Salaries U.S. (Instruct.)	472,434	428,251	35,900	82,613	508,334
Staff Salaries U.S. (Staff)	57,156	43,045	64,259	33,899	121,415
Fringe Benefits	139,112	142,452	29,023	35,933	168,135
Salaries Local	17,274	14,690	0	0	17,274
Consultants	0	0	0	0	0
Travel - Per Diem	64,459	73,159	1,529	40,680	65,988
Nonexpendable Equipment	12,514	6,000	2,002	0	14,516
Expendable Supplies	36,465	33,910	339	0	36,804
Indirect Costs	273,854	158,378	46,009	26,507	319,863
Participant Costs	8,978	12,555	0	0	8,978
Workshops, Seminars, Conf.	0	1,500	0	0	0
Video/TV Production	0	750	0	0	0
Subcontractors	0	0	0	0	0
Subcontractors	0	0	0	0	0
Subcontractors	0	0	0	0	0
Translation	0	0	0	0	0
Scholarships	0	0	43,720	41,538	43,720
Curriculum Development	0	0	0	0	0
Other Direct Costs (Ntl. Focus)	0	9,070	0	0	0
Other Reimbursement	0	0	0	0	0
<b>TOTAL</b>	<b>1,082,246</b>	<b>923,760</b>	<b>222,781</b>	<b>261,170</b>	<b>1,305,027</b>
Percentage of Total Expenditures					37%

**Trend Analysis - First and Second Quarters - Year Two**

<u>Project Components</u>	<u>Modifications</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
<p>Delaware program in three sites: Varna, Plovdiv and Sofia. Target Group = 750</p> <p><b>1. <u>Economic Education Program (EEP)</u></b></p> <p>- Use of 10 Basic Courses (listed below) in the following two programs:</p> <p>1. a) Regular graduate Program - To provide advanced instruction in Western Market Economics (20-25 advanced students)</p>	<p>- University of Del. Bulgaria Coalition (UDBC) initiated effort to bring in government and public administrators as participants in program (1Q)</p>	<p><input checked="" type="checkbox"/> Contact made with 13 Ministries and Agencies, July, August. Follow-up meetings with 13 organizations, Sept.</p>			
		<p><input checked="" type="checkbox"/> 10 Basic Courses in program. 20 students.</p>	<p><input checked="" type="checkbox"/> 10 Courses in program. 18 students remain in program.</p>		

**1. b) Economic instruction at an introductory level to business and government participants**



**BASIC COURSES:**

- 1) Principles of Economics
- 2) International Economics
- 3) Money, Credit & Banking
- 4) Public Economics
- 5) Managerial/ Intermediate Economics

**Addition to Sofia Courses:**

- Money and Banking Course
- Development Economics Course **(1Q)**

**VARNA Courses:**

- TOPICS:**
- Microeconomics
  - Macroeconomics
  - Principles of Microeconomics
  - International Trade and Finance
  - Principles of Macroeconomics
  - Money & Banking
  - Industrial Organization

**SOFIA Courses:**

- TOPICS:**
- Microeconomics
  - Money & Banking
  - Economic Development
  - Information and firm Structure
  - Labor Economics
  - Econometrics







**2. c) Industrial Management Curriculum Development**

- MTP to conduct program at Gabrovo, summer '92 in conjunction with the Technical University
- Provide consultation to faculty administration
- Conduct courses and workshops on teaching
- Assistance and guidance in developing teaching materials and case studies

**GABROVO**

(4 courses):

- Production and Operations Mgmt.
- Mgmt. techniques and methods
- Total Quality Mgmt.
- Export Marketing for New Businesses







## **The University of Minnesota**

### **Poland**

**Project Design:** The University of Minnesota is working closely with the Warsaw School of Economics to retrain faculty and develop new curricula with the intent of establishing a School of Business. Other universities throughout Poland participate in train-the-trainer sessions and curriculum development in hopes of strengthening their own universities. The subcontractors, Land O'Lakes, Sparks Companies Inc., and the Fund for the Development of Polish Agriculture (FDPA) are responsible for training activities in the Olsztyn area. Together they offer short courses and workshops on basic business and agribusiness topics. This analysis includes the time period between July 1 - December 31, 1992.

### **Evaluators Report**

This period was primarily a time of re-assessment of the grant's first year, and of planning for the second. In addition to these planning activities, the team coordinated an economics summer school for Polish faculty and a visit to the University of Minnesota by the Rector of the Warsaw School of Economics (WSE).

### **Project Administration**

The University of Minnesota assembled all Minnesota faculty members who had participated during the first year in a forum to share their experiences and make recommendations to the project managers for the second year. The most commonly shared opinion centered on the need for increased participation of the Polish faculty in the training activities. The group suggested that (a) training be held away from the University to allow Polish trainees the opportunity to concentrate on their studies; (b) the Polish faculty be invited to the United States to gain first hand knowledge of the methodologies and resources used in American universities; (c) more Polish case studies be developed; and (d) the Polish faculty "demonstrate that they were willing to take the torch and run with it."

As a result, the design of the second year project places greater emphasis on the assumption by Polish faculty members of responsibilities. This is to include co-teaching at

first, to be quickly followed by the transition to full teaching responsibilities in courses developed jointly with the University of Minnesota staff.

The University of Minnesota also hosted a meeting of all the organizations that make up the Partners in Economics and Management (PEM). Much of the resulting discussion centered on the ways in which to "improve the communication and coordination" between industry and the academic community -- a relationship which they believe would add substantially to the overall strength of the project. Further, the group agreed that the establishment of an "executive committee" in Poland would help to improve communication between the different activities.

### **University of Agriculture and Technology, Olsztyn**

In June, 1992, the Evaluation Team recommended that the University of Minnesota establish a closer relationship with the University of Agriculture and Technology in Olsztyn. During the initial year, Olsztyn, Land O'Lakes, Sparks Companies, Inc., and the Foundation for the Development of Polish Agriculture worked together in the delivery of applied management seminars. These relationships continued to be successful, but the Evaluation Team again emphasizes that the University of Agriculture and Technology in Olsztyn should participate even more actively in the project (with special emphasis on the university-level training offered through the Warsaw School of Economics).

Later that same month, the in-country director Bogdan Radomski, along with the project administrator Randal Zimmerman, and other key faculty members of the University of Minnesota met with the Rector of Olsztyn University. The Olsztyn University leadership prepared a detailed proposal to establish a new degree program based on assistance from the University of Minnesota. By the end of this series of meetings, the group agreed to three items: (1) that the members of the faculty of the University of Olsztyn play a larger role in the Partners in Economic Management (PEM) university-level training program; (2) that a team of University of Minnesota professors analyze Olsztyn curriculum and present recommendations for ways to strengthen their management and economics courses; and (3) to put together a business plan for a training center in Olsztyn.

### **Summer School in Economics**

The Economics Summer School recruited 45 participants from throughout Poland. Designed to address the teaching of intermediate micro- and macro-economics by Polish economics faculty members, the project was held in Suprasl.

### **WSE Rector Visits the U.S.**

During July, Aleksander Mueller, Rector of the Warsaw School of Economics, visited the University of Minnesota. During his stay he participated in a series of meetings with members of the Management Team. They decided to add two more school programs, and bring 25 Polish faculty members to the U.S. This element of the program was

expanded significantly, made possible by excess funds available from the original grant year.

### **The Polish-American Center for Economics and Management (WSE)**

On October 22, 1992, the University of Minnesota organized and participated in ceremonies officially opening the Polish-American Center for Economics and Management at the Warsaw School of Economics. The ceremonies were led by Professor Aleksander Mueller, Rector of the Warsaw School of Economics, and Dr. Zbigniew Bochniarz, project director of the PEM program. The American Ambassador to Poland, Thomas Simon, and his staff attended the opening and made formal presentations. Over 80 representatives from the Warsaw School of Economics (WSE), and universities around Poland who had participated in other PEM coordinated programs attended. Nearly 65 students received certificates of completion -- certifying the successful completion of courses offered either by Americans, or Americans together with Polish faculty partners.

The center has a large computer room and a small library which is utilized by both the project and other university courses. Although the center is open after class hours, it does not seem to be utilized to its potential. As a few students commented, people don't know the center exists.

Recommendation: WSE and Minnesota need to actively promote the center and its resources to the faculty and student body. As demonstrated by Minnesota's third year proposal, the center will gain a more public role by being a true center for resources and government training.

The Minnesota management team used the opening of the center as an opportunity to finalize planning for the 1992-93 academic year as proposed by Dr. Grezlonska and Dr. Radomski. The proposal outlined overall training activities which are to include a Winter School of Finance, two summer schools on management and economics, and seven curricula workshops to be held in Warsaw and Olsztyn. Some members of the management team took the opportunity to meet with the former Minister of Finance, Balcerowicz (and members of his staff), to discuss the future of the Minnesota project and the economic transformations in Poland. Finally, late in the month, Professor Hammond, of the Department of Agriculture and Applied Economics, delivered a series of lectures to both faculty members and students on agricultural marketing and market information systems at the University of Agriculture and Technology in Olsztyn.

During the fall, two Minnesota faculty members stayed in Warsaw to conduct curriculum development workshops focusing on marketing and transportation management, develop a series of case studies together with members of the WSE faculty, and give a series of lectures to students at WSE. The Polish case studies will be published in Poland by the partner faculty at the WSE, and made available to students both in the program, and throughout Poland.

In December, Ms. Szybist, coordinator of PEM training activities for the Foundation for the Development of Polish Agriculture visited WSE to meet with faculty from each "unit" that participated in the PEM program. They discussed ways to improve

the coordination between the academic and applied management training components, with a special focus on the University of Agriculture and Technology in Olsztyn.

### **Grantee Subcontractors**

An important component of the Minnesota grant relies upon the activities of the three sub-contractors; Land O'Lakes, the Sparks Companies, Inc., and the Foundation for the Development of Polish Agriculture, a subset of the American Trust for Agriculture in Poland. Each submitted its own report summarized below.

#### **Land O'Lakes**

Land O'Lakes (LOL) implemented two of the seven 5-day courses planned for the second year. Each of the two seminars was attended by 18 participants, 35 percent of whom were women; 65 percent men. The participants in each seminar came from a variety of backgrounds, representing business managers (roughly 87 percent), private firms (8 percent) and faculty or trainers (5 percent). The Foundation for the Development of Polish Agriculture (FDPA) provided in-country support and coordination for these courses, focusing on more advanced courses in economics and management, specifically, Integrated Logistics (the consolidation of distribution, warehousing, transportation, and customer service to move product from production through marketing channels to the customer effectively and efficiently allowing significant opportunities for cost savings.) The class was designed to augment the basic marketing principles introduced during the first year.

#### **Sparks Companies, Inc.**

The Sparks Companies, Inc.'s primary activity during this period was the design and implementation of two agribusiness seminars in November. These seminars differed from earlier courses in two ways: (a) they were designed to deal more specifically with concepts and management techniques for particular industry groups (grain purchasers); and (b) they were intended for educators responsible for developing economics curricula for technical high schools. Size was limited to 25 participants.

Three elements were added to strengthen the seminars: (a) business concepts used local Polish business conditions as examples; (b) the portions of the seminar led by Dr. Figiel (the Polish instructor) were not translated, so more time was available for direct discussion; and (c) increased involvement of personnel from Olsztyn has increased the University's understanding of the seminar goals.

The Grain Purchasing/Handling Seminar was attended by 25 participants in this session, with four participants from private firms, four from government agencies, and the remaining from state owned enterprises. Many of the participants had substantial management experience, but little in the areas of marketing or merchandising. The seminar focused on: (a) basic economic principles; (b) grain marketing overview; (c) grain pricing and uncertainty; (d) marketing information and its importance for successful risk

management; (d) agribusiness management principles; (e) government programs and their impact on grain markets and agribusiness risk management; (f) basic market development concepts; and (g) project evaluations. Seminar participants were especially interested in market information sources and techniques used by western agribusiness firms to develop and use management information systems.

The Educators Seminar was attended by 28 participants who were, for the most part, involved directly in organizing and teaching economics in technical schools. Most participants represented schools that prepare students for the university and which are under increasing pressure to improve their ability to teach market economics.

The material in the seminar covered a broader scope than did the course for the grain handlers, but the discussions focused on practical examples. Several of the participants attended with the objective of developing course materials for their classes. Given this expectation, this seminar emphasized critical frameworks of understanding in each area.

This seminar focused on: (a) basic economic principles and firm organization and management; (b) agricultural markets and market functions; (c) agribusiness firm theory, including costs, risk management; (d) consumer marketing strategies; and (e) project design and evaluation. Evaluations by course participants were very positive, with 100 percent rating the course "good" or "excellent."

### **Foundation for the Development of Polish Agriculture (FDPA)**

FDPA provides in-country support and coordination to the subcontractors. The initial FDPA support began in Olsztyn with the Sparks Agribusiness Management course. The evaluation results indicate that the majority of participants in both the Sparks and Land O'Lakes seminar were extremely pleased with both the content and presentation.

### **The Emphasis on Curriculum Development**

The progress of the past two years brings Minnesota's project to an intentional focus in the area of curriculum restructuring. Of the four primary universities affiliated with this project, three of them hope to develop new diploma granting programs. With Warsaw School of Economics (WSE) and the University of Agriculture and Technology (ART) in Olzstyn taking the lead in the third year proposal, Minnesota hopes to begin an evening MBA program and a post-diploma certificate program in agricultural marketing. Such steps address some of the structural and directional questions WSE faced during the evaluation site visit with a clearly defined sequential program.

Recommendation: New efforts at ART (Olsztyn) should more actively involve local faculty and lead to sustainable results. These activities should be university-based and continue to be developed in conjunction with the Olsztyn administration. To ensure this, funding decisions made by Minnesota to its subcontractors should be revised to complement the new priorities and to ensure participation on the part of Minnesota faculty

in this effort. Providing more information to the Evaluation Team regarding project priorities would also help.

### **Improvement in Faculty Participation**

The University of Minnesota is especially fortunate to have a cadre of professors eager to help initiate curriculum reforms and motivate their colleagues to action. Further, the WSE Rector is now very supportive of the project. With faculty more willing to participate, Minnesota was able to devote its attention to local faculty retraining in the form of 2 summer schools and one winter school. In addition, special seminars on curriculum development are offered. Although this attention comes at the expense of training students, the staff determined that it is more important to secure the mechanism for faculty development in an effort to ensure sustainable growth in these early stages of change. By Year Three, according to Minnesota's proposal, students will attend new classes taught by Polish professors or American-Polish faculty teams.

### **Need for Academic Advisement**

The most difficult challenge the project faces is the lack of concentrated academic advising. Some faculty from Minnesota are working in close collaboration with WSE faculty on specific issues; but, access for other faculty is limited.

Recommendation: This issue has been raised before and reflects the continuing lack of an academic coordinator, someone to whom the WSE staff could turn with curricular questions. The local project coordinator would be better able to assist his staff and fellow professors if there were one person to act as the bridge to the faculty resources at Minnesota.

### **Desire for an Environmental Management Program in Bialystok**

Bialystok Polytechnic has participated in Minnesota's workshops and "summer schools" for the past two years. They have expressed interest in establishing an Environmental Management degree, which could provide their engineering students with greater job opportunities and a wider knowledge base. As the school is situated in a region referred to as the "Green Lungs of Poland," this could be a valuable way to expand the potential of this area and these universities. The Bialystok Polytechnic has a very strong and seemingly eager environmental department concentrating on environmental protection and water management training.

Recommendation: With such severe pollution problems throughout parts of Poland, it would be worthwhile to determine the strengths of this department and help solve problems in Polish territories.

## **Student Contact Hours and Financial Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial Data reported by the grantee during the reporting period.

## **Evaluation Team's Summary of Observations**

To the credit of the University of Minnesota, the project operates at two major locations with good programs, faculty and subcontractors. If the University is able to improve its impact on curriculum development at its partner universities, the project will grow beyond expectations.

The reports submitted by the University of Minnesota are informative and complete. The Evaluation Team is concerned about the relatively limited detail provided regarding the meetings which led to the design changes for the coming year. In the future, the Evaluation Team would appreciate a more detailed description of the genesis of these decisions.

Currently, the University should place more emphasis on training government employees and representatives of the business community. In addition, they should receive due recognition for the development of a modern Agricultural Management program in Olsztyn.

**Student Contact Hours - First Quarter - Year Two**

Participant Categories	University of Minnesota		% of Total	Total Minnesota
	Econ. Ed.	Consul.		
Training Trainers	5932	80	0.86	6012
Students			0.00	0
Government Officials			0.00	0
Business Community	924		0.13	924
Journalists				
Unemployed				
Agriculture				0
Other Groups/Private	90		0.01	90
Other Groups				
<b>Total SCH</b>	<b>6946</b>	<b>80</b>		<b>7026</b>
<b>% Total Grantee</b>	<b>0.99</b>	<b>0.01</b>		
<b>Percent of Total</b>				<b>0.04</b>

**Student Contact Hours - Second Quarter - Year Two**

Participant Categories	University of Minnesota			% of Total	Total Minnesota
	Mgmt. Ed.	Econ. Ed.	Appld. Trn.		
Training Trainers	1200	180	882	0.42	2262
Students	1000	200		0.22	1200
Government Officials			256	0.05	256
Business Community			1404	0.26	1404
Journalists			32	0.01	32
Unemployed					0
Agriculture			128	0.02	128
Other - Private Firms			90	0.02	90
Solidarity Workers					0
<b>Total SCH</b>	<b>2200</b>	<b>380</b>	<b>2792</b>		<b>5372</b>
<b>% Total Grantee</b>	<b>0.41</b>	<b>0.07</b>	<b>0.52</b>		
<b>Percent of Total</b>					<b>5%</b>

**Financial Data - First Quarter - Year Two**

	AID Expenses		Cost Share		Total Minnesota
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	53,506		0	41,300	53,506
Staff Salaries U.S. (Staff)	32,678		0	16,176	32,678
Fringe Benefits	16,090		0	17,243	16,090
Salaries Local	5,261		0	0	5,261
Consultants	0		0	0	0
Travel - Per Diem	26,823		0	0	26,823
Nonexpendable Equipment	1		0	0	1
Expendable Supplies	7,341		0	0	7,341
Indirect Costs	27,800		0	26,960	27,800
Participant Costs	10,016				10,016
Workshops, Seminars, Conf.	0				0
Video/TV Production	0				0
Subcontractors (Land O Lakes)	143,607		0	50,976	143,607
Subcontractors (Sparks)	82,090		0	20,000	82,090
Subcontractors (ATAP/FDPA)	117,321			1,312,746	117,321
Translation	8,706				8,706
Scholarships	0				0
Curriculum Development	0				0
Other Direct Costs	0		0		0
Other Reimbursement	0				0
TOTAL	531,240	0	0	1,485,401	531,240
Percentage of Total Expenditures					15%

**Financial Data - Second Quarter - Year Two**

	AID Expenses		Cost Share		Total Minnesota
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	68,564		0	41,300	68,564
Staff Salaries U.S. (Staff)	26,569		0	16,176	26,569
Fringe Benefits	26,823		0	17,243	26,823
Salaries Local	8,775		0	0	8,775
Consultants	0	0	0	0	0
Travel - Per Diem	13,813		0	0	13,813
Nonexpendable Equipment	0		0	0	0
Expendable Supplies	4,665		0	0	4,665
Indirect Costs	-2,941		0	26,960	-2,941
Participant Costs	3,504				3,504
Workshops, Seminars, Conf.	0	0			0
Video/TV Production	0	0			0
Subcontractors (Land O Lakes)	18,709		0	50,976	18,709
Subcontractors (Sparks)	83,024		0	20,000	83,024
Subcontractors (ATAP/FDPA)	47,707			1,312,746	47,707
Translation	-6,768				-6,768
Scholarships	0	0			0
Curriculum Development	0	0			0
Other Direct Costs	0	0	0		0
Other Reimbursement	0	0			0
<b>TOTAL</b>	<b>292,444</b>	<b>0</b>	<b>0</b>	<b>1,485,401</b>	<b>292,444</b>
Percentage of Total Expenditures					8%

## **Albania**

**Project Design:** The University of Nebraska-Lincoln has three major components to their program: 1) national conferences on basic market economic and management topics for business people, government officials, faculty members and students. Participants choose from four tracks including Agribusiness, Entrepreneurship, Management and Market Economics; 2) establishment of two centers: the Management Development Center located at the Department of Economics, University of Tirana, Albania, and the Center for Albanian Studies located at the University Nebraska-Lincoln; and, 3) a survey, conducted by the Gallup Poll Organization, of community attitudes towards business. This report covers the period between July 1 and December 31, 1992.

## **Evaluator's Report**

### **Program Modifications**

The University of Nebraska-Lincoln has, to a greater degree than other grantees, faced the challenge of adapting to a seemingly constant series of changes and modifications to their original project design. It is to their credit that project administrators and staff have initiated and maintained their project in the face of these challenges. For the past two years the University of Nebraska-Lincoln has been working throughout the country of Albania offering basic courses in market economics. Due to the change of focus from the former Yugoslavia to Albania, the project was delayed both in funding and in start-up operations. Thus, the grant is still contractually operating in the first year of the MTEE Program, and therefore is evaluated under first year guidelines.

In addition to the University of Nebraska-Lincoln's commitment to their project in Albania, the project staff initiated, at AID's request, preparations for initiation of project activities in Macedonia. The project established contacts with the Kiril and Metodij Universities in Skopje, Macedonia.

## **Project Administration**

The project's administrative staff is currently centered in the Management Department and the Center for Technology Management and Decision Science at the University of Nebraska-Lincoln.

During the first quarter of the second grant year, the primary focus of the project was the preparation for, and hosting of, two training sessions in Shkodra and Vlore. With the addition of these two conferences to those held earlier in Tirana and Korce, Nebraska-Lincoln has been able to offer its program to target audiences throughout the country. To insure their project's immediate and visible impact, the Nebraska project planned for these conferences to be attended by people in supervisory or leadership roles. Given the limited degree of trainer-trainee contact, attention to participant composition is critical.

## **Training Conferences**

Presently, Nebraska-Lincoln delivers its academic program in the form of three and five-day conferences. University of Tirana students and faculty, ministry representatives, and local business people constitute the majority of conference participants. After an opening session, participants have a choice of four tracks: Market Economics, Modern Management, Entrepreneurship and Agribusiness. The American professors rotate between the different sections allowing participants an opportunity to learn from tracks not selected. At the end of the conference, participants leave with translated materials and new ideas. *Note: This design, as mentioned earlier, is still in line with first year RFP guidelines which stressed numbers. It does not, however, provide sustainable project results. If the University of Nebraska-Lincoln is to continue operations in Albania, it must give serious consideration to making substantial changes in the project design.*

The Shkodra conference (September 26-28, 1992) was held at the University of Shkodra and was attended by more than 202 participants. This group included 71 government officials, 32 members of the University faculty, 68 public enterprise managers, 14 agricultural managers and 17 new entrepreneurs. Post-conference evaluation results indicated a very high level of satisfaction with the project.

The Vlore conference (September 29-October 1, 1992) was held at the Vlore Vocational High School and was attended by 161 participants, made up of; 62 government officials; 13 University faculty members; 52 public enterprise managers; 10 agricultural managers, and 24 entrepreneurs. Results of the post-conference evaluations were "outstanding."

Both conferences enjoyed a surprisingly high number of participants from the government sector. Not only does this indicate that the University of Nebraska-Lincoln is successfully serving those in "supervisory or leadership" roles, but it also displays the high level of cooperation the project has, and continues to enjoy, with the Albanian government.

The Evaluation Team was on site for UNL's May 1993 conference in Tirana and made a number of observations. A large number of the conference attendees were women, perhaps in excess of 50 percent of all participants. The majority of these women were university seniors hand picked by the Dean of the Management faculty. Furthermore, the conference translators were

excellent. The translators are valuable resources and could possibly be used to help translate some of the essential textbooks published only in English.

Several months were spent in 1992 preparing the training material for the first conferences in Tirana and Korce. The experience gained from these conferences provided the project faculty and staff invaluable "insight" concerning the immediate needs of the Albanian people. In the months that followed, modifications were made to the teaching and resource materials, including the introduction of a Marketing specialist to offer a series on basic principles and market development strategies and the addition of a Food Processing expert. Lastly, UNL decided to rotate the instructional team to ensure that all participants have access to market economics, management, entrepreneurship, and agribusiness presentations. Participants for the conferences included key government officials, university faculty, public enterprise managers, entrepreneurs, and agricultural enterprise managers.

### **Conference Outcomes**

The project's conferences, organized during the year offer basic information on a variety of topics in business. This is a fine first step, but if the project hopes to raise the level of understanding of the conference participants, it must take its program to the next level. An intermediate level of training should be introduced which would subsequently bring past conference participants back into the classroom for more advanced training. Further, UNL should begin developing subject specific course offerings with more time devoted to each topic. Currently, an effort to carry people beyond the introductory stage is not planned.

Recommendation: UNL must start differentiating their course offerings to serve the various audiences more effectively. Courses for faculty members should be tailored to deal with pedagogical and methodological issues, in addition to new course topics. Business people are looking for hands-on practical experience, while government officials should be offered courses with a focus on policy development.

A significant outgrowth of these conferences was the resulting media attention. Though the number of participants was limited, the amount of media coverage has reportedly given the Nebraska project a great deal of positive exposure, and has allowed the small program to play a significant role in the continuing transition to a market economy.

The Prime Minister's office made an important contribution to the effort by issuing an internal memo asking each ministry to nominate several qualified officials from each sub-unit. Further, the mayor's offices from Korce, Shkodra, and Vlora appointed participant candidates. Lastly, the University of Tirana, Tirana Agricultural University, Tirana Polytechnic University, University of Korce, Shkodra University, and several agricultural cooperatives were asked to select the best qualified participants to attend the conference.

### **American Academic Presence On-Site**

American professors fly in and out of Albania, remaining in country just long enough to deliver their lectures at a conference, and leave immediately afterwards. This severely limits access

to their expertise once participants have had the opportunity to digest the information. Limited access to American professors also hinders substantive conversations with local professors.

Recommendation: The UNL American faculty need to develop a continued presence.

### **Local Faculty Participation**

All topics are taught by the University of Nebraska-Lincoln professors. Albanian faculty participate as students, but are not involved in pedagogical and methodological discussions, nor has there been a coordinated effort to recruit a select group of faculty to become "agents of change." As a result, local faculty are not being equipped to handle new topics and techniques of teaching. This is of particular interest since classroom lectures are often developed from one of two sources: one book available on a particular topic and/or notes that faculty members had from their days as students.

Recommendation: The University of Nebraska-Lincoln staff need to develop a program that involves faculty and targets pedagogy and methodology.

### **U.S. Faculty Qualifications**

The American team of six professors who deliver the conference seminars are highly qualified and skilled individuals with a wealth of real-world experience. All have been in Albania before. This previous in-country experience not only provides important and much needed continuity, it also improves the American faculty's understanding of the environment and demonstrates to local residents that America is committed to assisting Albania. Previews of the project suggest that professors who are accustomed to teaching undergraduate level courses are more effective than those who teach at the research level.

Recommendation: Future project design should reassess the selection of American faculty. To maximize impact and effectiveness, appropriate level faculty should be placed in the target country for an extended period of time, thus providing continuous training and mentoring to people who need it most -- the local faculty.

### **The Management Development Center (University of Tirana)**

The University of Tirana, the premiere University in Albania was selected as the site for the *Management Development Center*, envisioned as a place to focus the infrastructure development to support the trainers noted above. In addition to several computers, various software programs, entrepreneurship assessment instruments, transparencies, and other training materials, more than 10,000 books are to be sent.

The plan for establishing this Center has yet to be completed. For all practical purposes, the Center does not yet exist. As of May 1993, what the UNL Project Director referred to as a center in development was actually the library at the Faculty of Economics which could not provide adequate space for the activities proposed by the project staff. The staff reports that space will be made available nearby to house a computer lab and other activities.

## **The Gallup Surveys**

Survey research was conducted in conjunction with the project's primary sub-contractor, the Gallup Organization. The Gallup Organization made plans to survey the Albanian leadership, conduct a public opinion survey, perform an analysis of future training needs, and developed an "entrepreneurship assessment instrument" for Albanians.

A copy of the Gallup Organization's first report was included in the University of Nebraska-Lincoln's quarterly report. The report addressed the need to establish benchmark public opinion data to be compared and analyzed with historical data gathered earlier. Further, Gallup developed, and pretested survey instruments for conducting interviews in Albania. Though translation and other factors caused some minor delays, the final report is completed.

In December 1992, the Gallup Organization compiled the results of the survey conducted at the Tirana seminar. Their report highlighted the most serious problems affecting the market economy, progress towards democracy, future developments, personal business conditions, and opinions regarding the seminar, etc. Also in December, the Gallup Organization interviewed 12 of the 16 participants who were in the United States. Results were varied, yet, all 12 participants were unanimous in their positive feelings about the project.

The Evaluation Team is especially interested in specific demonstrations of the application of the results of this polling process to the project. For example, how does this information impact project planning. The original project proposal specified that there was to be a systematic survey of conference participants which would provide data to help upgrade the program. The Evaluation Team would like to know how the project directly benefited from this polling effort.

## **Center for Albanian Studies (University of Nebraska-Lincoln)**

In July of 1992, the University of Nebraska-Lincoln established the Center for Albanian Studies. The first Albanian study center in the world, its role is to encourage and facilitate faculty and student exchanges, engage in joint research efforts, expand curriculum development efforts, and promote cultural and business exchanges.

## **Exchanges**

Selected Albanians were brought to the United States to participate in a four-week long development program in Lincoln. Sixteen participants were selected for the four-week training program held November 19 through December 8. The primary training programs included classroom lectures, discussions, and hands-on experience with local business. The training topics included advanced subject matter such as: global economic systems; international finance; joint ventures; productivity management; quality control; service operations; agribusiness; developing business plans; strategic management; computer-aided decision making; and others. The visit also included cultural exchanges with American families and trips to places of special interest (from art exhibits to basketball games). An especially important part of the trip, reported by virtually all of the participants, was the freedom to attend church every Sunday during their stay.

A report of participant impressions covered five major areas: (1) their pleasure with the program; (2) their approval of the balance between the study and practice of market theory; (3)

the applicability of courses to their experience; (4) their appreciation for the opportunity to experience US culture, and (5) finally, all participants were asked to keep a personal journal of their impressions. Though not strictly a part of the project, or of this report, these journal entries are both illuminating and moving. It is also clear that this is a practice that the project should continue to encourage.

### **Albanian Faculty Training in the United States**

The University of Nebraska Lincoln is sponsoring two Albanian faculty members from the University of Tirana to receive their Master and Ph.D. degrees. These people are the first Albanians ever to go to the United States for advanced training. The closed selection process led to misunderstandings among local faculty members and raised barriers to the return of these two professors to their appropriate positions.

Recommendation: Such problems could be resolved if opportunity to study abroad came at the culmination of a locally based program. In this way professors would have an opportunity to observe and compete among their peers; and therefore, have a better understanding of the selections made.

### **Relationships Between UNL and University of Tirana**

UNL has established very positive relations with the universities, but they remain on the periphery of activities on campus. To become self-reliant, the universities must develop a viable academic community. Historically, the university community never occupied a high position in the Albanian society. Two of the universities, University of Korce and Shkodra University, opened only two years ago. Few, if any, professors have Masters or Ph.D. degrees. Until recently the University of Tirana housed the polytechnic and agriculture faculties. Today, they are three separate universities. This puts the new University of Tirana in the challenging position of redefining its mission.

Recommendation: Perhaps UNL can assist the University of Tirana in the development of a Masters of Business Degree program, and/or, the development of a degree program in Tourism.

### **Relations with A.I.D. Representatives**

The A.I.D.-Albania representative indicated a desire to receive more information about the project. UNL project staff should spend more time briefing A.I.D. staff, particularly with respect to financial matters, travel plans, and project results.

### **Resource Materials**

The project faculty introduced the basic text Introduction to Business following negotiations held with the publisher, who gave the project a 55 percent discount as a gesture of goodwill. A total of 1,175 copies were shipped to Albania.

### **Availability of Library Resources**

UNL sent over 1700 books which are shelved at the Economics faculty library. The cost of shipping these books was covered by a USIA shipping grant. The grant complements a large donation received by the Soros Foundation. An additional two thousand books are waiting in Nebraska to be shipped to Albania, but funds are not available in the remaining contract to cover the expense.

Recommendation: It would be beneficial for the project to expand library acquisitions to include periodicals and journals. UNL has indicated that a number of computers will be delivered by the end of the project year; they may want to include delivery or purchase of a copier.

### **University of Nebraska-Lincoln in Macedonia**

The present picture of UNL activities in Macedonia remains unclear. Recently, the project was asked to explore training opportunities. To date, training has been provided to approximately 160 people. The curriculum was appropriately more advanced than Albania's.

The UNL professors were slightly disappointed with their reception having found students less enthusiastic and less willing than the Albanians to ask questions or seek out the faculty for additional comments. UNL's next quarterly report should expand on their scope of work and plans for operations in Macedonia.

### **Student Contact Hours and Financial Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial data reported by the grantee during the reporting period.

### **Evaluation Team's Summary of Observations**

The University of Nebraska-Lincoln program requires careful review particularly in the following areas: (1) appropriate academic presence and planning in country; (2) appropriate long range strategic considerations and preparation of such a plan in cooperation with A.I.D.- Washington, A.I.D.-Albania, and the University of Tirana; and, (3) funding considerations with respect to project priorities.

The University of Nebraska's Management Training conferences and other activities progressed well in its extended first year. The close cooperation and high level of participation with the Albanian government continues as a positive sign.

We highly recommended that University of Nebraska Lincoln give serious consideration to its future plans in Albania. If UNL is willing to commit resources and time to Albania, much could be accomplished.

Finally, the evaluation team believes that it is important to take this opportunity to identify the quarterly report as a good example of what is expected from all of the grantees of the Management Training and Economics Education Program.

**Student Contact Hours - First Quarter - Year Two**

Participant Categories	University of Nebraska			% of Total	Total Nebraska
	Mgmt. Ed.	Econ Ed.	Consul.		
Training Trainers	576	300	96	0.09	972
Students	192	128	0	0.03	320
Government Officials	1760	2070	192	0.37	4022
Business Community	2547	1600	192	0.40	4339
Journalists	0	0	0		0
Unemployed	0	0	0		0
Agriculture	0	0	0		0
Other Groups (Entrep.)	701	480	66	0.11	1247
Other					0
<b>Total SCH</b>	<b>5776</b>	<b>4578</b>	<b>546</b>		<b>10900</b>
<b>% Total Grantee</b>	<b>0.53</b>	<b>0.42</b>	<b>0.05</b>		
<b>Percent of Total</b>					<b>0.06</b>

**Student Contact Hours - Second Quarter - Year Two**

Participant Categories	University of Nebraska			% of Total	Total Nebraska
	Mgmt. Ed.	Econ Ed.	Ag. Bus.		
Training Trainers	405	203	202	0.12	810
Students	135	63	62	0.04	260
Government Officials	1197	599	598	0.35	2394
Business Community	1080	540	540	0.32	2160
Journalists	0	0	0		0
Unemployed	0	0	0		0
Agriculture	216	108	108	0.06	432
Other Groups (Entrep.)	369	185	184	0.11	738
Solidarity Workers					0
<b>Total SCH</b>	<b>3402</b>	<b>1698</b>	<b>1694</b>		<b>6794</b>
<b>% Total Grantee</b>	<b>0.50</b>	<b>0.25</b>	<b>0.25</b>		
<b>Percent of Total</b>					<b>7%</b>

**Financial Data - First Quarter - Year Two**

	AID Expenses		Cost Share		Total Nebraska
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	137,151		101,878		239,029
Staff Salaries U.S. (Staff)	35,683		16,776		52,459
Fringe Benefits	18,796		17,946		36,742
Salaries Local	8,775				8,775
Consultants	31,968				31,968
Travel - Per Diem	58,274				58,274
Nonexpendable Equipment	504				504
Expendable Supplies	1,655		1,252		2,907
Indirect Costs	36,101				36,101
Participant Costs	15,475				15,475
Workshops, Seminars, Conf.	3,957		31,603		35,560
Video/TV Production	0				0
Subcontractors	0				0
Subcontractors	0				0
Subcontractors	0				0
Translation	4,416				4,416
Scholarships	0				0
Curriculum Development	30,049		897		30,946
Other Direct Costs	12,211		2,739		14,950
Other Reimbursement					0
<b>TOTAL</b>	<b>395,015</b>		<b>173,091</b>		<b>568,106</b>
Percentage of Total Expenditures					16%

**Financial Data - Second Quarter - Year Two**

	AID Expenses		Cost Share		Total Nebraska
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	137,151		101,878		239,029
Staff Salaries U.S. (Staff)	46,562		16,776		63,338
Fringe Benefits	26,366		19,292		45,658
Salaries Local	6,975				6,975
Consultants	33,471		27,575		61,046
Travel - Per Diem	58,364				58,364
Nonexpendable Equipment	504				504
Expendable Supplies	2,106		1,252		3,358
Indirect Costs	69,601		29,767		99,368
Participant Costs	17,275				17,275
Workshops, Seminars, Conf.	128,580		31,603		160,183
Video/TV Production	0				0
Subcontractors	0				0
Subcontractors	0				0
Subcontractors	0				0
Translation	4,588				4,588
Scholarships	0				0
Curriculum Development	30,224		897		31,121
Other Direct Costs	12,978		3,184		16,162
Other Reimbursement					0
<b>TOTAL</b>	<b>574,745</b>		<b>232,224</b>		<b>806,969</b>
Percentage of Total Expenditures					23%

## Trend Analysis - First and Second Quarters - Year Two

<u>Project Components</u>	<u>Modifications</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
<b>1. ALBANIA</b> Primary objective: A visible and immediate impact in Albania through massive grassroots training conferences. - Topics include market economics, management principles, entrepreneurship, and agribusiness. - Participants in supervisory and leadership positions.					
<b><u>A. ADVANCED TRAINING</u></b> - May, 1993 - Two week program in Tirana. - For 100 top-level administrators in government, university and public sector.			<input checked="" type="checkbox"/> Tirana and Korce		
<u>Primary Training Topics:</u> 1) Competitive global strategy 2) Acquisition of foreign capital 3) Total Quality Management 4) Innovation Management 5) Advanced Human Resource Management 6) Foreign exchange planning 7) Inventory control and Distribution 8) Information systems and Decision Support 9) Marketing goods and services 10) International Finance			- Two 1 week training conferences.  - 550 participants including government officials, university faculty, public and agricultural managers and entrepreneurs.		











## University of Pittsburgh

### Czech Republic and Slovakia

**Project Design:** This project consists of two academic entities: the Center for Economic Research and Graduate Education (CERGE) and the Czechoslovak Management Center (CMC). CERGE offers a full-time Ph.D. program in Economics as well as outreach and retraining rubrics for economics faculty and economists in the Czech Republic and Slovakia. CERGE has also become influential through their research activities in providing various ministries assistance. Research efforts are being formalized through the establishment of the Economics Institute (CERGE-EI). In addition to short courses and special seminars for the business community, CMC offers Executive and faculty workshops and a regular full-time MBA program.

### Evaluator's Report

Since the inception of the MTEE Program, Pittsburgh has developed two distinct project entities, the Center for Economic Research and Graduate Education (CERGE) and Czechoslovak Management Center (CMC). Both CERGE and CMC bring to this project a high level of organization and long-range strategic planning while continuing to be responsive to local needs. In addition, Pittsburgh is unique in its goal to service an international student body at their two locations. Continuing project activities have been designed to target a wide variety of participants ranging from undergraduates and retrained economists and professors, to business people and government officials.

### Activities in Slovakia

Both CERGE and CMC are situated in the Czech Republic. However, with the division of the country, they are making efforts to affiliate with Slovak institutions to enable outreach efforts to cover the country's needs. CMC notes in their quarterly reports, that they have established a permanent facility and association with INEX in Slovakia. The Evaluation Team requests more information regarding INEX, its organization and mission. With references made in both third year proposals that more will be done with Slovakia, it is hoped that a clear plan of action will be designed and implemented to suit the needs of this distinct area.

## **Collaboration in the area of Research**

Over the past two years, it has been recommended that the two projects work more closely with each other to improve efficiency and share resources. Year Three proposals act on this recommendation jointly offering professional outreach courses and research opportunities.

Research opportunities at CERGE-EI and CMC have the additional benefit of providing greater incentives for U.S. faculty members to participate in these programs. To facilitate this process, Pittsburgh will open a research office and utilize the research base to help define new directions. The results of research efforts may be of interest to AID.

## ***Center for Economic Research and Graduate Education (CERGE)***

The international recognition that CERGE has received is unmatched by any other grantee. The emphasis placed on research has established the project as a think tank and resource center that has been called upon by numerous international organizations. CERGE is continuing to strengthen its graduate program and peripheral activities retraining faculty and advising/training government officials. In addition, CERGE was designated a "Center of Excellence" by the European Community.

## **Administrative Activities**

Dr. Jozef Zieleniec, Director of the CERGE project, resigned in July in order to become the Minister of Foreign Affairs for the Czech Republic. The search for a new director continued throughout the period. Additional hiring of administrative personnel is also underway as the initial steps are taken to integrate the Academy of Sciences Institute of Economics with CERGE.

Although the goal is to integrate CERGE into the framework of Charles University, it continues to maintain a semi-autonomous relationship. An explanation of their affiliation with the University is more clearly defined in its third year proposal.

Recommendation: While AID continues to support Pittsburgh's program to integrate the Ph.D. program into Charles University, AID should receive greater acknowledgement for its assistance in establishing CERGE.

## **CERGE'S Economic Institute (CERGE-EI)**

As a result of a request from the Czechoslovak Academy of Science, the University of Pittsburgh has been working to establish the Institute for Economic Research (EI), to be known hereafter as CERGE-EI. The institute hopes to become the central point of project activities in the third year.

The merger between CERGE and the Czechoslovak Academy of Science's Economics institute will not provide budgetary support. However, the merger does

promise to provide economies of scale, while at the same time providing CERGE with new, and badly needed facilities -- allowing them the opportunity to grow and expand. The Institute is absorbing two older research institutes with emphasis on retraining economists in Western economic theory. CERGE has established the transfer structure, including the selection process for the old cadre of economists. Furthermore, the institute will enhance the training and professional development experiences of the Ph.D. candidates by providing the students access to research opportunities.

### **Academic Program Activities**

The second year of CERGE's academic program is, in large part, an extension of the project's first full year. Second year students visited academic research institutes and conducted research at such places as the Institute for Advanced Studies in Vienna and the Tinbergen Institute in Amsterdam. In addition, the thirteen second-year Ph.D. candidates completed their qualifying exams in Micro and Macroeconomic Theory. Graduate students also took a set of 3 course from the following: International Trade I, Industrial Organization I, Public Finance, Labor Economics I, or Econometrics III.

The Graduate program also conducted a nine week long "preparatory" courses for 31 of the incoming first year students which included: Intermediate Microeconomics, Theory and Applications, Intermediate Macroeconomics Theory and Applications, Mathematics Applications to Economics, and English Language. Of the 31 students who participated, 23 completed the course of study, and will continue in the program.

Undergraduate and Masters Level instruction began in October. More than 320 people are participating. The list of courses offered included: International Economics and Foreign Trade; Applied Economics and Economics of Transition and Economics; Macroeconomics; Statistics; Econometrics; Microeconomics; Statistics; Macroeconomics; and Economics.

A great deal of discussion with the Evaluation Team revolved around the potential brain-drain at universities. There is justified concern that few CERGE students will return immediately to the university given their many opportunities.

### **Outreach Program**

This component of the project, which had the potential to reach a tremendously wide audience has reportedly been reduced as a result of the mandated 25% reduction in second year funding. More support is coming from outside funding sources due to AID project cost reductions.

During the first quarter, three courses (two Financial Modeling courses, focusing on financial analysis and management in international trade and investment, and a course entitled Applied Statistics) were offered in the Czech Republic, utilizing the "real world" problems of the transition. The commitment of the project to this high degree of relevancy is sure to prove invaluable to the impressions of the managers, financial analysts, university faculty, graduate students, and research professionals who participated.

AID funding also contributed to the offering of "Economic Reporting in a Market Economy." This course, targeted to journalists, is expected to help improve economic reporting for the Czech Republic and Slovakia.

### **Long Term Development**

One of the most critical elements of this project is the focus placed upon the development of a cadre of Czech and Slovak faculty qualified to "staff a modern, high quality and internationally competitive graduate education program." This includes developing mentor relationships between the permanent Czech faculty members and the visiting U.S. professors. During this period, such efforts continued. One of CERGE's professors, Miron Tegze, attended a program held by the Department of Economics at Princeton; A second professor, Dr. Hanousek will go to Princeton and Pittsburgh in the Spring.

### **Financial Support**

The financial data presented in the report, while complete as far as the University of Pittsburgh's information is concerned, notes that it does not include the support of Charles University or the Czechoslovak government. Charles University supports six faculty and thirteen staff persons at CERGE, a commitment which is expected to grow to nearly 25 as soon as appropriate personnel are identified. Further, the report notes, there is no clear accounting of the value of space, heat, lighting, and other support financed by the Czech republic.

While the merger between CERGE and the Czechoslovak Academy of Science's Economics institute will not provide budgetary support, it does promise to provide economies of scale. Further, this merger will also provide CERGE with new facilities -- allowing them an opportunity to grow and expand. Most importantly, it will enhance the training and professional development experiences of the Ph.D. candidates.

### ***Czechoslovak Management Center (CMC)***

During this period, the Czechoslovak Management Center submitted a final implementation plan for the second grant year. The implementation plan details nearly 65 days of management courses, continued development of the CMC library and computer facilities, development of a minimum of 10 case studies, visits of 10 Czechoslovak faculty members to the University of Pittsburgh for two months, translation and participation in the publication of several management books, and continued distribution of management information throughout the country. Additionally, they plan to continue to host management forums for top executives.

CMC, drawing on a pool of funding sources, spent the majority of funds received from AID on efforts and activities peripheral to the project's focus. Monies were used to

send local faculty to the United States, to purchase equipment, and to augment library materials.

Recommendation: It is recommended that AID funding be adjusted to academic programming rather than auxiliary applications.

Thus far, the most significant modification made during this second year is in increased specificity of course content. There was also an increased demand for courses in Human Resource Management and Accounting for non-financial people, indicative of the growing need to understand how to manage people and be accountable in business during the extensive privatization process.

Furthermore, a number of changes have been made to the overall design of the project. The first, reflecting the lessons learned during the project's first year, is a more representative budget. Now, the budget structure more accurately accounts for the costs of the program. This is reflected in a lower allocation of funds for faculty reimbursements, balanced by more funds for marketing, translation, and interpretation. Second, CMC is focusing more heavily on the needs of managers attending the program by concentrating on marketing and human resource management training.

### **Executive Sessions and Workshops**

The majority of the elements of this program were held at either CMC in Celakovice, Czech Republic, or in Bratislava, Slovakia. The courses delivered during this period include:

- Introduction to Human Resource Management (August 30 through September 4): Total number of participants: 37
- Total Quality Management (September 21-25): Total Number of participants: 29
- Business Negotiation (September 25-27): Total number of participants: 32
- Total Quality Management (September 28-30): Total number of participants: 33
- Business Negotiation II (October 2-4): Total number of participants: 15
- The Turnaround Experience (October 9): Total number of participants: 50
- Management Principles (October 12-16): Total number of participants: 30
- Introduction to Human Resource (November 9-13): Total number of participants: 20
- Accounting for Non-Financial Managers (November 16-20): Total number of Participants: 30
- Time Management (November 18): Total number of participants: 43
- Time Management (November 19): Total number of participants: 43
- Finance for Non-Financial Managers (November 23-27): Total number of participants: 30

- Performance Appraisal for Human Resource Managers (November 23-27):  
Total number of participants: 30
- Project Management (January 4-8): Total number of participants: 21
- Production Management (January 11-13): Total number of participants: 16
- Managerial accounting (January 27-30): Total number of participants: 27
- Corporate Finance and Investment Strategy (January 27-30)  
Total number of participants: 25

The biggest challenge participants face is in transferring classroom skills to the workplace. Once back at work, people are faced with the challenge of implementing new methods in an atmosphere that is still operating, for the most part, on old assumptions. As efforts to facilitate change, Pittsburgh has found it more effective to train a group of people from one firm rather than one or two managers from a number of different organizations.

To further aid this process, CMC is offering follow-up consultation services to assist in implementation of new methods and strategies. The companies seem to be receptive, although this process is a delicate one ripe with opportunities and pitfalls. If handled properly, newly acquired knowledge is guaranteed to have practical and lasting results. This project appears to be an effective model and a positive argument for linking consulting services with course offerings.

### **Consulting**

CMC's third year proposal is also cited for its focus on offering consulting services. Over the past year, the project staff has noticed that consulting efforts often become a recruiting method for CMC's Executive Education programs. To enhance this connection, students from firms are asked to bring in real problems to the classroom - providing them an opportunity to solve problems and to see how to integrate ideas and make changes. CMC has also begun to offer companies performance evaluations for employees who attend the courses. These evaluations, completed by instructors, become a tool for Human Resource Management where the idea of employee performance evaluations is a new concept.

During the past quarter, CMC faculty or personnel completed 5 consultations in the areas of management problem solving, and training and development. Interestingly, it was learned that most of the companies had little experience with setting up and implementing long-term development of their junior managers. The following companies received counseling: Chemopetrol (2 program), Czechoslovak Airlines, Spolchemie, Rekrea, CPP, Dopravni Plus, Slovenska Electrotechnicke (Slovakia), Vseobecna Zdravotni Pojistovna.

## **Faculty and Executive Development**

In addition to the activities noted, the University of Pittsburgh's grant also included provisions for selected faculty and executives to study in the United States. During the initial quarter of the second year, 5 participants began their studies in the United States. Miroslav Pivoda (Faculty of Management at CMC), and Miroslav Manas (Department of Economics, Prague School of Economics) both continued their studies, begun during the previous quarter, in the U.S. Further, 3 individuals traveled to the University of Pittsburgh to attend workshops and gain exposure to the Western methods and practices. Two Czech educators, Ms. Ivana Cizkova (University of Southern Bohemia) who visited to study the administrative side of higher education, and Dr. Peter Hebek (Prague School of Economics and CMC) who conducted several projects including the completion of a textbook, gave guest lectures, and did research. In addition, the two educators were joined by Milan Bacak, a senior manager at Barum Otrokovice, Ltd. who attended the University's one-month long Management Program for Executives. This program is an intensive course for senior managers from throughout the world.

Pittsburgh, however, is facing a shortage of American professors available to work on-site in Celakovice. To enlarge the pool of available faculty members to work overseas, they would like to expand their program to include as many universities as possible. The Evaluation Team agrees with the Project Director's view that in order to keep resources available other universities and organizations like Peace Corp, Fulbright and the Executive Corp should be utilized.

## **Case Study Development**

The development of case studies remains one of the primary focuses of the CMC faculty. All of the case studies developed during the first year have been completed and are being published. The selection of additional cases for year two have already been made, with some having already been completed. It is hoped that by June, the new cases will be completed and ready for publication.

## **Infrastructure Development**

An integral part of the University of Pittsburgh grant is the development of the infrastructure at both CMC, and the Prague School of Economics. This has primarily involved the training of the administrative staff, purchase of supplies and equipment, and the expansion of management systems.

Perhaps the most notable structural development has been the rapid growth of the CMC library, whose resources were augmented with not only increased purchases, but by the presence of American interns who helped establish a modern reference system, purchase books, and create database systems.

## **Book Translation**

Five books were translated into Czech during the quarter:

1. Organizational Behavior: Experience and Case
2. Business Negotiations: Mutual and Case Studies
3. Performance Appraisal, Organizational Down-sizing,  
and Program Evaluation
4. Human Resource Management: A Manual
5. Finance and Accounting for Non-Financial Managers

### **Participant Internships**

Another critical element of the CMC project is the placement of both Czech and Slovak participants for internships in the U.S. and throughout Western Europe. Thus far, 20 participants of the Executive Development Program have been placed in American companies, while another 20 have been placed in Western European companies. It is expected that this "placement" will continue. Currently, both staff and resources continue to be dedicated to the development of connections and the active promotion of participants for future internships.

### **Self Assessment**

The Czechoslovak Management Center's administrative staff have been diligent in performing continual assessments of their project. By carefully examining the results of their own evaluations, they are able to assess the level of participant comprehension, and measure the relative value of the overall program and its ability to meet the demands of their participants.

One of the most important elements of this study is how well programs offered by CMC are meeting their participants expectations. The most well appreciated elements included: teaching methods, materials, Western faculty (attitude, expertise, humor, etc.), course content, guest speakers, class size, and practical based instruction. At the same time, the evaluation also highlighted areas which some of the participants noted might be improved or changed, including: slow pace, lack of contact with lecturer, too much information for the limited amount of time, instructors lack of familiarity with current conditions, and location (distance from Prague: transportation).

The project administered a follow-up survey to 614 participants. Of the 140 respondents, it is clear that while there is some room for improvement, the vast majority of participants were overwhelmingly pleased with the program. Survey results also confirmed that the length of the offered courses is a prime determinant for participation. When asked, a majority of the respondents noted that their maximum time commitment could not exceed one week. This is especially important to keep in mind as future project development continues.

Two new elements were added to the program as it began this reporting period. The first is the assessment and evaluation of project faculty, and the creation an evaluation to develop current, and identify future, CMC faculty and staff. Second, a project to analyze the business environment in the Czech Republic and Slovakia. This study is targeted at more accurately meeting the needs of CERGE and CMC participants for training and consultation.

#### **Student Contact Hours and Finance Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial Data reported by the grantee during the reporting period.

#### **Evaluation Team's Summary of Observations**

The two projects administered by the University of Pittsburgh, operating in the Czechlands and Slovakia, are both well organized and well managed and have had substantial impact in these two countries. With their present emphasis in Prague and the Czech Republic, both CMC and CERGE face the challenge of offering a variety of educational options to each target country.

**Student Contact Hours - First Quarter - Year Two**

Participant Categories	University of Pittsburgh - CMC/CERGE			Total Pittsburgh
	Mgmt.Ed. (CMC)	Econ. Ed. (CERGE)	% of Total	
Training Trainers		90	0.01	90
Students	3850	3348	0.70	7198
Government Officials		0	0.00	0
Business Community		2126	0.21	2126
Journalists		225	0.02	225
Unemployed				0
Agriculture				0
Other Groups - Research		600	0.06	600
Other Groups				0
<b>Total SCH</b>	<b>3850</b>	<b>6389</b>		<b>10239</b>
<b>% Total Grantee</b>	<b>0.38</b>	<b>0.62</b>		
<b>Percent of Total</b>				<b>0.06</b>

**Student Contact Hours - Second Quarter - Year Two**

Participant Categories	University of Pittsburgh - CERGE		Total CERGE	University of Pittsburgh - CMC			% of Total	Total - Pitt. CMC
	Econ. Ed.	% of Total		Mgmt. Ed.	Consul.	Infrastruct.		
Training Trainers	565	0.03	565	700	912	400	0.16	2012
Students	20114	0.91	20114	10105			0.82	10105
Government Officials	150	0.01	150					
Business Community	255	0.01	255		250		0.02	250
Journalists	225	0.01	225					
Unemployed			0					
Agriculture			0					
Other - Teachers	704	0.03	704					
Solidarity Workers			0					
<b>Total SCH</b>	<b>22013</b>		<b>22013</b>	<b>10805</b>	<b>1162</b>	<b>400</b>		<b>12367</b>
<b>% Total Grantee</b>	<b>1.00</b>			<b>0.87</b>	<b>0.09</b>	<b>0.03</b>		
<b>Percent of Total</b>			<b>21%</b>					<b>12%</b>

**Financial Data (CERGE) - First Quarter - Year Two**

	AID Expenses		Cost Share		Total Pitt. CERGE
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	32,718	31,250	0		32,718
Staff Salaries U.S. (Staff)	23,875	23,875	1,679	1,679	25,554
Fringe Benefits	13,011	13,388	537	537	13,548
Salaries Local	72	150	0		72
Consultants	0		0		0
Travel - Per Diem	13,223	24,100	0		13,223
Nonexpendable Equipment	0		0		0
Expendable Supplies	5,246	8,952	0		5,246
Indirect Costs	32,778	37,278	0		32,778
Participant Costs	0		0		0
Workshops, Seminars, Conf.	0		0		0
Video/TV Production	0		0		0
Subcontractors	0		0		0
Subcontractors	0		0		0
Subcontractors	0		0		0
Translation	0		0		0
Scholarships	1,115	1,115	0		1,115
Curriculum Development	0		0		0
Other Direct Costs	0		0		0
Other Reimbursement	0		0		0
<b>TOTAL</b>	<b>122,038</b>	<b>140,108</b>	<b>2,216</b>	<b>2,216</b>	<b>124,254</b>
Percentage of Total Expenditures					3%

**Financial Data (CERGE) - Second Quarter - Year Two**

	AID Expenses		Cost Share		Total Pitt. CERGE
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	0	8,105	0	0	0
Staff Salaries U.S. (Staff)	7,082	15,305	5,037	5,037	12,119
Fringe Benefits	3,619	6,035	1,611	1,611	5,230
Salaries Local	0	0	0		0
Consultants	0	0	0		0
Travel - Per Diem	4,938	6,030	0		4,938
Nonexpendable Equipment	0		0		0
Expendable Supplies	4,573	3,000	0		4,573
Indirect Costs	13,987	19,655	0		13,987
Participant Costs	0		0		0
Workshops, Seminars, Conf.	0		0		0
Video/TV Production	0		0		0
Subcontractors	0		0		0
Subcontractors	0		0		0
Subcontractors	0		0		0
Translation	0		0		0
Scholarships	3,480	4,845	0		3,480
Curriculum Development	0		0		0
Other Direct Costs	0		0		0
Other Reimbursement	0		0		0
<b>TOTAL</b>	<b>37,679</b>	<b>62,975</b>	<b>6,648</b>	<b>6,648</b>	<b>44,327</b>
Percentage of Total Expenditures					1%

**Financial Data (CMC) - First Quarter - Year Two**

	AID Expenses		Cost Share		Total Pitt. CMC
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	14,755	14,500	7,250		22,005
Staff Salaries U.S. (Staff)	13,870	10,250	6,875		20,745
Fringe Benefits	9,113	7,920	4,520		13,633
Salaries Local	0		0		0
Consultants	20,812	19,750	7,750		28,562
Travel - Per Diem	14,673	28,650	1,550		16,223
Nonexpendable Equipment	0	3,000			0
Expendable Supplies	3,868	11,811			3,868
Indirect Costs	29,286	44,470			29,286
Participant Costs	1,700				1,700
Workshops, Seminars, Conf.	33,845		875		34,720
Video/TV Production	0				0
Subcontractors	3,319	12,750			3,319
Subcontractors	700				700
Subcontractors	0				0
Translation	0		250		250
Scholarships	0		0		0
Curriculum Development	0		1,250		1,250
Other Direct Costs	1,117		500		1,617
Other Reimbursement	2,772				2,772
<b>TOTAL</b>	<b>149,830</b>	<b>153,101</b>	<b>30,820</b>		<b>180,650</b>
Percentage of Total Expenditures					5%

**Financial Data (CMC) - Second Quarter - Year Two**

	AID Expenses		Cost Share			Total Pitt. CMC
	ACTUAL	PROJECTED	ACTUAL	PROJECTED		
Staff Salaries U.S. (Instruct.)	15,105	14,500	7,250			22,355
Staff Salaries U.S. (Staff)	10,607	12,383	6,875			17,482
Fringe Benefits	8,014	7,920	4,520			12,534
Salaries Local	0	0	0			0
Consultants	24,254	19,750	0			24,254
Travel - Per Diem	6,403	28,650	1,550			7,953
Nonexpendable Equipment	0	3,000				0
Expendable Supplies	3,753	11,811				3,753
Indirect Costs	32,447	44,471				32,447
Participant Costs	0					0
Workshops, Seminars, Conf.	73,692		875			74,567
Video/TV Production	0					0
Subcontractors	14,830	12,750				14,830
Subcontractors	0					0
Subcontractors	0					0
Translation	0		250			250
Scholarships	6,000	3,000	3,000			9,000
Curriculum Development	1,500	625	1,250			2,750
Other Direct Costs	1,522	5,612	500			2,022
Other Reimbursement	463	725				463
<b>TOTAL</b>	<b>198,590</b>	<b>165,197</b>	<b>26,070</b>			<b>224,660</b>
Percentage of Total Expenditures						6%

## Trend Analysis - (CERGE) First and Second Quarters - Year Two

◆ The MTEEP at the University of Pittsburgh is divided into two segments; Economics Education and Training at CERGE and Management Training and Education at CMC. Due to the separate nature of these components, the Evaluation Team feels it is necessary to review each project as independent entities.

<u>Project Components</u>	<u>Modifications</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
<b>Charles University - Prague</b>					
<u>Continuing Program Activities:</u>					
- With greater emphasis on practical applications of economics. - Increased professional orientation and narrowed subject focus.	- Greater emphasis on marketing and export marketing - Strategic economic planning for individual private firms. <b>(PIP)</b>				

### 1. ECONOMICS EDUCATION

#### A) Ph.D. Program in Economics

To train professional economists to staff University faculty, government and private sector.

<u>Project Components</u>	<u>Modifications</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
<u>A) Ph.D. PROGRAM</u> (cont.)	<u>6 COURSES ON :</u>	<u>Preparatory Courses :</u>			
<u>Integrated presentation of:</u> International Trade, Finance and Policy, Industrial Organization, Strategic Planning, Public Policy, Labor Market Analysis, Productivity and Policy, Public Finance and Policy	a) Strategic planning for firms, industrial organization and policy.  b) International trade analysis, finance and policy.  c) Labor market and productivity analysis and policy.	9 weeks each, 31 students participated  1. Intermediate Microeconomic Theory and Applications. 2. Intermediate Macroeconomic Theory and Applications. 3. Mathematic			





**UNIVERSITY OF PITTSBURGH - Czech and Slovak Republics**  
**Czechoslovak Management Center (CMC) - FY2, 1992-1993**

<u>Project Components</u>	<u>Modifications</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Management Training and education grant activities held at the Czechoslovak Management Center in Celakovice and in Bratislava.					

**MANAGEMENT TRAINING**

**1) TRAINING AND OUTREACH SESSIONS**

- participants: managers, government officials, secondary school teachers and journalists.
- Deliver over 140 days of training in two-day, three-day, and one-week formats.
- Class size limited to 50 people.

**SPECIFIC OUTLINE:**

- 65 days of Management courses. (1Q)

**TOPICS:**

- Marketing for experts
- Marketing for non-marketing managers
- Finance for exporters
- Human resource management
- Business planning
- Technology transfer
- Marketing Research (PIP)

Renamed:

**EXECUTIVE SESSIONS AND WORKSHOPS**

7 CLASSES:

- "Introduction to Human Resource Management" - 5 days, 37 students
- "Total Quality Mgmt." - 5 days, 29 students
- "Business Negotiation" - 3 days, 33 students
- "Business Negotiation" - 3 days, 32 students
- "The Turnaround Experience" - 3 days, 15 students
- "Management Principles" - 1 day, 50 students
- "Management Principles" - 5 days, 30 students

Summary of Training:

- Total days = 25
- Total students = 226
- Total hrs.contact = 3850

**EXECUTIVE SESSIONS AND WORKSHOPS**

18 CLASSES:

- "Introduction to Human Resource Management"
- "Total Quality Mgmt."
- "Business Negotiation"
- "Bus. Negotiation II"
- "The Turnaround Experience"
- "Mgmt. Principles"
- "Accounting for Non-Financial Majors"
- "Time Management"
- "Performance Appraisal for HR Managers"
- "Project Management"
- "Production Mgmt."
- "Managerial Acctng."
- "Corporate Finance and Investment Strategy"

Summary of Training:

- Total hours = 360
- Total students = 545
- Total contact = 10,105

**Project Components**

**Modifications**

**1st Quarter**

**2nd Quarter**

**3rd Quarter**

**4th Quarter**

**2) CZECH AND SLOVAK  
FACULTY INTERNSHIPS**

- Held at the University of Pittsburgh.
- 3 month research and teaching experiences for Czech and Slovak faculty.
- Output: Set of executive education courses to be taught in Czech and Slovak Republics.
- Conduct a minimum of 5 faculty training experiences.

**3) DEVELOPMENT OF  
MULTI-MEDIA CENTER**

- Develop infrastructure, purchase materials, set up support faculty.

**SPECIFIC OUTLINE:**

- 10 Czech/ Slovak faculty spend at least 2 months at University of Pittsburgh.

**SPECIFIC OUTLINE:**

- Purchase library management programs and equipment.
- Increase capability by at least 2000 volumes and tapes. (PIP)

Renamed:

**FACULTY AND  
EXECUTIVE  
DEVELOPMENT**

- 5 Participants (3 faculty members, 1 senior manager and 1 admin. manager) each spent approximately one semester at the University of Pittsburgh

- 50 journal subscriptions, software, and over 1500 volumes purchased for library.
- Utilization of AID-supported librarian interns from U. of Pitt.











## University of Washington/Washington State University

### Romania

**Project Design:** The project has established two Small and Medium Enterprise Centers (SMEC) in Bucharest, Romania at the Academy of Economic Sciences and the Polytechnica. The SMECs, run by local faculty, offer one-to-one consulting services to potential and actual small business owners, and short courses and workshops. With plans to expand this network, the project is moving outside of the capital to Timisoara and Craiova to assist newly established SMECs. Project faculty are also working to restructure economics and management education at the two universities. Curriculum changes and business degree programs are being discussed, materials updated and course offerings modernized. The period covered in this report spans July 1, 1992 through December 31, 1992.

### Evaluator's Report

#### Project Administration:

Evaluation site visits revealed that the relationship between the University of Washington and Washington State University required clarification and stabilization. Each is responsible for a large endeavor: the University of Washington focuses on Economics Education particularly in the area of university restructuring; Washington State University focuses on business development through the establishment of Small and Medium Enterprise Centers. The two teams have opted for a formal separation; therefore, as of FY 1993, each university submitted proposals for individual Centers of Excellence and/or continuation of operations in Romania.

As consequence of the grantees' administrative split and third year proposals by both institutions, commitments to the Romanian partner institutions are now divided. The University of Washington proposes to work closely with the Academy of Economic Sciences (ASE) to open the School of Business (ASEBUSS). Washington State University proposes to work closely with the University Polytechnica Bucharest (PUB) primarily through its Small and Medium Enterprise Center. What neither proposal addresses is how this split will affect ASE's Small and Medium Enterprise Center which seems to have been lost in the transition and left out of third year activities.

## **University of Washington**

The University of Washington's Education component offered a series of ten, week-long, seminars in the areas of accounting, economics, finance, management and organization, and marketing. An important carry over effect of the seminar series was the introduction of a common business vocabulary and an enhanced understanding of U.S. business education.

The project has encouraged Romanian institutional adaptation to the concepts of a free market economy. Project staff planted "seeds with the Romanian faculty," selecting "agents of change," and developing relevant teaching tools. Among these tools are a series of case studies developed by University of Washington MBA candidates. These students are the first from the U.S. to work directly with Romanian entrepreneurs.

### *Business Diagnostic Specialists*

The University of Washington included the reports of two of these "specialists" who spent the summer months in Romania. Not surprisingly, both reports noted the difficulties of trying to transfer Western business methods to a Romanian system characterized by primitive communications, lack of skilled workers/office staff, and a poor infrastructure. Also noted was the general lack of organization at the Bucharest SMEC. While these challenges are to be expected, it is disturbing that these same challenges should be experienced within the U.S. grantee's base of operations.

The two new in-coming Business Diagnostics Specialists (BDSs) arrived in Bucharest before their predecessors left, allowing themselves the opportunity to receive further orientation and training. Both BDS's are UW MBAs who have worked extensively with Romanian companies were able to develop detailed case studies which include spread sheets of current Romanian costs -- a significant breakthrough. Both noted how difficult it is to get in-depth financial information in the current business culture.

As a result of the success of their national seminar in June, 1992, UW was asked to help organize an agribusiness fair for the World Emergency Relief (WER) organization. This fair offered an opportunity to comply with AID's request to "interact with the agribusiness sector as frequently as possible and to promote the new small business development centers at ASE and IPB." The fair exceeded all attendance expectations, with over 25,000 visitors and over 88 million lei in sales of agricultural related products. Due to the success of this fair, the University of Washington intends to organize similar events.

### *Farmer's Fair*

During the second quarter, several faculty and students involved in the UW/WSU project participated in the successful farmers' fair. The fair had three principal goals: (a) an exhibition of domestic animals; (b) an exhibition of agricultural machines and equipment; and (c) an exhibition of household appliances for the home.

The second fair, held in Sighetu Marmatiei a boarder region which has not yet received American aid programs, also drew participants from the Ukraine. While this event was not funded by AID, it did provide an opportunity for project participants to gain first hand experience in the value of working directly with business, and as a result of the substantial media attention, to draw more attention to American support in Romania.

## **Washington State University**

Washington State University coordinates the Management Training component of this combined effort, through the operation of Small Business Development Centers in conjunction with the Academy of Economic Studies (ASE) and the Polytechnic Institute of Bucharest (PIB). In addition, the project supports the National Agency for Privatization in developing small and medium businesses.

In response to the directive issued by the Agency for International Development to expand the MTEECE project beyond the concentration of capital cities, WSU initiated efforts to strengthen relationships with other organizations and looked within to secure firmer agreements with key business counselors to ensure continued success.

Washington State University's Small and Medium Enterprise Center (SMEC) will expand its program during the second grant year to serve regions throughout Romania not reached during year one. A symbolic development was the re-naming of these Centers. These Centers for Small and Medium Business Enterprises (CSMBE) are still located at the Academy of Economic Studies (ASE) and the University Politehnica Bucharest. Additionally, these centers receive support from the small and medium enterprise division of the National Agency for Privatization (NAP).

The SMEC, established in cooperation with the Academy of Economic Studies in Bucharest, continued operations. Plans include the training of new counselors and the presentation of bi-weekly seminars for local business owners and managers. During this quarter the ASE was strongly counseled to hire a full-time business counselor to provide the continuity currently lacking.

The Polytechnic Institute of Bucharest's SMEC at the Polizu Campus was scheduled to open in January, operating with a part-time staff and a full-time director. The SMEC will not only provide short seminars and mentoring sessions, but also bi-weekly seminars for "Decision Makers." These seminars will alternate between the Academy of Economics Studies and the Polytechnic Institute of Bucharest each week. By the beginning of year two, six business counselors and Rector Zgura will have visited WSU to observe Small Business Development Center operations in the U.S.

WSU's work in cooperation with the National Agency for Privatization should strengthen its capability to serve as the administrative office in a "planned nationwide network of small business development centers." Work continued with other government agencies and foreign aid organizations involved in small and medium business development.

## **Regional Outreach:**

### **Timisoara:**

Washington State University established an SMEC in Timisoara, supported by the Polytechnic Institute of Timisoara, the Agricultural Institute in Timisoara, and the Timisoara Chamber of Commerce. Funds for the equipment and operation of this Development Center were to come from the University of Washington portion of the AID grant budget, while training was to be provided by WSU personnel. The Evaluation Team was present for the opening of the Timisoara SMEC. This marks the third center opened under this grant and the inauguration of the SMEC-network envisioned by the project.

Though it was the project's intent to include more information about the progress of the new center, none was available by the distribution deadline. Given this failure, the WSU staff made reference to the less than ideal relationship between the University of Washington and themselves. This delay, combined with the administrative demands of their own institutions, delayed the project even further. Thus, the subcontract for Timisoara was not completed by the end of the quarter.

Though the delay in Timisoara is significant, the issue of greater concern is the project's failure, after more than a year of activities, partnership, and expenditure of public funds, to better coordinate its efforts. This lack of coordination highlights some of the evaluation team's greatest concern vis-à-vis this project, and brings into serious question the ability of either partner to work successfully with other institutions.

### **Cluj:**

During the year, a series of seminars will be presented for small and medium business owners and managers in and around the city of Cluj. An agreement has been reached which establishes a close relationship with the National Agency for Privatization.

### **Iasi:**

In response to a short term grant from USIA, the University of Nebraska, Omaha established a small business assistance program at the University of Iasi. The University of Nebraska, Omaha project ended in the fall, and they are negotiating with the Washington State project for assistance.

### **Craiova:**

Project staff expanded association with other agencies and organizations operating in the region including the United Nations International Development Office to ensure cooperation rather than competition.

Due to expanded outreach the SMEC office in Bucharest was without a counselor from Washington State. Negotiations with the Citizens Democracy Corps investigated whether they might provide counselors. A successful outcome would have two welcomed effects: first it would allow for the presence of an American counselor in Bucharest; and second, it would establish a relationship that should continue after the termination of the current grant.

The Business English Training component of the project, funded by the University of Washington, was sub-contracted to "North by West." The teaching materials were scheduled to arrive in September, and while the WSU project will not teach the courses, it will help the SMEC's organize the recruitment of teachers and the development of classes.

### **Management Training**

The most significant administrative issue has been the assumption of responsibilities by WSU's second year project coordinator, Katie Reikofski, who arrived in October. The role of the new project coordinator has been expanded to include not only day to day communication with WSU, the partner institutions, and the local AID representatives, but also coordination with many Romanian and international agencies and organizations.

An important element of expansion during the second year is the role of the volunteers from the Citizens Democracy Corps. As a result of their involvement, the new project administrative staff has been given the freedom to explore other activities. Another important member of the WSU team and the only individual to carry over from the previous year is Warner Wong. His close association to NAP and other important ministries and individuals has proven invaluable to the program.

### **National Agency for Privatization (NAP)**

The work with the NAP was made especially challenging by the lack of direction or commitment by the Romanian government. The European Community had pledged approximately \$13 million to Romanian for small and medium business development. The funds were dependent upon which Romanian Agency is made responsible, however, before any decision could be made, the branch of NAP working with the project was disbanded, and as a result, the contract with NAP was canceled.

As of January 1993, NAP's responsibility for small and medium enterprise development was dismantled and transferred to the Romanian Development Agency (RDA). Even with this shift of power from NAP to RDA, the project staff believes that the SMECs will maintain their collaborative efforts with RDA. In-country SMEC coordinators are working in conjunction with the UNIDO staff to develop a common approach. They have also come together to persuade the EC PHARE program to cooperate with and not duplicate programs for small and medium enterprises.

Prior to the change, project staff worked with the National Agency for Privatization (NAP) to integrate the network of Small and Medium Enterprise Centers into their plan of action and establish a national data collection system. This database will enable the government to track business operations in the country. The database system relies on individual businesses providing the requisite information. Many businesses would prefer to keep the government ignorant, fearing that the more information the government has, the less control businesses will be able to retain. Understandably, government distrust still runs high.

## **Citizens Democracy Corps (CDC)**

The Citizens Democracy Corps both contributes to and challenges the project effort. The CDC volunteers were selected on the basis of their successful business experiences on the U.S. While many of the characteristics that help ensure success are useful, others are not. There is a significant difference between successful business dealings and successful training strategies. The WSU team attempted to help the CDC volunteers make this transition, but volunteers were often clearly frustrated at the slow pace used to try and help people "through" their problems rather than simply fixing it for them.

The lack of a teaching approach was further exacerbated by the sense of intimidation the Romanian counselors initially felt when working with people they knew to be successful in the U.S. This frustration led to the early withdrawal of one of the volunteers, who chose to return the U.S. The WSU staff took steps to improve communication, coordination, selection criteria, and organization of this important project element.

## **Current Activities**

### *Curriculum Development:*

Until recently, the University of Washington's desire to provide economics education and curriculum reform has been met with much resistance from both ASE and the Polytechnica. UW, therefore, had little success in formulating a clear YR2 implementation strategy and was still unsure of its direction at the time of evaluation site visits. UW chose to continue discussions with ASE on developing a business school, to provide assistance to RBI, and to produce a number of agricultural fairs throughout the country. Given the amount of time devoted to planning the MBA program, and the lack of time devoted to other project activities, UW took a risk. If the MBA program does not materialize soon, it will appear as if they wasted a year.

### *Economics Education:*

The University of Washington has *begun* to assemble a team within the Academy of Economic Studies (ASE), which will act as an "agent of change" within the institution. Surprisingly, after fifteen months, they have yet to finalize selection all of the participants.

### *Academy of Economic Studies:*

The Academy of Economic Studies (ASE), began to take the initial steps in the restructuring to enable them to offer the first applied management program in Romania.

In September, one of the Academy of Economic Studies most forceful "agents of change," Gabriel Diaconescu, returned to Romania after a year of study in the U.S., and began to work immediately to select others within ASE interested in assembling a U.S.-based model School of Business Administration. In late November, University of Washington administrators and staff met with the Academic vice-Rector, Calin Oprea who

commits ASE to support of the BUSS initiative. Finally, in December, ASE and UW administrators met with the Minister of Strategy and Reform who agreed to support the BUSS and recommended initiation of the program.

The Romanian government, particularly the Minister of Strategy and Minister of Education, is eager to implement the program this year. Upon the return of other ASE Fullbright professors, there will be more internal support for creating the new school. However, faculty acceptance and participation on a wide scale is needed to assure success. In addition, ASE's prospectus weakly acknowledges support from a number of foreign funders. The prospectus refers to sponsorship of the Small Business Development Centre only as an association "with some American universities..."

Credit for the rapid pace of development must be given to Gabriel Diaconescu. This commitment and willingness to press for change is a result of the experiences that Dr. Diaconescu, along with Dr. Tiganescu and Dr. Maior (the Minister of Education), gained in the U.S. as a Fulbright scholar, serving to underscore the value of this program.

Recommendation:

The project still needs to marshal support from the faculty and clearly delineate sources of other support: where in what form, and how much.

*University Politehnica, Bucharest*

Working closely from the outset with both the University of Washington and Washington State University, the University Politehnica Bucharest has played an important role in the Management Training and Economics Education project since the beginning. There is however a great difference in "missions" between the two partner institutes, a difference which is reflected in their ability to institute the curriculum development so critical at this time.

While the Politehnica has several faculty members who have been in the Fulbright program, they studied in the fields of engineering -- not economics or management. The Management Department is small, and must answer to one of the Deans of Engineering. As a result, any desire by the Industrial Management Department to expand its program in this area is very threatening to other engineering departments. The management engineering programs are also threatened by the declining enrollment at the Politehnica (which may fall more than 50% in the coming year). As a result, many department are fighting to hold on to what they have -- some perceive the support of a new degree program as "cutting their own throats."

Romania has one of the greatest number, per capita, of engineers in the world, engineers who have often promoted out of their technical positions into management positions. It comes as no surprise that a large percentage of the country's current managers have engineering backgrounds. These individuals have developed strong technical problem solving skills, but need to be retrained for private enterprise.

The rapidly declining demand for the engineers graduating from the Politehnica each year will soon force the change to management training. With these changes clearly

in-mind, the Industrial Management Department asked for help in developing a new curriculum at the University. While the rector has been supportive, the Academic Senate has not been receptive to UW's attempts.

Not to be turned away, UW secured permission for Dr. Dan Ardelea (the Industrial Management Department Head) and one other faculty member to travel to Seattle to write a proposal for a full degree program in Business Administration. Upon their return to Bucharest, this proposal will be presented to the Rector and Faculty Senate of the Politechnica. In the meantime, UW will not continue with PUB.

#### Recommendation

To compensate for the absence of UW curriculum development efforts, WSU should augment the academic side of their efforts, for example, by providing more community workshops, more intensive training for counsellors, and recruit more faculty.

#### *Accreditation*

UW has opted to sideline the issue of program accreditation because they believe that it is more important to build the ASEBUSS reputation through word of mouth in the business community. Although this may be true, this strategy delays the integration of a traditional MBA program into the permanent curriculum.

#### Recommendation

UW can put off addressing accreditation temporarily but not indefinitely. The program's continued success (and funding) depends not only on its reputation but also on its status within the academic community.

#### *Executive and full-time MBA Programs*

With the assistance of an American advisor, the Academy is developing an Executive MBA curriculum to be completed in the end of May and delivered in the fall of 1993. (A full-time graduate MBA program would begin in 1994.) Traditionally, Executive MBAs, being non-academic programs, are an extension of a fully developed MBA program and are not the starting point. But UW has decided to take this tact for the following reasons: classes will be smaller, requiring fewer trained local professors; classroom space is more readily available in the evenings and weekends when the EMBA will be offered; and joint ventures and local companies, those with whom the ASEBUSS hopes to build its clientele, have expressed great interest.

#### Recommendation

An extra effort is needed to recruit government personnel and/or to offer a special training track for this peer group. This is a natural fit given that ASE has for years been an influential alma mater of government representatives. (The Prime Minister and 6 other Ministry heads are graduates of ASE.)

### *Delineating the Use of Professional Personnel*

Both centers are faced with the challenge of attracting and retaining smart, dedicated people to work in the centers. This is compounded by a potential for university "brain drain." According to project staff, the Polytechnica has expanded its program to include student interns with the idea that these internships can become an important training ground for future counselors.

#### Recommendation

This symbiotic relationship is encouraged and should also be introduced at the ASE SMEC if it has not been already.

As projected, Center services will include workshops and training programs for the public. This forum could also be used to improve the relationship between the banking and business community.

#### Recommendation

Workshops that bring bankers and business people together to discuss the issues of funding and the local business climate should be developed. Perhaps this communication will foster a more lucrative business environment.

### *Perception of Program by Participants/Counselors*

(Selected Comments and Recommendations from Counselors and Clients:)

*"The toughest challenge counselors have is in convincing their clients that they have to do the work themselves. Many clients walk in looking to establish a partnership with an American. When they hear what it takes, they are ready to quit. It is important that we show them the other problems -maybe even bigger problems that they can work on. "*

*"Romanian businessmen are not used to asking for this type of service. This center is a do-it-yourself place. We are changing the focus from 'we will tell you to do it' to 'we will help you do it yourself.' It is an important yet subtle difference."*

*"We need to increase the number of clients we have. We have to improve our skills in solving clients' liquidity problems, to teach them to find other opportunities and teach them ways to sustain their businesses."*

*"One cannot ask for discipline, order and responsibility with part time faculty. In order to have a real structure, we need full time staff."*

*"Counseling is very important because it is feedback. I can adapt the knowledge from my counseling to my classes, including expanding my overall knowledge base. But I would like more."*

*"The greatest problem I face is that there are no exact answers for every particular problem."*

One client felt that seminars provided opportunities for sustained moral support.

*"Most of us are like little children; we know not how is the water, we test it with our little finger. We come here and feel this support, this moral and information support. I come here and begin to learn from others and clarify the ideas. Then I go home and begin to think how I can make this and I write it on paper."*

Center activities focus on establishing a consultancy program, including the completion of a manual of procedures and regulations which incorporates a Code of Ethics and Conflict of Interest Guidelines. Although operational management is a priority, success of the Small and Medium Enterprise Centers hinges on their ability to provide experienced and qualified counselors with access to information and experts, mastery of topics and rapport with their clients.

### *Balance Between Consultancy Services and Workshop Offerings*

The focus on developing and offering consulting services must be balanced with faculty and community workshops and courses. Placing priority on one-to-one counseling sessions is, under current conditions, less cost-effective. It reduces the program's "ripple effect" and only indirectly strengthens faculty teaching skills.

### Recommendation

For the SMEC to have academic programming it must have academic support from its partner university. Part-time consultants are also faculty members who would benefit from revamped teaching methods and course content, and could become agents of change at the Polytechnica.

The SMECs are servicing clients and continuing to improve operations. The establishment of fee structures, client reporting systems, and counselor certifications will be important steps in meeting the goal of sustainability. Progress will be monitored by the Evaluation Team.

### *Fee Structures*

Although counseling is free at SMECs in America, it is unclear whether this will be the case in Romania. Much depends upon whether the Romanian government will allocate funds to support the SME centers after the projects end. Some operating capital will be generated by courses and seminars open to the public but is contingent upon passage of an education and sponsoring law, legally certifying the centers' right to charge fees for courses.

### Recommendation

The decision to charge counseling fees should be considered whether or not the Romanian government agrees to support the centers. ASE: First-time clients are charged a small fee to help improve the use of counseling time. It must improve its mechanism for and the staff's understanding of a fee structure.

PUB: At the moment, it is not profitable for the center to charge fees since 80-90% of the proceeds must be funneled back to the university. Obtaining legal status will eliminate this problem.

### *Client Reporting System*

The client reporting system will be an important databank that should be used in developing the centers' strategic plans. This databank should be able to answer such questions as: How many clients were counseled per week, per month, per year, by whom? How many clients succeeded in restructuring businesses and in opening businesses? What courses did clients take? What types of industries/businesses has the center primarily serviced?

A site visit by the Evaluation Teamv prompted the set-up of their system at the ASE SMEC. Estimates of client flow were not available.

The Polytechnica recorded client attendance from May through November, showing an increasing trend in the number of second and third time clients. Monthly activity records and counselor timesheets are utilized as internal monitoring tools. In addition, the staff is developing guidelines and standards for hiring and training new counselors and for evaluating counselors based upon performance criteria. As the SMEC Director commented, "we are teaching management and now we are doing it in practice."

### *Counselor Certification*

To strengthen the SMEC element, in-country project coordinators are working to establish a certification program for counselors. This critical component will install the criteria and mechanism by which new employees earn counseling status. It also will add credibility to the Romanian counselors being trained.

### **Library Development:**

During the initial grant year, the goal had been to cover as wide an array of subjects as possible. Having established a "core" collection, the focus shifted and emphasized certain subject areas, while continuing to purchase lightly in others. To provide current information, the possibility of purchasing several journals and magazines will also be explored. In addition, staff worked with Romanian faculty and librarians to organize and present books sent in September to ASE's central library, the ASE SMEC, the IPB SMEC, and IPB's Management Department. Staff also met with Romanian librarians to assess usefulness of new acquisitions and future needs; encouraged development of working relationship of the library resource centers at all of the SMEC's and other centers; made plans for acquisition of additional materials, and arranged for their shipment to Romania.

### Recommendation

A concern has arisen regarding security and access to the library resources, a concern which resulted in the limiting of access to the collection. This is especially acute at the IPB Management Library where the librarians are held financially responsible for the books. Not surprisingly, this has led them to become extremely protective of their books - perhaps overly so. This issue must be resolved to ensure maximum utilization of these critical resources.

### **Evaluator's Summary:**

Separation of the contract into two entities is beneficial. Establishment of a Masters of Business Administration program is, at best, optimistic. It will face difficulties as it adjusts its structure from an executive education program to an integrated school.

The ability of the University Polytechnica Bucharest to support either a new program or a continuation must be reviewed very carefully. The problems PUB faces relate to the fact that Romania was scheduled to be a heavy industrial state. Now it faces an overabundance of engineering talent. It is unclear whether or not the university can support continued American involvement. Furthermore, the grantee should revisit its project goals and objectives. Focus needs to be developed in three potential areas: train-the-trainers, training decision-makers, and contributing to educational program development at the Polytechnica.

Both centers requested case studies, more computer equipment, teaching tools such as overhead projectors, and American video recorders to avoid the need for and high cost to transfer videotapes to the PAL format.

The report produced jointly by the University of Washington and Washington State University, while informative, is also poorly organized and lacks the specific detail common to earlier examples. It is also worthwhile to note that after more than a year of experience and the expenditure of public funds, these two universities have as yet to effectively coordinate their activities.

**Student Contact Hours - 1st Quarter - Year 2**

Participant Categories	University of Washington				% of Total	Total Washington
	Mgmt. Ed.	Econ Ed.	Consul.	Meetings		
Training Trainers	720	515	0	24	0.01	1259
Students			60	24	0.00	84
Government Officials	180	284	290	526	0.01	1280
Business Community			655	840	0.01	1495
Journalists		25	26	8	0.00	59
Unemployed						0
Agriculture				100000	0.96	100000
Other Groups				12	0.00	12
Other						
<b>Total SCH</b>	<b>900</b>	<b>824</b>	<b>1031</b>	<b>101434</b>		<b>104189</b>
<b>% Total Grantee</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.97</b>		
<b>Percent of Total</b>						<b>0.56</b>

**Student Contact Hours - 2nd Quarter - Year 2**

	Mgmt. Ed.	Econ Ed.	Consul.	Meetings	% of Total	Total Washington
Training Trainers	534	515	170	60	0.12	1279
Students		628	85	100	0.08	813
Government Officials	42	60	240	190	0.05	532
Business Community	78		843	60	0.09	981
Journalists	8	28	4	10	0.00	50
Unemployed						0
Agriculture - Farmer's Fair				7000	0.65	7000
Other Groups - Balkan Conf.				53	0.00	53
Solidarity Workers						
<b>Total SCH</b>	<b>662</b>	<b>1231</b>	<b>1342</b>	<b>7473</b>		<b>10708</b>
<b>% Total Grantee</b>	<b>0.06</b>	<b>0.11</b>	<b>0.13</b>	<b>0.70</b>		
<b>Percent of Total</b>						<b>10%</b>

**Financial Data - 1st Quarter - Year 2**

	Aid Expenses		Cost Share		Total Washington
	Actual	Projected	Actual	Projected	
Staff Salaries U.S. (Instruct.)	62,425	10,570			62,425
Staff Salaries U.S. (Staff)	5,203	6,252			5,203
Fringe Benefits	15,060	4,382			15,060
Salaries Local	0	0			0
Consultants	1,425	500			1,425
Travel - Per Diem	20,855	44,689			20,855
Nonexpendable Equipment	5,327	5,000			5,327
Expendable Supplies	7,292	17,846			7,292
Indirect Costs	78,394	61,261			78,394
Participant Costs	0	0			0
Workshops, Seminars, Conf.	0	0			0
Video/TV Production	0	0			0
Subcontractors (WSU)	149,085	66,260			149,085
Subcontractors (ASE)	2,750	875			2,750
Subcontractors (IPB)	2,775	875			2,775
Subcontractor (Timisoara)	0	5,000			0
Subcontractor (Nat. Agen. Priv.)	0	5,000			0
Subcontractor (IPB & ASE)	0	5,000			0
Other Direct Costs	15,056	5,850			15,056
Other Reimbursement	0	0			0
<b>TOTAL</b>	<b>365,647</b>	<b>239,360</b>			<b>365,647</b>
Percentage of Total Expenditures					10%

**Financial Data - 2nd Quarter - Year 2**

	Aid Expenses		Cost Share		Total Washington
	Actual	Projected	Actual	Projected	
Staff Salaries U.S. (Instruct.)	14,465	14,306			14,465
Staff Salaries U.S. (Staff)	1,400	6,252			1,400
Fringe Benefits	4,258	5,316			4,258
Salaries Local	0	0			0
Consultants	13,406	500			13,406
Travel - Per Diem	11,187	28,592			11,187
Nonexpendable Equipment	0	0			0
Expendable Supplies	4,531	1,500			4,531
Indirect Costs	36,535	42,375			36,535
Participant Costs	0	0			0
Workshops, Seminars, Conf.	0	0			0
Video/TV Production	0	0			0
Subcontractors (WSU)	69,551	152,061			69,551
Subcontractors (ASE)	0	750			0
Subcontractors (IPB)	0	750			0
Subcontractor (Timisoara)	0	750			0
Subcontractor (Nat.Agen. Priv.)	0	750			0
Subcontractor (IPB & ASE)	0	750			0
Other Direct Costs	11,904	5,850			11,904
Other Reimbursement	0	0			0
<b>TOTAL</b>	<b>167,237</b>	<b>260,502</b>			<b>167,237</b>
Percentage of Total Expenditures					5%

## University of Wisconsin-Madison Project "MANTREE"

### Poland and Hungary

**Project Description:** The project administered by the University of Wisconsin-Madison continued to work with its in-country partners, the University of Veszprem in Hungary, the Polish Institute of Management, and the Polish International School of Business (PIBS) to offer courses in management and creativity utilizing simulation and distance teaching techniques. This report covers the period between July 1 and September 30, 1992.

### Project Administration

In preparation for a second grant year, Wisconsin-Madison secured the services of two in-country coordinators for their activities in Hungary and Poland. Both Dr. Kovacs Zoltan of the University of Veszprem, who has long been associated with the program, and Dr. Piotr Ploszajski, Executive Vice President of the Polish Foundation, are described as "the management team's first choice" and are credited as being "instrumental in producing a successful list of courses" for year two. The addition of these coordinators should significantly improve the efficiency and impact of the "MANTREE" project.

The MANTREE team prepared a proposal for the United States Information Agency to develop an "audiographic" system at six remote locations. This capability is crucial to the success of the University of Wisconsin-Madison's effort.

### Project Activities

No project activities were offered in either Hungary or Poland from the middle of June through the middle of September. This "summer recess" was designed to contend with the aftermath of an especially heavy schedule in April, May, and June, and the difficulty of recruiting participants during this time. During this period, the management team developed their implementation plan for the second grant year. At the same time, a slightly more detailed version of the program "Managing Continuing Education Programs Successfully" was repeated in Warsaw for both Hungarian and Polish faculty/partners.

The complete plans for year two were developed with an emphasis on the following goals: (1) solidifying in-country management for every program; and (2) establishing a budget program and administrative structure that would continue beyond the limit of the grant.

As a result of this planning, the University of Wisconsin-Madison developed a project that will focus on the "certificate" program, and added new courses at the request of both countries (e.g. "Insurance Markets and Policies" and "Health Care Management")

in Poland; and "Management of Information Systems and Databases" and "Rural Development, Recreation and Resource Management" in Hungary).

The University of Wisconsin-Madison will offer 10 courses in Poland between September 1992, and April 1993, while the activities planned for Hungary include 21 courses offered between October 1992, and May, 1993. The majority of courses offered in both countries are one or two days in length, and will be taught by both American and in-country instructors.

Other project related activities have been scheduled including the installation of new equipment (Veszprem), several planning meetings (in both Poland and Hungary), and one seminar.

### **Expansion**

Most significantly, the management team's assessment of the success of the project during the first year led them to the decision that the MANTREE project should be expanded in Poland through the addition of two new training centers. The first of these new sites, at the School of Economics and Sociology, University of Lodz, is "located in the center of a highly industrialized region," while the second, at the Katowice School of Management, is "located in Poland's most populated Silesian area." Both sites represent strategically important areas of Poland which are undergoing major restructuring programs. As a result, it is critical that the instruction of management skills and economics be made available as rapidly as possible.

Training sessions attended by 33 local "trainers and managers" were offered during October and in November, the project offered its first seminar taught entirely by local talent. This outcome is the result of project efforts during the first year of the grant. Reports from Hungarian operations showed signs of increased local capabilities and self-reliance.

### **Distance Education**

Another component of the MANTREE project is the development of "audiographic" reception capability at three sites in Hungary, and one in Poland. This technology was installed to allow not only for courses to be taught, but also for administrative conferences within Hungary and Poland and between the University of Wisconsin-Madison and its partner institutions. Lacking in their report, however, was the extent to which this component is dependent upon funding from USIA.

### **Courses Offered:**

Courses were offered primarily to those individuals who would help the MANTREE project beyond its U.S. based support. The following chart details the course offerings during this quarter:

<u>Course</u>	<u>Attendance</u>	<u>Date</u>	<u>Note</u>
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1. Managing Continuing Education Programs Successfully	93 Trainers	September	Presented by U.S. Staff
2. Creativity in Design	12 Managers	October-December	Teleconference
3. Leadership for Change	35 Managers	November	Presented by Local Trainers
4. Leadership for Change	35 Managers	December	Presented by Local Trainers

**Summary:**

The University of Wisconsin-Madison noted that they have observed several encouraging signs which demonstrate that their in-country partners know what to do and are taking the steps necessary to provide quality programming. This is a strong indicator of the growing ability of these institutions to sustain this program following the termination of this grant.

**Student Contact Hours - 1st Quarter - Year 2**

Participant Categories	Wisconsin Madison			
	Mgmt. Ed.		% of Total	<b>Total Wis./Mad.</b>
Training Trainers	1322		0.14	1322
Students				
Government Officials	435		0.05	435
Business Community	7763		0.82	7763
Journalists				
Unemployed				
Agriculture				0
Other Groups				
Other Groups				
<b>Total SCH</b>	<b>9520</b>			<b>9520</b>
<b>% Total Grantee</b>	<b>1.00</b>			
<b>Percent of Total</b>				<b>0.05</b>

**Student Contact Hours - 2nd Quarter - Year 2**

Participant Categories	Wisconsin-Madison		Total Wisconsin
	Mgmt. Ed.	% Total	
Training Trainers	1652	1.00	1652
Students			
Government Officials		0.00	0
Business Community		0.00	0
Journalists			
Unemployed			
Agriculture			
Other Groups (State)			
Solidarity Workers			
<b>Total SCH</b>	<b>1652</b>		<b>1652</b>
<b>% Total Grantee</b>	<b>1.00</b>		
<b>Percent of Total E. Europe</b>			<b>2%</b>

**Financial Data - 1st Quarter - Year 2**

	AID Expenses		Cost Share		
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	Total Wis./Mad.
Staff Salaries U.S. (Instruct.)	107,300				107,300
Staff Salaries U.S. (Staff)	18,500				18,500
Fringe Benefits	37,600				37,600
Salaries Local	0				0
Consultants	0				0
Travel - Per Diem	85,700				85,700
Nonexpendable Equipment	38,100				38,100
Expendable Supplies	130,700				130,700
Indirect Costs	76,500				76,500
Participant Costs	0				0
Workshops, Seminars, Conf.	0				0
Video/TV Production	0				0
Subcontractors	0				0
Subcontractors	0				0
Subcontractors	0				0
Translation	0				0
Scholarships	0				0
Curriculum Development	0				0
Other Direct Costs	0				0
Other Reimbursement	0				0
<b>TOTAL</b>	<b>494,400</b>				<b>494,400</b>
Percentage of Total Expenditures					14%

**Financial Data - 2nd Quarter - Year 2**

	AID Expenses		Cost Share		Total Wis./Mad.
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (All)	50,644				50,644
Staff Salaries U.S. (Staff)	0				0
Fringe Benefits	0				0
Salaries Local	0				0
Consultants	0				0
Travel - Per Diem	0				0
Nonexpendable Equipment	17,924				17,924
Expendable Supplies	35,125				35,125
Indirect Costs	40,497				40,497
Participant Costs	0				0
Workshops, Seminars, Conf.	0				0
Video/TV Production	0				0
Subcontractors	0				0
Subcontractors	0				0
Subcontractors	0				0
Translation	0				0
Scholarships	0				0
Curriculum Development	0				0
Other Direct Costs	0				0
Other Reimbursement	0				0
TOTAL	144,190				144,190
Percentage of Total Expenditures					4%

## **Midwest Universities Consortium for International Activities (MUCIA)**

### **Czech Republic, Hungary and Poland**

**Project Design:** MUCIA offers an eight-module program on basic business and management topics spanning over four months to a core group of business people. These "mini-MBA" certificate course topics and materials are developed by the project's primary subcontract, the University of Indiana, and are taught in conjunction with local faculty members. One-time seminars are also offered in Export Marketing. During this reporting period, MUCIA opted to restructure their program; location of MUCIA activities have been pared down to two locations: The University of Economics in Prague and the Budapest University of Economic Sciences in Budapest. The period covered in this report is July 1 through December 31, 1992.

### **Evaluator's Report**

#### **Administrative Activities**

Dr. Robert C. Klemkosky, Associate Dean and Professor of Finance at Indiana University, accepted the position of Project Director and has undertaken leadership of the MUCIA project.

An important meeting, attended by project coordinators, was held August 9-10, 1992, at Michigan State University. This gathering allowed both Central and Eastern European and American staff members the opportunity to discuss and evaluate the completed elements of the Professional Managers Program, and continue planning for coming activities. Modifications to the project as it enters its second year should help to insure a more effective program in the future.

In addition to refining course content and materials, the project staff elected to offer a Finance and Accounting for Non-Financial Managers seminar in Hungary; Finance and Marketing seminar in the Czech Republic, and Finance and Human Resource Management seminar in Poland. Moreover, in addressing site management issues, the staff decided to direct more resources to partner institutes and to separate academic and logistical support.

During the administrative reorganization mandated by AID, MUCIA decided it was necessary to hire a person to concentrate on program evaluation as well as "sustainability." Accordingly, Indiana University was able to secure the Director of Executive Education at Indiana's School of Business, Camden Danielson, to fill this new position. Mr. Danielson traveled to Poland and Czechoslovakia to participate in Focus Group meetings in cooperation with Warsaw University and the University of Economics, Prague.

### **Extension of Grant Activities**

During this reporting period, AID released the remainder of funds granted to MUCIA in their first year. These funds, held contingent upon the overall performance of the grant, were released September 1, 1992. Though administrative savings made throughout the year allowed for the majority of the project activities to be delivered, the release of the remaining funds allowed MUCIA to support local administrative staff and plan additional activities. The release of these funds also allow the delivery of specialized modules at all sites. These modules will be tailored to each institution.

MUCIA's second year proposal addressed some of the major issues facing the project: finding local project coordinators to handle day-to-day logistical issues; scaling back from three locations to two (Hungary and the Czech Republic); reducing the number of American faculty traveling to and from project sites; working to improve the interaction between American and local professors for the purpose of materials development and team-teaching; paring down the amount of course material submitted for each module; and, including an English vocabulary list with course materials.

During the Evaluation Team's site visit, local partners commented on the improvement of administrative issues. In-country field representatives were selected and two short courses have been offered. The actual project design of eight modules was slightly changed -- materials updated and the sequence of courses re-ordered.

MUCIA also altered its tuition costs in an effort to become more competitive. Last year, the program cost in Prague was 10,000 crowns (approx. \$358) for all participants. This year a two-tiered system was established to recognize the additional costs incurred by out-of-town participants. Locals are charged 6,000 crowns (approx. \$214) and those coming from outside the city are charged 16,000 crowns (approx. \$571). In addition, MUCIA recognized that the initial \$300 paid to local faculty for their role in the project was not enough to act as a sufficient incentive.

### **U.S. Based Training**

From August 2-8, 1992, four program participants attended the Partnership for Management Development program at Indiana University. This brings the total of Central European faculty who participated in the executive education program to fourteen. The target number of participants for fall is forty students per site.

The staff at Indiana University held a meeting in October at Michigan State University to make final preparations for the coming quarter. This meeting was attended by the directors of all the upcoming modules, along with three members of the project's staff. The group decided to offer five course-specific modules in Central Europe along with a series of Focus Group meetings for each country.

### **Focus Groups - Grantee Self Assessment**

These meetings, attended by the graduates of the first year's Professional Managers Program (PMP), brought together a variety of past participants selected by the Resident Academic Coordinators from the Czech Republic, Hungary, and Poland. The goal of these meetings was to assess the relevancy of the Professional Managers Program to its participants. Each group reported that the managers' program had been an excellent educational experience, and felt that the program was indeed what they needed. Meeting attendees believed that the educational experience had played an important role in their professional lives and that they now felt a need to help their current companies revise their operational strategies.

Lastly, the attendees and the faculty and staff of the partner institutes noted the positive influence of the U.S. faculty members. They believe that support would be less forthcoming for these programs without the "drawing" power of Western experts. One of the most important issues for the coming year will be "determining how to appropriately market the newly-gained skills of local faculty."

### **The Modules**

Five course-specific modules, two in Czechoslovakia, two in Poland, and one in Hungary, were presented. In each case, the Resident Academic Coordinators were responsible for marketing the fall modules. Each participant was given a notebook of teaching materials prior to the course which they were allowed to keep. All modules were 2.5 days long and were designed to respond to the recommendations from not only the partner institutions but from the Evaluation Team as well. The following briefly describes the five modules:

*(a) Corporate Finance and (b) Human Resource Management:* These modules were held at the Rozalin Center outside of Warsaw, Poland, each attended by twenty-six participants who came from the private sector, large companies, and universities.

*(c) Financial Strategy:* This module was offered at the Hotel Krystal in Prague, Czech Republic and was attended by thirty-one people. The participants were composed of people of various backgrounds.

*(d) Accounting and Finance for Non-Financial Managers:* This module, held in cooperation with the Budapest University of Economic Sciences, was presented at Dobogoko (a mountain resort outside of Budapest) and was attended by a group of thirty-nine participants generally from the business community.

(e) *Advanced Marketing*: This module was presented at the Hotel Krystal in Prague with a total attendance of sixteen participants.

One of the most important elements of these modules was the evaluation that followed each course offering. The results were reportedly extremely positive, with the participants believing that the material will prove useful to them both professionally and personally.

### **Support Activities**

Dr. Richard L. Higgins gave permission for MUCIA to use (and he donated) 88 copies of his text, Analysis for Financial Management, for the Czech and Hungarian programs.

### **Strengthening Local Faculty Participation**

In an effort to strengthen local faculty participation, steps were taken to more closely link local faculty with MUCIA professors to develop and team-teach courses. MUCIA intended to train a cadre of faculty at each of their partner institutions; however, this idea was not realized. In many cases, local faculty were displeased with the lack of effort on the American side to include them in the process.

MUCIA intends to place greater emphasis on project sustainability by allowing its partner institutions to play a greater role in the planning and implementation of project activities. Further, in an effort to enhance project effectiveness, the U.S. faculty members will be adding one day at the beginning and one day at the end of their stays to allow for increased interaction with their in-country colleagues.

Recommendation: MUCIA has taken some steps to strengthen local faculty participation in teaching and module development. Each module has a U.S.-local faculty team discussing topics, preparing materials and developing case studies. According to their Program Amendment and Budget report, "US faculty will increase their time in each country in order to involve their counterpart faculty in discussion of module objectives and participant needs." Time should also be devoted to discussions on pedagogical and methodological issues.

### **Case Study Development**

MUCIA's original program design highlighted the development of case studies to be prepared by selected local faculty. These cases were to become teaching tools used in classes and study materials relevant to the local environment. At the time of the Evaluation Team's site visits, case studies had yet to be submitted to the American professors for review.

Recommendation: By the time second year courses begin, steps should have been taken to utilize these cases as they were intended. If cases have not been reviewed, edited and tested, then MUCIA's plan to develop cases for course materials did not materialize.

MUCIA should forward a copy of the casebook to the Evaluation Team upon its completion.

### **Recommended Modifications for Project Improvement**

The following issues still require significant attention: (1) improving the pedagogical coherence and aggregate design of the modules; (2) upgrading the modular sequence to become more sophisticated to service the needs of local faculty and to improve the longevity of the modular course offerings; and, (3) establishing an American presence. An academic coordinator should be placed on location for an extended period of time during the module sequences. This person can provide guidance before and during module course offerings and will ensure appropriate follow-up at the conclusion of the modules.

On a broader scale, however, MUCIA's ultimate success depends upon its willingness to commit to its partner institutions. This decision, given the current situation, should be made sooner rather than later.

At BUES, the project remains at the margins of university activities, having been preempted by the London School of Business. It is unclear how the MUCIA program will maintain its niche. According to the BUES academic coordinator, there is no link between the MUCIA mini-MBA and the newly established MBA program. Although MUCIA graduates may have improved chances of being accepted to the regular MBA, no viable link has been established. Local partners have expressed an interest in establishing more direct contact with Indiana University.

At the University of Economics, the Prague International Business School (PIBS) is being established but is not directly receiving assistance from MUCIA. Although the Rector expressed desire for MUCIA's participation in training faculty and helping to develop the curriculum for this new school, the project staff has taken no substantive steps to solidify this relationship. Therefore, the project remains on the fringes of institutional restructuring efforts. For those people who are not accepted into the first MBA class but who wish to strengthen their records, the MUCIA mini-MBA program will be offered.

### **Student Contact Hours and Financial Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial Data reported by the grantee during the reporting period.

### **Evaluation Team's Summary of Observations**

MUCIA's new leadership faces a serious challenge in improving the project. The second year activities should be more effective given the better organized in the delivery system. Emphasis should be placed on local partnership cooperation and increased U.S. presence.

**Student Contact Hours - First Quarter - Year Two**

Participant Categories	MUCIA		% of Total	Total MUCIA
	Consultation	Exec. Ed.		
Training Trainers		120	71%	120
Students			0.00	0
Government Officials				0
Business Community			0.00	0
Journalists				0
Unemployed				0
Agriculture				0
Other Groups - Acad.	48		29%	48
Solidarity Workers				
<b>Total SCH</b>	<b>48</b>	<b>120</b>		<b>168</b>
<b>% Total Grantee</b>	<b>29%</b>	<b>71%</b>		<b>100%</b>
<b>Percent of Total</b>				

**Student Contact Hours - Second Quarter - Year Two**

Participant Categories	MUCIA			
	Mgmt. Ed.	Consult.	% Total	Total MUCIA
Training Trainers	109	78	8%	187
Students	75		3%	75
Government Officials	35		2%	35
Business Community	1482		66%	1482
Journalists				
Unemployed				
Other - Consultants	392		18%	392
Other - Economist	47		2%	47
Other - Proj. Asst.	15		1%	15
<b>Total SCH</b>	<b>2155</b>	<b>78</b>		<b>2233</b>
<b>% Total Grantee</b>	<b>97%</b>	<b>3%</b>	<b>100%</b>	
<b>Percent of Total</b>				<b>2%</b>

**Financial Data - First Quarter - Year Two**

	AID Expenses		Cost Share		Total MUCIA
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	0	0	0	0	0
Staff Salaries U.S. (Staff)	13,828	13,183	4,875	4,875	18,703
Fringe Benefits	4,013	3,241	1,843	0	5,856
Salaries Local	1,000	300	0	0	1,000
Consultants	0	0	0	0	0
Travel - Per Diem	28,659	30,543	0	0	28,659
Nonexpendable Equipment	1,225	19,597	0	0	1,225
Expendable Supplies	2,426	2,757	215	0	2,641
Indirect Costs	20,198	25,052	3,259	0	23,457
Participant Costs	0	0	0	0	0
Workshops, Seminars, Conf.	0	0	0	0	0
Video/TV Production	0	0	0	0	0
Subcontractors (Mich. State)	0	123,711	35,740	0	35,740
Subcontractors (Ohio State)	6,647	97,506	0	0	6,647
Subcontractors (U. of Illinois)	0	49,260	0	0	0
Translation	0	0	0	0	0
Scholarships	0	0	0	0	0
Curriculum Development	5,274	6,226	0	0	5,274
Other Direct Costs	0	0	0	0	0
Other Reimbursement	0	0	0	0	0
<b>TOTAL</b>	<b>83,270</b>	<b>371,376</b>	<b>45,932</b>	<b>4,875</b>	<b>129,202</b>
Percentage of Total Expenditures					3%

**Financial Data - Second Quarter - Year Two**

	AID Expenses		Cost Share			Total MUCIA
	ACTUAL	PROJECTED	ACTUAL	PROJECTED		
Staff Salaries U.S. (Instruct.)	5,227	0	0	0		5,227
Staff Salaries U.S. (Staff)	254	0	0	0		254
Fringe Benefits	66	0	0	0		66
Salaries Local	0	0	0	0		0
Consultants	0	0	0	0		0
Travel - Per Diem	11,765	0	2,179	0		13,944
Nonexpendable Equipment	0	0	0	0		0
Expendable Supplies	1,245	0	0	0		1,245
Indirect Costs	7,255	0	1,061	0		8,316
Participant Costs	0	0	0	0		0
Workshops, Seminars, Conf.	0	0	0	0		0
Video/TV Production	0	0	0	0		0
Subcontractors (Mich. State)	0	0	0	0		0
Subcontractors (Ohio State)	55,618	0	0	0		55,618
Subcontractors (U. of Illinois)	0	0	0	0		0
Translation	0	0	0	0		0
Scholarships	0	0	0	0		0
Curriculum Development	0	0	0	0		0
Other Direct Costs	0	0	0	0		0
Other Reimbursement	0	0	0	0		0
TOTAL	81,430	0	3,240	0		84,670
Percentage of Total Expenditures						2%

## The Ohio State University

### Poland

**Project Design:** With the help of the Solidarity Economic Foundation, Ohio State University is developing three Enterprise Institutes operating in Bialystok, Poznan and Rzeszow, Poland. The Enterprise Institutes: 1) train local professors on new topics and prepare them to teach short courses; 2) offer a basic five-part short course program covering Entrepreneurship, Marketing, Management, Finance and Strategic Planning to the business community; 3) offer additional classes in response to local needs including Export-Import; and 4) develop other support business services, indirectly establishing a market niche for the Institutes. The Foundation assists this effort by providing translation, coordination, and public relations services. In addition, National Symposia are held in Gdansk once a year.

### Evaluator's Report

#### Project Administration

The Ohio State University (OSU) project staff, working out of the Center of Education for Training Employment (CETE), continued activities with the Solidarity Economic Foundation and the three Enterprise Institutes. The project focused on completing new course materials intended to be introduced in November, planning for the faculty training program to be hosted by the Rzeszow Institute that same month, and solving problems shared by all three Enterprise Institutes.

In response to requests made by all three Institutes, funds were reallocated from purchasing books to purchasing additional equipment. Though the materials purchased during the first year were highly valued, the inability to obtain books and journals in the Polish language limited their utility. As a result, the Ohio State staff has agreed to use some of the resources allocated for this purpose to buy additional equipment. The project purchased lap-top computers and computer-based overhead projector attachments.

In the continuing development of the program, several personnel changes were made. Alicja Unterschuetz replaced Alicja Zajackowska as part of the Gdansk staff, and Martha Cooper was selected to develop the new course on International Trade.

To date, Ohio has offered a standardized training curriculum covering broad based topics. This has helped to establish a common base of knowledge and has been a useful forum for the institute staffs to meet and to exchange experiences and ideas. However, members of the Enterprise Institutes expressed frustration with the inflexibility and constriction of the current project design.

### **Faculty Training In Rzeszow**

During the 3-week training workshop in November, faculty from all three sites participated in familiarizing themselves with the new materials and developing new ideas on presentation.

One of the unforeseen and unfortunate aspects of the training workshop was that it was primarily the new faculty members who attended, limiting the opportunity for the experienced faculty members to share ideas and information as had been originally hoped. It, therefore, did not serve the needs of returning faculty.

In addition, faculty participants expressed disappointment in this second training session. One professor commented, "materials covered are broad and this is good. But the starting assumption should be criticized. U.S. professors assumed that there is no economy in Poland; they spent too much time at the beginning on basic subjects." A second professor felt that U.S. trainers do not know the Polish reality. "Perhaps we should give them homework," he recommended, "so they know the ground situation before they get here." Their sentiments are shared by other faculty members.

Recommendation: Ohio might restructure these annual training sessions to serve as advanced training sessions. This would enable the more seasoned trainers and coordinators to accept the responsibility of training their new colleagues.

### **Changes to Project Design**

While in Rzeszow, a two-day meeting was held with the three site coordinators to examine overall progress, solve problems, and develop strategies for becoming "self-sustaining."

To meet the goal of sustainability, all institutes share the need to open up markets and expand the client base for their services. According to the year three proposal, they found a common solution. "Satellite offices" will open to promote each institute, assess local needs, and market appropriate course offerings. This idea will make maximum use of the faculty and resources assembled for each existing site.

However, in serving a wide client base, each institute faces its own training challenges -- re-qualifying unemployed people in a well developed area such as Tarnobrzeg by the Rzeszow Enterprise Institute, assisting in a Polish government sponsored program to restructure the city of Gniezno by the Poznan Enterprise Institute, and exploring new possibilities of light industry and tourism in Suwalki by the Bialystok Enterprise Institute.

Recommendation: Assistance from OSU should become more tailored to specific regional needs.

Enterprise staff also expressed the desire for greater access to American faculty combined with more training on methodological and pedagogical issues.

The Ohio State University's third year proposals has responded to many of these recommendations. However, provisions for greater access to American professors is only cited in its proposal for a Center of Excellence. With only 50 percent funding granted, OSU must still improve access to institute faculty. The third year proposal also responded to the need to include the participant faculty more actively in the curriculum development process. The team approach (a coordinator and 3-5 faculty members working to develop a seminar) may improve the morale of the staff, and will enhance the productivity of the time each professor can dedicate.

### **Curricular and Materials Modifications for Year Two**

Modifications were made to the five courses offered during year one. This was especially challenging with regards to the marketing course because it had been decided to make significant changes in the program. These modifications included:

1. Entrepreneurship: expanded into three sections: economics, computer use, and legal issues.
2. Finance: added a unit on money valuation and capital budgeting techniques section on Polish tax information, and a Polish case study to illustrate financial planning issues.
3. Management: added a section on operations to the basic course outline.
4. Marketing: completely revised eliminating market research and adding promotion, pricing, product and distribution.
5. Strategic Planning: modified to include specific application exercises.

The Consulting activities initiated at the outset of the project, will continue virtually unchanged.

As these materials were being prepared, the scripts for the marketing video-tapes, to be used in concert with the revised marketing course, were being translated.

### **Introduction and Piloting of the Export-Import Course**

During this period, the project added a new course on Export-Import, to small business owners.

Faculty training meetings held in November, focused upon incorporating this new course into the existing program. In Rzeszow, it was decided to offer the unit as an additional program for the business owners who have already participated in the larger

program. In Bialystok and Poznan, the Enterprise staffs decided to add this course to the five sections already offered as the "Basic" course.

Following the completion of the faculty training for the new Export-Import course, the Rzeszow site arranged for 10 local business owners to participate in a pilot program in which the Polish faculty members would offer select elements of the proposed course, and provide feedback. The general response was positive regarding the usefulness of this new addition, and many of the suggestions made by this "test audience" have been taken under consideration.

### **Operations at the Three Enterprise Institutes:**

As each institute begins to carve out a niche for themselves, they face new challenges in serving their communities.

All three institutes face the challenge of having to replace a significant number of faculty members. Though not entirely unexpected, the resulting influx of new and untrained instructors made the role of the project coordinators especially important.

Recommendation: The Ohio administrative staff must carefully follow the progress of these new instructors to ensure the continued viability of each institute.

In November, the OSU administrative team met with the coordinators and faculty from all three sites. These meetings resulted in a narrowing and refinement of future project goals, and in the development of a plan unique to each site. At each of the Institutes, participants and faculty alike felt that courses would be better served if they were augmented by additional activities such as incubator programs.

All three institutes have taken over the responsibility of hiring and paying their faculty as they see fit. Whereas during the initial grant year the faculty received the same compensation, now institute directors determine pay depending on teaching hours, evaluations, and the number of additional responsibilities accepted (assisting in promotions, helping with administration etc.). In one instance, faculty receive commission for recruiting students.

Over the past year, roughly 50-75 percent of participant fees for courses have been subsidized by the AID project funds. Although each institute expects the cost of their courses to decrease, they also recognize that people cannot afford to pay the total cost. In searching for ways to make money, all three institutes believe that offering consulting/advising services will be their cash cows. Other ideas expressed included offering market research services, and publishing information.

### **Status of the Bialystok Enterprise Institute**

This Enterprise Institute is the only one that has retained its original university affiliation. It should be noted that the Director of the Institute is also the Director of the School of Business. This eliminated issues of control and access to resources that have

plagued the other Institutes' affiliations. As part of the Bialystok School of Business, both the school and institute use the facilities of the Bialystok Technical University. Additionally, faculty members are drawn from the University of Warsaw, Bialystok. One of the best elements of this association is the easy access of the location for local business managers.

The Bialystok Institutes fall schedule included an Enterprise Institute Program and a program focusing on Business Start-up. The Institute also established start-up courses for entrepreneurs. Three courses were offered to 60 people for a fee of 1.5 million zloty.

In the first quarter, fourteen business owners participated in The Bialystok Institute Entrepreneurship course, and twelve participated in all four of the other courses. Additionally the institute provided assistance/consultation to between 80 and 90 local business owners on questions relating to law, taxes, and accounting.

During the second quarter, the Bialystok site worked with business owners on the following basic courses: Entrepreneurship For Business Owners (12 participants), Marketing (12 participants), Management (12 participants), Finance Group I (12 participants), Finance Group II (9 participants), and Consulting. In addition, the following courses were also offered: Business Start-up/Marketing Course (18 participants) and Seminar on Taxes and Privatization (25 participants).

An interesting outgrowth of this sites activities was the significant media attention received.

This quarter also saw the development by the Bialystok site of their business plan, which was submitted to OSU for approval.

In addition to the activities noted, this site was also responsible for both the translation and development of new material for the Entrepreneurship course.

Lastly, this site started an in-school business course for 65 students, and organized a marketing course in Biclak Podlaski, 50 km. from Bialystok.

### **Status of the Poznan Enterprise Institute**

Although the Poznan Institute began operations in cooperation with the School of Management (funded by the European Community-Know How Fund), this affiliation no longer exists. The Poznan site relocated to a new office in the Academy of Economics, but acts as an independent entity, and hired a new project coordinator, Zdzislaw Krajewski. Some of the space was given in exchange for shared use with Academy students. The Institute has reached an agreement to pay for the remaining space. This made access easier for faculty members, and improved the level of cooperation and participation.

The institute's fall course schedule included: Business Law, Finance, Marketing, Strategic Planning, and Negotiations. There were also plans to offer special courses for area retailers, English courses, and advanced computer literacy courses.

Significant difficulty was encountered in recruiting participants for the basic five-part course. In October, a meeting was held with business owners invited by friends who had attended during the first year. Though 15 owners attended the introductory meeting, only one came to the initial class.

Given the original response of the 15 owners, and the use of print to advertise the course, it is difficult for the site or OSU to explain why turn out for this segment was so disappointing. It is possible that the combination of the fee, to be paid in full at the initial class, combined with the fact that the course attended by the previous participants (who had recommended it to their friends) had been taught by Mr. Fonfara, not the current team, had disappointed the new prospective clients. In an effort to better understand this problem, the site will do follow-up studies to learn the reasons for the sudden lack of interest.

In an effort to solve the immediate problem, the Academy sent students to local businesses to recruit other owners. Though students were given a financial incentive, only six additional participants signed up. It was not until late November that 15 participants were recruited for the opening session.

Throughout the reporting period, the Poznan Institute offered the following courses: Entrepreneurship for Poznan Business Owners (15 participants), Entrepreneurship for Konin Business Owners (23 participants), Banker Training in Poznan (30 participants), and, Traditional student training (25 participants).

In sharp contrast to the difficulties described above, the Institute recruited 23 people for the course in Konin by offering a free sample seminar on how to invest money.

Poznan expresses concern in gaining the proper training to become a strong competitor in a highly competitive community. It envisions its own future as primarily a consulting firm.

In addition to the offering of courses, this site was also responsible for the translation of new materials for the Marketing course and the Strategic Planning course.

The Poznan site recruited 11 new faculty members to teach various courses, while 9 faculty stayed on from the previous year.

Lastly, they have discussed offering courses for state-owned company managers with the Ministry of Proprietary Changes. As a result, they are planning lectures on marketing and finance with the private post-graduate school in Zychlin.

### **Status of the Rzeszow Enterprise Institute**

The Rzeszow Institute moved to their new and much improved site in downtown Rzeszow using classroom facilities provided by the Marie Curie Skaldowska University (UMCS) branch in Rzeszow.

This institute was originally under the auspices of the Management center, a business school funded by the European Community. When this relationship soured, the institute separated itself. Now the Management Center has redirected its focus from a

higher education institution to a similar outreach approach like the Institute and therefore is the Institute's main competitor. Reportedly, Ohio State was assured that the two programs were significantly different, and that there were no problems expected with both projects operating in the same community. However, the Ohio State staff expressed some concern, and committed to watch this project element closely. Meanwhile the Institute directors made efforts to establish a strong relationship with its local community by organizing meetings with the mayors of the areas towns, regional voivode, other business trainers, and the two universities (UMCS and the Polytechnic).

During the second quarter the Institute offered the following courses: Entrepreneurship for Business Owners (23 participants), Marketing (23 participants), Management (23 participants), Finance (25 participants), and Strategic Planning (23 participants). Additionally, the institute provided consulting services to the media, seminars for traditional students with 50 participants, and consulting to the business community

The Institute also collected 13 "entrepreneur profiles" during the quarter, representing 10 men, and 3 women.

In addition to the above activities, the Rzeszow Institute accepted the larger responsibility in November of playing host to the train-the-trainer workshop. This site was responsible for the translation of new materials for Management and Consulting as well as for the new Export-Import unit.

This three-week workshop involved a great deal of planning and preparation, as well as the participation of the Rzeszow faculty in almost all of the activities throughout the course.

Lastly, this site also "rewrote" its strategic plan with the assistance of the American project staff, which they then submitted for further review.

#### **Selected Comments from the Enterprise Staffs & Participants**

"We believe that the U.S. faculty should teach Polish faculty, not the business community. Our knowledge is too theoretical. I need more training because I don't feel so secure with the practical aspects of business. Perhaps we could invite American business people to Poland because Polish business owners would love to speak with them."

"We would like an expert on certain topics to stay here for a month. This would give our teachers concentrated time and access to understand the topics."

"If we don't want a certain aspect of the AID program, Ohio should listen to us. Maybe the project's needs are different from our realities."

"During the first year we were not comfortable with the new materials or strategy. Now we are comfortable with the materials aspect, and we are ready to deal with the strategy. We need your help for this."

"Business owners are hard clients. Often they think they know everything, and they have money, but they save it. They started with small companies and when they got to a certain level, they think they know everything and don't want to learn anymore."

"We realize that some courses should be long, and some shorter, so we are making these adjustments."

"Sometimes we don't believe in successes because America and Germany have so much experience and capital. But our cooperation has made us believe that this is possible."

"As Polish teachers we feel responsible for our answers. The U.S. advantage is that American faculty do not give answers or solutions, just opportunities. This is the first thing I noticed in American classes."

"US examples are a motivation for us to come to the courses."

"We try to cooperate with entrepreneurs in Gdansk and Jaroslav. There are 35 of us. we would like to create a database matching US and Polish businesses. Together we have come to the conclusion that we have intellectual power that is not being utilized properly. We would like to have influence in changing local and national laws and in reorganizing bank credit procedures."

Members of the Business Club, all of whom are students of the Institute, request the need for: 1) more information on legal aspects; 2) more books and materials of which there are not enough; 3) students are interested in using computers. Management and marketing courses could use them in teaching and learning, not only in every module but also to break the fear that people have with computers. 4) We would like to participate in a course for advanced marketing and business concepts.

### **Cooperation with the Solidarity Economic Foundation**

The Solidarity Economic Foundation is responsible for seeing that each institute is operating as planned, while at the same time providing an "in-country presence" that facilitates general project operations. The Foundation helps the project by handling all incoming materials and shipments to clear customs, and their delivery to the appropriate Institute. Solidarity coordinates with the three sites via telephone and monthly reports --it is the "channel of communication" to Ohio; and, it is responsible for preparing and establishing the overall image of the project.

Further, Solidarity manages project funds based upon budgets submitted by each center, organizes the task force meetings, and is responsible for producing ten success stories, each ten minutes in length about business owners. In addition, the Foundation is producing the second edition of success story video tapes and case studies and is currently working on developing the second forum held in Gdansk. The Evaluation Team requests a copy of these success stories.

In management of project funds, Solidarity receives advances from OSU (quoted by Solidarity as approximately \$74,000 per quarter) and is responsible for approving budgets and dispersing funds among itself and the three Institutes. Unfortunately each transfer of funds (from the U.S. to Poland, and from Solidarity's bank to each of the institutes' banks) is charged a transfer fee and costs the project money. To date, OSU has not internally audited the financial flows of the Foundation or the Institutes.

Recommendation: An audit needs to be conducted, in addition to a clarification of the Foundation's in-kind contributions made to the project over the past year.

OSU has had a close relationship with the Solidarity Economic Foundation throughout this project. But Solidarity should not be seen as a substitute for U.S. academic coordination. For a price of \$600,000, The Ohio State University's presence on location is limited with no long-term on-site American presence. For \$300,000, OSU purchased the services of the Solidarity Economic Foundation who is also assisting Ohio with other grant endeavors.

Recommendation: For this amount of funding, OSU needs to have an American academic coordinator on site who would act as a link to, and have control over, the training components of the project.

Decisions made by OSU are passed indirectly to the institutes via the Foundation. Ultimately, the Enterprise Institutes are not satisfied with these arrangements. It takes too long for decisions to reach their intended destinations, and responsibilities/accountability gets lost somewhere in the process.

Recommendation: The project needs to establish guidelines that will enable the institutes to self-govern.

### **Task Force Meetings**

On November 23 1993, The Ohio State project staff, Institute coordinators, and select members held a "Task Force" meeting in Warsaw. This meeting was intended to allow both OSU and the Institutes to give presentations on progress to-date, and long-term planning. Members of the Solidarity staff also discussed plans for the Entrepreneurship Education Forum in May.

Among the recommendations made during these meetings was offering invitations to the winners of the "Ministry of Industry's Best Local Initiative" to speak at the Institutes.

One of the most important topics of conversation related to the search for additional funding. Given recognition of the fact that the national government had no funds, it was decided to pursue support through regional sources.

### **Case Study Development**

One of the concerns described in the OSU quarterly reports focuses on the problems of developing new case studies for the second year. The Institute coordinators noted that they felt that the case studies produced during the first year were not as specific or detailed as they would have liked for classroom use. This, they believe was a result of the reluctance of business owners to provide detailed information about their failures, and more significantly, their successes.

This reluctance, an outgrowth of the questions and concerns that Polish people still have regarding the entrepreneurial culture, will take time to overcome. In an effort to overcome these obstacles, the site coordinators suggested that it might be better to produce six detailed case studies, rather than the ten originally proposed. By concentrating on a smaller number of studies, they hope to produce cases with more specific information that can then be used more effectively in the classroom as teaching tools.

### **Video Development**

During the train-the-trainers conference held in November, the use of videotapes in the classroom was discussed. It was learned, that for the most part, the instructors had not learned how to incorporate them into their classes because they were not originally included in the course outlines. In response to these complaints, the OSU staff suggested several methods in which the videos could be used to enhance the current courses.

Solidarity gave assurances, unfulfilled as yet, that the videotapes developed during the first year will be aired nationally.

### **World Net Seminars**

During the quarter, OSU sent a letter to World Net requesting permission to use their program to create a special interactive program on the Export-Import program. They still await confirmation.

Inquiries have also been made by each Institute of their local TV stations to see if it is possible to receive World Net broadcasts. This has proven more challenging than expected -- most were reluctant to move their satellite dishes to acquire the Utel Sat 2 signal. Other avenues are being explored.

### **Polish National Conference**

As they did during Year I, The Ohio State project is again working with the Solidarity Foundation to plan the Entrepreneurship Education Forum. It will be held at the Hotel Gdynia, May 16 through 18. All three of the institutes will act as sponsors, contributing faculty who will participate and help with conference organization and operations.

### **Student Contact Hours and Financial Data**

Please see the charts accompanying this report for a detailed breakdown of both the Student Contact Hours and Financial data reported by the grantee during the reporting period.

### **Evaluation Team's Summary of Observations**

The Ohio State University's method of approach to program delivery is good in the short term, however, it works less efficiently in a long-term planning environment.

Although The Ohio State Project Director, Dr. Ashmore, clearly communicates her desire to establish two more institutes, the project would be better served by continuing to strengthen operations at the existing centers. This would include: increasing faculty participation beyond the original 15-20 people (this is a relatively small group compared to several of the other projects, and should be expanded, given the new relationships formed with local universities); strengthening each institute's affiliation to its partner institution; and, overcoming the original design flaws which divided resources and attempted to maintain several focal points. Additional resources should be dedicated to each institute with an emphasis placed on substantive development. In particular, the advancement of teacher training to a new level of sophistication.

More interaction with universities and more independent programming for the various Institutes is also needed so that quality can be a subject of the outcome of competition. To this end, each Enterprise Institute should be given the opportunity to provide specialized areas of quality service that suit local needs. To meet this goal, academic presence in the target country should be established. This may also improve the linkage between the Enterprise Institutes and associate universities.

As in the past, the Ohio State Quarterly reports are a study in contrast. While the body of the report submitted by The Ohio State University is both detailed and well organized, it is unnecessarily burdened with a great deal of extraneous information. In the future, more effort should be made to present the details of project environment, development, and activities more effectively and concisely.

**Student Contact Hours - First Quarter - Year Two**

Participant Categories	Ohio State			
	Mgmt. Ed.	Consul.	% of Total	Total Ohio
Training Trainers	1559	180	0.11	1739
Students				0
Government Officials	688		0.04	688
Business Community	11280	728	0.74	12008
Journalists		174	0.01	174
Unemployed	1300	32	0.08	1332
Agriculture				0
Other Groups		270	0.02	270
Other Groups				
<b>Total SCH</b>	<b>14827</b>	<b>1384</b>		<b>16211</b>
<b>% Total Grantee</b>	<b>0.91</b>	<b>0.09</b>		
<b>Percent of Total</b>				<b>0.09</b>

**Student Contact Hours - Second Quarter - Year Two**

Participant Categories	Ohio State				
	Mgmt. Ed.	Consul.	Seminars	% of Total	Total Ohio
Training Trainers	936	60		0.11	996
Students	675			0.08	675
Government Officials				0.00	0
Business Community	6385	222	100	0.75	6707
Journalists	20	16		0.00	36
Other Groups	432	45		0.05	477
Other Groups	40	60		0.01	100
Other Groups				0.00	0
Solidarity Workers					
<b>Total SCH</b>	<b>8488</b>	<b>403</b>	<b>100</b>		<b>8991</b>
<b>% Total Grantee</b>	<b>0.94</b>	<b>0.04</b>	<b>0.01</b>		
<b>Percent of Total</b>					<b>9%</b>

**Financial Data - First Quarter - Year Two**

	AID Expenses		Cost Share		Total Ohio
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	61,800	82,100			61,800
Staff Salaries U.S. (Staff)	0	0	0		0
Fringe Benefits	14,600	19,600			14,600
Salaries Local	0	0	0		0
Consultants	18,300	30,000	0		18,300
Travel - Per Diem	37,500	40,000			37,500
Nonexpendable Equipment	0	8,000			0
Expendable Supplies	1,000	5,000			1,000
Indirect Costs	57,200	47,500			57,200
Participant Costs	0	0			0
Workshops, Seminars, Conf.	0				0
Video/TV Production	0		0		0
Subcontractors	0	0	32,000		32,000
Subcontractors	0	0			0
Subcontractors	0	0	0		0
Translation	0	0	0		0
Scholarships	0	0			0
Curriculum Development	0	0			0
Other Direct Costs	38,800	0			38,800
Other Reimbursement	0				0
<b>TOTAL</b>	<b>229,200</b>	<b>232,200</b>	<b>32,000</b>		<b>261,200</b>
Percentage of Total Expenditures					6%

**Financial Data - Second Quarter - Year Two**

	AID Expenses		Cost Share		Total Ohio
	ACTUAL	PROJECTED	ACTUAL	PROJECTED	
Staff Salaries U.S. (Instruct.)	67,900	55,000			67,900
Staff Salaries U.S. (Staff)	0	0	0		0
Fringe Benefits	14,900	13,000			14,900
Salaries Local	2,400	2,400	5,000		7,400
Consultants	12,000	10,000	20,000		32,000
Travel - Per Diem	48,000	66,000			48,000
Nonexpendable Equipment	7,700	16,300	3,000		10,700
Expendable Supplies	1,210	8,400	1,000		2,210
Indirect Costs	49,600	53,200	55,000		104,600
Participant Costs	0	0			0
Workshops, Seminars, Conf.	8,000	24,300	1,000		9,000
Video/TV Production	0	2,000	500		500
Subcontractors	123,700	117,000	37,500		161,200
Subcontractors	0	0			0
Subcontractors	0	0	0		0
Translation	0	8,000	0		0
Scholarships	0	0			0
Curriculum Development	2,500	15,000	1,000		3,500
Other Direct Costs	20,200	2,000			20,200
Other (Nat'l. Conference)	0	10,000			0
<b>TOTAL</b>	<b>358,110</b>	<b>402,600</b>	<b>124,000</b>		<b>482,110</b>
Percentage of Total Expenditures					10%

# Appendices

## **Introduction to the Appendices**

The following documents are included in the appendices:

- Data including: Participant Information Form (PIF) scores for the first and second quarters of Year Two; total student contact hours for the first and second quarters; and Program financial data by quarter.
- Case studies, derived from interviews and group discussions which reflect the personal experiences of program participants.
- The USIA Evaluator's Progress Report which is included with this report in fulfillment of our contractual agreement.

## Appendix A. - PIF Scores for 1st and 2nd Quarters - Year 2

Variable	Mean	Std Dev	Min.	Max.	N	Label
GRANTEE			2		12	761
LOCATION			2		27	761
QUARTER			2		6	761 GRANTEE PROJECT QUARTER
YEAR			92		93	761
AGE	33.49	9.36	14		75	677
SEX			1		3	736
TEACHER			1		2	739 CURRENT JOB INVOLVES TEACHING
SUPEVISE			1		2	729 CURRENT JOB INVOLVES SUPERVISING
HEARABOT			1		6	712 HOW RESPONDENT HEARD ABOUT THE PROGRAM
QUALINST	4.47	.65	1		5	759 EXCELLENT QUALITY OF INSTRUCTION
INSTMATE	4.26	.93	1		5	756 INSTRUCTIONAL MATERIALS WERE WELL DESIGNED
RELEVANT	4.22	.82	1		5	754 COURSE RELEVANT TO MY NEEDS
UNDERSTA	2.17	1.36	1		5	745 COURSE MATERIAL BEYOND MY UNDERSTANDING
INSTCONC	4.42	.76	1		5	756 INSTRUCTOR CONCERNED ABOUT STUDENTS
INRELCNT	4.03	.91	1		5	750 TOPIC RELATES TO COUNTRY
METEXPEC	4.17	.83	1		5	757 COURSE MET EXPECTATIONS
NOTRELEV	2.35	1.17	1		5	742 COURSE NOT RELEVANT TO MY BUSINESS
DIFFMATE	1.87	1.06	1		5	754 COURSE MATERIALS ARE DIFFICULT
FACILITY	4.15	.87	1		5	750 FACILITY WELL SUITED FOR PROGRAM

**Appendix A - Continued**

EQUIPMENT	3.97	.96	1	5	750	EQUIPMENT WELL SUITED FOR PROGRAM
TAKAGAIN	4.01	1.16	1	5	744	I WOULD TAKE COURSE AGAIN
RECOMMEN	4.54	.69	1	5	747	I WOULD RECOMMEND THIS COURSE TO OTHERS
VIDEO	3.25	1.16	1	5	497	VIDEO PRESENTATIONS WERE WELL SUITED
QUALVIDE	3.27	1.16	1	5	490	VIDEO PORTION WAS OF QUALITY
TRANSLAT	4.08	1.13	1	5	584	TRANSLATORS WERE HELPFUL
PROADVAN	3.07	1.31	1	5	495	PROGRAM HAS HELPED ADVANCEMENT
PROSKILL	3.22	1.35	1	5	515	PROGRAM HAS HELPED PROFESSIONAL SKILLS
PROCONTA	3.01	1.29	1	5	505	PROGRAM HAS HELPED PROFESSIONAL CONTACTS
DIPLOMA	2.80	1.28	1	6	462	PROGRAM HAS LED TO DIPLOMA/CERTIFICATE
SALARY	2.84	1.37	1	6	467	PROGRAM HAS LED TO SALARY INCREASE
MANAGE	3.03	1.20	1	6	489	I AM NOW BETTER ABLE MANAGE PEOPLE
RESEARCH	2.92	1.22	1	6	498	I AM NOW BETTER ABLE TO COMPLETE RESEARCH
PROJECTS	3.10	1.20	1	5	493	I AM NOW BETTER ABLE DIRECT PROJECTS
TEACH	3.16	1.29	1	6	499	I AM NOW BETTER ABLE TEACH OTHERS
POLICY	3.34	1.20	1	5	489	I AM NOW BETTER ABLE MAKE POLICY
COMPANY	3.14	1.21	1	6	479	I AM NOW BETTER ABLE LEAD A COMPANY
ATTENREG	3.13	1.67	1	6	499	I ATTENDED THE PROGRAM REGULARLY
HELPSTAF	3.20	1.60	1	6	511	THE PROJECT STAFF WAS HELPFUL
UNDFME	3.16	1.51	1	5	501	I BETTER UNDERSTAND F.M.E.
LONGLAST	3.21	1.43	1	5	505	PROGRAM WILL HAVE LONG LASTING BENEFITS

**Appendix A - Continued**

WELLORG	3.11	1.48	1	5	509	PROGRAM WAS WELL ORGANIZED
ACCESS	3.15	1.55	1	5	506	ACCESS TO INSTRUCTORS/STAFF WAS GOOD
BUSCONT	3.02	1.17	1	5	497	I HAVE ESTABLISHED BUSINESS CONTACTS

**Appendix B. Total Student Contact Hours - 1st Quarter - Year 2**

Participant Categories		
	<b>Total % Eastern Europe</b>	<b>Total Eastern Europe</b>
Training Trainers	12%	22,960
Students	6%	11,273
Government Officials	4%	7,351
Business Community	18%	33,491
Journalists	0%	470
Other/Unemployed	1%	2,415
Other/Agriculture	54%	100,022
Other/Miscl.	3%	5,639
Other/Solidarity	1%	1,560
<b>Total SCH</b>	<b>100%</b>	<b>185,181</b>
<b>Percent of Total</b>		<b>100%</b>

**Appendix C. Total Student Contact Hours - 2nd Quarter - Year 2**

Participant Categories		
	<b>Total % Eastern Europe</b>	<b>Total Eastern Europe</b>
Training Trainers	<b>18%</b>	<b>18,608</b>
Students	<b>36%</b>	<b>37,672</b>
Government Officials	<b>6%</b>	<b>6,203</b>
Business Community	<b>21%</b>	<b>21,860</b>
Journalists	<b>1%</b>	<b>573</b>
Other/Unemployed	<b>2%</b>	<b>2,335</b>
Other/Agriculture	<b>7%</b>	<b>7,682</b>
Other/Miscl.	<b>4%</b>	<b>4,263</b>
Other/Solidarity	<b>4%</b>	<b>4,028</b>
<b>Total SCH</b>	<b>100%</b>	<b>103,224</b>
<b>Percent of Total</b>		<b>100%</b>

## Appendix D. Program Financial Data - 1st Quarter - Year 2.

	Total Bulgaria	Total Albania	Total Romania	Total Hungary	Total CR&S	Total Poland	Total Eastern Europe
Staff Salaries U.S. (Instruct.)	251,368	137,151	62,425	68,750	65,391	214,750	799,835
Staff Salaries U.S. (Staff)	36,608	35,683	5,203	48,885	86,215	187,355	399,950
Fringe Benefits	57,293	18,796	15,060	37,045	34,766	91,106	254,065
Salaries-Local	13,728	8,775	0	7,359	405	100,969	131,237
Consultants	0	31,968	1,425	6,167	20,812	36,235	96,607
Travel - Per Diem	39,391	58,274	20,855	68,931	87,422	222,939	497,812
Nonexpendable Equipment	10,292	504	5,327	19,458	408	50,181	86,171
Expendable Supplies	18,963	1,655	7,292	69,644	13,334	90,923	201,810
Indirect Costs	149,399	36,101	78,394	80,367	123,967	276,596	744,823
Participant Costs	6,495	15,475	0	9,412	1,700	47,347	80,429
Workshops, Seminars, Conf.	0	3,957	0	63	35,217	0	39,237
Video/TV Production	0	0	0	69,375	4,304	0	73,679
Subcontractors	0	0	149,085	0	3,319	293,408	445,812
Subcontractors	0	0	2,750	2,216	2,916	196,091	203,972
Subcontractors	0	0	2,775	0	0	222,340	225,115
Translation	0	4,416	0	13,189	0	20,573	38,178
Scholarships	0	0	0	5,653	1,115	0	6,768
Curriculum Development	0	30,049	0	1,758	4,953	1,758	38,518
Other Direct Costs	0	12,211	15,056	9,677	8,918	38,800	84,662
Other Reimbursement	0	0	0	0	2,772	0	2,772
TOTAL	583,537	395,015	365,647	517,949	497,934	2,091,371	4,451,452
% of AID Expenditures	13%	9%	8%	12%	11%	47%	100%

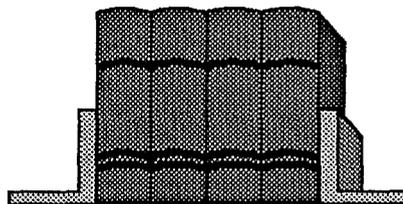
## Appendix E. Program Financial Data - 2nd Quarter - Year 2.

	Total Bulgaria	Total Albania	Total Romania	Total Hungary	Total CR&S	Total Poland	Total Eastern Europe
Staff Salaries U.S. (Instruct.)	472,434	137,151	14,465	44,642	94,081	279,020	1,041,794
Staff Salaries U.S. (Staff)	57,156	46,562	1,400	97,829	17,774	219,403	440,123
Fringe Benefits	139,112	26,366	4,258	36,237	11,655	107,381	325,009
Salaries Local	17,274	6,975	0	15,233	0	62,751	102,233
Consultants	0	33,471	13,406	5,982	24,254	24,126	101,239
Travel - Per Diem	64,459	58,364	11,187	38,128	48,325	195,721	416,183
Nonexpendable Equipment	12,514	504	0	8,962	0	46,729	68,709
Expendable Supplies	36,465	2,106	4,531	20,745	8,741	48,033	120,620
Indirect Costs	273,854	69,601	36,535	80,577	83,339	231,614	775,520
Participant Costs	8,978	17,275	0	3,365	0	50,851	80,469
Workshops, Seminars, Conf.	0	128,580	0	2,885	73,692	8,000	213,157
Video/TV Production	0	0	0	0	4,304	0	4,304
Subcontractors	0	0	69,551	0	14,830	392,722	477,103
Subcontractors	0	0	0	18,539	18,539	288,438	325,517
Subcontractors	0	0	0	0	0	263,047	263,047
Translation	0	4,588	0	10,167	0	11,805	26,560
Scholarships	0	0	0	88	9,480	0	9,568
Curriculum Development	0	30,224	0	0	1,500	5,288	37,012
Other Direct Costs	0	12,978	11,904	32,595	16,704	23,302	97,483
Other Reimbursement	0	0	0	4,000	463	0	4,463
<b>TOTAL</b>	<b>1,082,246</b>	<b>574,745</b>	<b>167,237</b>	<b>419,973</b>	<b>427,681</b>	<b>2,258,230</b>	<b>4,930,113</b>
% of AID Expenditures	22%	12%	3%	9%	9%	46%	100%

## Appendix F. Case Studies.

### Participant Case Narratives

While the evaluation tools found within the Evaluation Report provide course descriptions, statistical figures and other quantitative facts, there is another side to the Management Training and Economics Education Program that should not be overlooked - the human element. In order to better understand these projects and their impact, we have gathered Participant Case Narratives that provide a closer look at individual project participants and their daily struggles as they try to survive, compete and prosper within the ever-changing parameters of their environment.



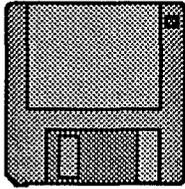
The Participant Case Narratives are derived from one-on-one interviews, group discussions and conversations that Evaluation Team members have had with participants of the Management Training and Economic Education Program. They are also drawn from participant responses reflected in grantee project quarterly reports.

The activities of the Management Training and Economics Education Program, courses, seminars, development centers, and consultation sessions are all entrenched in the context of political and economic conditions of countries in transition. These countries are attempting transformations unlike any before which places them into a context that is difficult for any outsider to fully understand. The insights taken from these conversations are not limited to the project. In most instances, specific comments and recommendations made about each project incorporate specific political and economic difficulties in the country. By highlighting specific participants, these real life "case studies" can provide the missing piece in the rapidly changing picture of modern business life in Central and Eastern Europe.

The following case narratives reflect stories, conversations and vignettes that are based upon the words and views of each individual subject. As external evaluators, we must frequently rely on recounted information, thus we approach all project participants with a mutual policy of good will and honest intent. Due to this reliance, we can not take responsibility for their overall voracity.

## BEWARE MOTOROLA!

Leonard Alecu and Marius Iliona are among the first generation of Romanians confident in their ability to produce high-quality electronics and telecommunications equipment. The production of this type of technology is desperately needed to accomplish Romania's transition towards a market oriented economy. These young engineers are completing their studies at the Bucharest Polytechnic Institute, no longer dreaming of the future, but rather being propelled to action by desperate economic conditions and a strong entrepreneurial drive. They are determined to create and distribute micro-processor-based data systems for use in industrial processes and send out pleas for western assistance as they sail the muddy waters of Romanian politics and Western Business practices.



Financially strapped, Alecu and Ilionaea were tempted to provide their services to the enormous underground economy; one that is "Mafia" controlled and resistant to market forces which create competitors other than the Romanian government. The black market essentially steals a variety of expensive Western items, from automobiles to tanks, and resells or distributes their parts as "Made in Romania" products. Alecu explained that this option seemed preferable because he is more concerned about using high-quality proto-types made from Motorola microprocessors. After being denied requests for samples from Motorola's Romanian representative, Alecu concluded that it was only through the black market that microprocessors can be obtained.

Just as he lost all hope in legitimate channels, Marius Ilionaea heard about the opening of a Small and Medium Enterprise Center (SMEC) sponsored by the Agency for International Development from his professor, who was trained as a counselor at the SMEC by Washington State University. The Counselor helped them prepare a business plan, and suggested that they cooperate with a larger state-owned electrical enterprise. He also advised them on financial planning and marketing strategies. Taking his advice, the two are currently negotiating an agreement to sell their data processors to such a firm. Their inability to obtain high-quality Motorola chips however, has retarded the attractiveness of the product to potential customers. Their insistence on quality is impressive and refreshing, especially during the current grab for quick and easy profits.

## WHOLESALE ROMANIAN STYLE

Dan Minulescu doesn't come often to the SMEC because according to him, "The law isn't on my side. But when stuck with questions for which he cannot find an answer, he knows how useful the SMEC can be. Dan makes a legitimate argument about Romanian resistance to flowering private enterprise. He explains how business legislation has become hostile to small and medium businesses. A 30% mark-up limit was established for all retail goods sold in the country. All costs, including transportation, are to be included in that limit. As a result, importers have turned increasingly to wholesalers in order to both avoid the markup limit, and stay afloat.

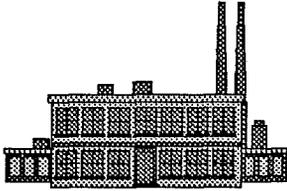
Dan is well-poised to assume a successful entrepreneurial career. He is a garrulous 22 year-old who speaks perfect English in a decidedly British accent. In the past year, he says, "I have changed my mind on more business opportunities than Romania has had dictators!" The SMEC manages to tolerate his indecisiveness, however, as Dan's counselor is his sister, Mihaela. This special client/counselor relationship has sometimes placed Mihaela in the awkward position of having to criticize Dan's adeptness at using "tricks" to circumvent certain legal restrictions. Dan defends his actions, saying : "I'm not so sure Romania needs a fixed mark-up rate, but this is not a real market economy. The market limits how much you can cheat to get prices for above the official mark-up rate."

I asked Dan if the fixed-rate was uniform for each sector of the economy, and Mihaela responded that restaurants and bars are exempt from its provisions. She had already tried to persuade Dan to wholesale wine and liquor to restaurant clients. He sent out 100 fliers to Bucharest establishments and got only one reply.

Back at the SMEC, Mihaela offered Dan some marketing materials. Dan was eager to learn more, but wanted instead to turn his new-found knowledge into results: "I had never thought about it before, but it really makes a lot of sense. If you are selling a product for a higher price, but you offer quick and easy service, the market can be penetrable. Returning to Mihaela's suggestion that he wholesale wine and liquor, Dan now offers to sell wine and liquor to any restaurant on 24-hour notice, with a 30% mark-up. He hopes restaurants will pay the 30% (since they can legally raise the price even higher) in return for the added service. Acting as traveling salesman, Dan Minulescu is defining Romania's introduction to a service economy.



## TELECOMMUNICATIONS SUCCESS



SBDC clients in need of more advanced counseling are being assisted by business specialists from the University of Washington. Darcy Shurin, a small business development counselor with the UW team, has been advising a small telecommunications firm on business plan preparation, marketing and presentation, and how to better communicate with clients. The firm, Grupul Industrial Roman S.A. (G.I.R.), installs Siemens telecommunications equipment and switching systems. It also hopes to establish Romania's first private cable network.

In GIR's fifth floor offices in downtown Bucharest, the modernity of the firm's equipment is a stark contrast to the elevator system which leads to them. As Cristian Calinescu, the firm's General Manager, explained: "We understand very well the laws of supply and demand. In Romania, there is never a question about the demand for upgrading our technological base because, for all intents and purposes, we are still in the stone age. The real issue, and the reason why we need Darcy's help, is understanding how to maintain our supply base."

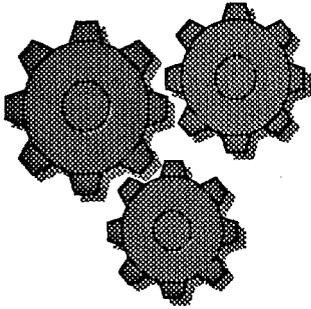
Darcy first introduced G.I.R. to an American telecommunications firm, which turned out to be their first exercise in macroeconomics. Since G.I.R. imports its parts from Taiwan, Romanian tax laws which include a 15% import-export tariff, could bankrupt the firm given their current practices. According to Ioana Iordache, the Administrative Manager, "Foreign investors hardly understood our problems with Romanian business legislation. In most cases, these suppliers are monopolists who force us to buy at a much higher price than the world market price for these parts." Paul Cirstea, the Manager of G.I.R.'s telecommunications department, interjected: "Romanian laws change almost daily, and it has become impossible to manage the firm without interference from these changes."

The Romanian government estimates that it will cost \$10 billion to upgrade the country's archaic telephone system, and G.I.R. is confident that only small firms like theirs will be able to successfully carry out the job. Darcy's next tactic was to send out direct mailings to potential suppliers, a completely new approach for most Romanians, who expected at least a 50% return on the mailings. In fact, the return was only 5%, still two percent higher than Western expectations for direct mail responses. Together, Darcy and the G.I.R. team concluded that large Romanian State Enterprises would offer the best chance of obtaining capital and connections with foreign investors. The team came up with an inventive yet simple plan to use equipment already owned by the state but that stands idle as privatization begins to close inefficient enterprises.

As a result, G.I.R. has landed contracts with the Japanese and Syrian embassies, Castrol, Swissair, and Coca Cola. The firm now has 10 full-time employees (up from 3), with 150 people working on contracts. Even after their counselor left the room, all expressed their gratitude to Darcy and A.I.D. for their support. Perhaps in reference to Romania's black-out years when energy supplies were strictly rationed, Ioana conceded: "Without your help, we would, without question, remain in the dark ages."

## NOTHING HAS CHANGED

Ileana Tampea, a Master of Science in construction engineering, has experienced some of the more difficult hurdles in Romania's transition towards a market oriented economy. In her case, however, the problem is not about the confusing jungle of international commerce, but the all too understood world of secret police intimidation and terror. Leaving her job at a state-owned construction enterprise, Ileana started a private civil engineering firm with eleven other Romanian partners. The firm, which established drainage and water systems, has supply contracts in Germany and Romania.

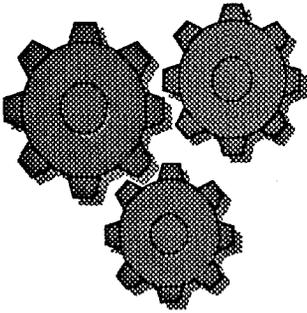


Starting out with a total registered capital of 110,000 lei, and annual revenues estimated at 240 million lei, the venture quickly became extremely lucrative. According to Ms. Tampea, when the twelve partners realized how much money could be made, a small number of them tried to take control of the company. In September 1992, she came to the SBDC seeking specific legal and management advice. As the second ranking manager of 32 full-time employees, and hundreds more contractors, she had to manage what she describes as the "unethical split of the firm." The company was required to register with the government in November 1991, after Romania's new parliament enacted its first legal act on private property. Two of the partners allegedly used fraudulent means to register the firm in their name, without the knowledge of Ms. Tampea, nor any of the other nine partners.

The SMEC provided her with legal advice, and it was discovered that the fraud was perpetrated in connection with the Romanian Secret Police. The limitations of the Center's legal advice became apparent, however, as SMEC counselors were subject to intimidation and threats by former agents of the Ceausescu regime. Hiring an American lawyer recommended to her by the counselors at the SMEC, Ileana legally regained control of the company, kicked out the "impostors", as she called them, and forced them to pay remedies. When asked about the nature of threats aimed at the SMEC staff, Ileana's counselor, Francisco Bodo, replied: "During this period of great change in our country, unfortunately only one thing remains certain...nothing has changed."

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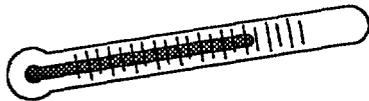


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## BORN YESTERDAY AND INCUBATING

Though not exactly a client of the Small and Medium Enterprise Center (SMEC), Mr. Ioan Piturescu has forged an important and potentially long lasting partnership with the Center. Mr. Piturescu is the director of the first Romanian business incubator program, the \*Centruj Incubator Technologic si de Afaceri (Technology and Business Incubator Center). As a scientific advisor to the Mechanical Engineering and Research Institute (ICTCM), and the Academy of Economic Sciences, he developed the incubator without any first-hand experience in establishing such models. Using secondary source material obtained with U.S. assistance, the program officially began in March 1992 in conjunction with the opening of the SMEC's.



There is strong competition for acceptance to this program, which currently has only enough space for ten incubees. The incubator, which is funded by private enterprises, gives each participant half a million lei, laboratory space and access to SMEC counselors who provide marketing and strategic planning advice. The turnover rate among incubees is expected to be every 2-3 years. Some of the successful candidates' qualifications include the research and design of high quality rubber parts for automobiles and industrial pumps, realization of conceptual framework for small (25 HP) engines and producing a limited number of prototypes, and metal processing and metallurgy.

Mr. Piturescu heard about Leonard Alecu and Marius Iliaoaia, the two young men who needed Motorola microprocessors as prototypes for their business. He was asked hypothetically, "If Leonard and Marius were incubees, how could he help them obtain these top quality parts?" His answer was that although the Incubator is not a profit-making venture, it does have considerable pull in the Bucharest business community. He would use the weight of the incubator program, and the implications it may have on future business in Romania, to request samples. He was then asked if he could assist them, considering the relationship with the SMEC, and he answered affirmatively. "We must work as a source of information towards creating a business culture in Romania," he said.

Although Piturescu's answer was given positively, not all of the counselors were this optimistic. In a private conversation held with one of the SBDC counselors, a much darker side of the situation was revealed. Asking for anonymity, the counselor said in a whisper, "That is not a very good idea. The incubator is influenced by dark forces. We are trying to establish a sense of respectability, but I would not trust them. I wasn't born yesterday!"

## From Kolhoz to U.S. Cooperative: 3 Czech Farmers speak their mind.

**Beran Jiry** was a participant in the Iowa State University's Management Training and



Economic Education Project. As an Agricultural Economist working at two farms, the biggest problem he sees is the lack of capable personnel. He feels that the universities and secondary schools are not reacting fast enough to the market economy and that they need more generally trained people. "I would like the old mechanical, technical and agricultural faculty to merge into one faculty with the Economics faculty closely tied and focusing on agribusiness," He exclaims, "I am more interested in the links between private farmers and cooperatives; especially as the cooperatives transform themselves, members become owners, then the cooperatives ends up leasing the land from owners." Keeping the focus on people, Beran feels that their ultimate objective is to have a greater impact on the agricultural process. The key in the current agricultural economy is improving the human relations at the cooperatives and the relations between private land owners and cooperative renters.

**Premysl Sasinka**, another participant in the project, has an undergraduate background at the Prague University of Agriculture specializing in mechanization. As part of the Iowa State University workshop, he traveled to the United States and visited a farm for 5 days. His contribution included improving human relations between participants and organizing group lectures. In the U.S., the exposure that he received allowed him see a behavior difference between the Czech and American people; unlike Americans, "the typical feeling of the Czech people is that they are too modest. With the change of the overall situation, our people are really able to be more equal."

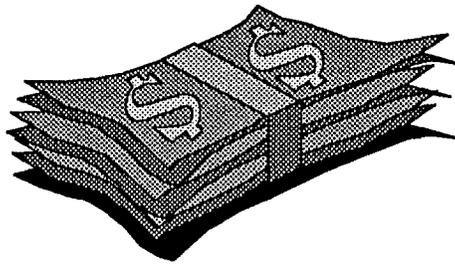
**Miltr Lubos**, a fellow participant, dreams of being a farmer but can not afford the high prices of renting a farm. His only other option is to work for a cooperative farm. He was involved in a Calhoz of 10,000 hectares, for 25 years. The farm, in addition to its normal activities, attempted to help small farms with mechanization and extension. Within the hierarchy of the farm, Mr. Lubos headed a department of the state farm just below the Main Director. The state farm was forced into a bad situation. By the time he came for help to ISU, it had disintegrated into many small farms. They divided up the machines and distributed them among the small farmers and now they are sorry they did it. Today they admit they should have kept the land and should have maintained the large and medium machines. His strong interest in management led him to be selected to go to the U.S. where he saw the American model of cooperation centers with the US farmers. He commented that this is something these farmers would have done while they were disintegrating but didn't. Today Lubos is working with the University of Agriculture farm. He is helping to establish an "Agrarian Chamber" that he believes will help the farmers by providing information and guidance. If there had only been an Agrarian Chamber advising him years ago, the Calhoz would still be in existence.

## Czechs and Balances of a New Economy

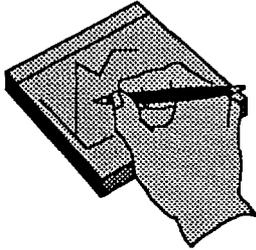
Neumaier Ivan participated in one of the University of Pittsburgh's mutual fund courses offered by the Center for Economic Research and Graduate Education (CERGE). He works for Harvard Investment Groups, one of the biggest financial transactions companies in Prague. His position with the company involves a specialization in credit ratings. Ivan believes the success of the company is due to their large blocks of capital and current ownership of 10% of privatized companies. But the ultimate key to company survival is a continuing financial education for its employees.

Of the 150 employees, 10 have already participated in CERGE courses upon recommendation by their supervisors. They were most impressed with how the courses impacted "real work." Many samples and case studies taken from the courses were reassessed and reapplied to their own situation giving this knowledge a concrete base on which to stand.

Josef Sprynar is a financial analyst for a large investment bank that employs five thousand people. He and seven other colleagues from the bank all chose to attend the executive short courses. The offer to take these courses was open ended; they were not forced. However, Josef admits that "the competition for jobs is fierce and having a piece of paper or certificate from a course such as this can really improve your chances."



## AGRICULTURAL FORECASTING: 90% ACCURATE?



As the Director of the Economic Development Department in Wroclaw, Zbigniew Hajlasz has seen more changes in the past 3 years than he had previously experienced in his lifetime. In lower Silesia, he has been the director of the program through three different Voivodeships, regional districts that contain the seed of local government. In the field of agricultural development, he saw the policies of the Polish Government as too rash. Mr. Hajlasz's belief that their attitude towards the economic transition of state owned farms was swift and severe: "they just want to let it go from a planned economy, to take off barriers with no assistance, no management and no infrastructure!"

Although agriculture and food processing were big problems of state owned farms for financial reasons, financial aid was cut and by January, 1991, all signs pointed to a crisis. In February, the bank decided that eleven state owned farms were "sentenced to death" with a cut in all funds. The decision quickly turned into a political issue due to the significant impact it would have on the lives of over 16,000 people. It was turned over to the voivodeship and Mr. Hajlasz, who was made responsible for privatization of the agricultural cooperatives, decided to limit the cuts to only one farm. He would monitor the progress of one farm and use it as a case study for the others. The results were distressing; there was an incredible degradation of economic and social infrastructure and everything was destroyed.

Mr. Hajlasz remembers March 31 as a "beautiful day". He had decided not to allow any more closures but to initiate his own plans. New directors were trained in financial management of the farm at every level; From 7,000 to 15,000 hectares, from 230 to 1,000 employed. Training was done by trainers -- banking, financial credit and other management topics. "At first they were threatened because of administrative action," Mr. Hajlasz explains, "But when they realized that it would work, there was an interest in the state administration of the state farms. Now the training has created bank managers and directors. Not a single state farm has fallen and they are fully prepared to restructure."

The effort put in by people like Zbigniew Hajlasz are reflective of the loyalty and perseverance exhibited by many of the participants of the Management Training and Economic Education programs. In addition to his Directorship, Mr. Hajlasz participates in a monthly agricultural forecasting meeting of a group of Technical University professorial staff. They get together to study the world prices of 15 agricultural exchange products from New York to London. They then compare these with Polish prices and predict agricultural prices for 6 months in advance. "I didn't know that it can really work!," He exclaims, "There hasn't been more than a 10% differential from real prices in our forecasting efforts." This information is regularly shared with the state farmers and bankers and it is the general consensus of Lower Silesia that it has made a tremendous impact on the entire voivodeship.

## LIVE ! MARKET ECONOMY CLASSES IN NEBRASKA

*In November, 1992 the participants of the Market Economy and Management Training Program began the American portion of their program in Lincoln, Nebraska. The month long program included lectures and seminars given by Nebraska faculty, tours of prominent Lincoln companies, and a variety of social and cultural activities. The following is a compilation of comments written by participants of the Nebraska-Lincoln Program. These accounts serve as primary sources of information on the kind of impact direct exposure can have; theories that these participant only read about were now seen in real working conditions. Principles of production, manufacturing and distribution were witnessed first hand by the students who had previously been unable to imagine their existence . The emotion filled testimonials of these participants contain a rarely measured impact that this kind of "real life" course can provide.*

### Thoughts about the courses of management I had in Albania and Nebraska University

Forty-five years of communism in Albania, under the leadership of Enver Hoxha are an example of how man made disaster. The biggest problem we have now is teaching people how to function in a market economy. After the victory of democracy in Albania, most of the new managers are young people. They have the good will power to free Albania from depression but the isolation that they once felt gave them no opportunity to learn how the world works. Their background is only intuition and good will. This is the main reason we are very grateful for the kind of help that the U.S. gives to Albania.



### What I feel, learned and understand here in Lincoln

I was happy. I was curious. I was obliged. It was a dream come here to America but now it is a reality. I was curious to see a new life and now I feel and understand it. I had a duty to learn and now I know very, very much.

We learned how to create a new business and to grow it. We have seen big companies and small businesses and now my opinion is : we must support small business. It can't happen with a word. Desire and needs are the motivation to begin a new business. The second is to make investment thinking for a risk and to make progress after. We understood it in different lectures and the visits in different companies made it concrete. We saw a lot of cases for food production. Our country has good potential with raw material for food processing. The needs for different foods are larger and the success is more sure. I have many ideas to help the food processing industry and I feel obliged to make everything for our people and our country. They are simple things but very useful from small business up to large enterprise.

**Impressions about 4-week intensive course "Market Economy and Management" In Lincoln, Nebraska, U.S.A**

I feel the impressions about "Market Economy and Management" intensive course not only at a very high level but also multidimensional ones. So, we learned much about the problems that concern directly with Market Economy and at the same time we learned about the American life, the culture, arts, and especially about the practical American spirit; based on a very perfect system of laws and rules of the American life and society.

(Drawn From Appendix G, Progress Report #6 - University of Nebraska-Lincoln)

**University Development in Business  
Management  
for:  
Estonia, Latvia and Lithuania**

**United States Information Agency  
Principal Evaluator's Report**

## ACKNOWLEDGMENT

We would like to take this opportunity to recognize the cooperation and assistance of the USIA personnel: Sandra Kaiser (Estonia), James J. Kenney (Latvia), and Viktor Sidabras (Lithuania).

We would also like to thank the members of the faculty and staff of the three grantees, specifically Dr. Jerome Bookin-Weiner and Mrs. Viive Uus of Bentley College; Dr. John Thomas and Dr. Brinkmanis of the SUNY-Buffalo project; and Dr. Palubinskas of the Purdue University project for their cooperation and hard work. Given the challenges of working in this rapidly developing part of the world, it would have been tremendously difficult to carry out this evaluation without their help.

Finally, we would like to give special thanks to Stephen French of the United States Agency for International Development and Peter Antico of the United States Information Agency for their leadership and assistance to the Evaluation Team.

Dr. Leslie Koltai  
Principal Evaluator

Jeff Kovacs  
Project Coordinator

# United States Information Agency

Initial Progress Report:  
*University Development in Business Management*  
For  
Estonia, Latvia, and Lithuania

In response to a Congressional directive mandating increased accountability and heightened project monitoring, the Evaluation Team initiated a review of the United States Information Agency's *University Development in Business Management* projects in Estonia, Latvia, and Lithuania. The Evaluation Team developed a comprehensive evaluation method designed to provide both formative and summative evaluations of this critical program.

## **Estonia, Latvia, and Lithuania:**

Currently, the Baltic nations of Estonia, Latvia and Lithuania are facing the reality of their newly gained freedom. The conflict between hope for the future and nostalgia for past security is becoming an increasingly critical one -- with the scales of public opinion seeming to waiver every day. The situation underscores the critical role this, and other American assistance programs, play in the continuing development of these emerging democracies.

Throughout the long era of Soviet domination and enforced unity, Estonia, Latvia and Lithuania maintained a strong sense of individual identity. This sense of identity is taking the form of renewed feelings of nationalism, a reaction which is ironically proving to be an obstacle to the development of the region. As a result, a great deal of emphasis is being placed on increased cooperation and association between the three countries.

Despite this sense of community, the unique economic and political demands facing each country must be understood if one hopes to gain an accurate understanding of the challenges and opportunities facing Estonia, Latvia, and Lithuania. These widely differing demands have played a significant role in the development of both the evaluation methodology and the structure of this report. In response to these demands, the Evaluation Team determined that the program is best examined from an individual national context to a more general overall assessment.

204

### **Evaluator's Overview:**

This evaluation project employs a formative approach that incorporates ongoing individual project oversight, consultation, and when appropriate, project recommendations. It is the Evaluation Team's belief that the ability to offer guidance, support, and direction during the evolution of the project, itself, is of great long-term significance. Benefiting from the broader perspective afforded an independent observer, the Evaluation Team is often able to bridge the gap between the different projects, assuring that good ideas are widely known, while at the same time ensuring that mistakes made by one project are not repeated elsewhere in the program. This collaborative approach ensures not only that the awarding agency and the individual grantee benefit, but also that the target country/population realize the greatest benefit from the program.

### **Project Evaluation:**

The evaluation design for the *University Development in Business Management for The Baltics* program presented the Evaluation Team with many challenges. The first, and perhaps most critical, focuses upon the issue of time. Under ideal conditions, the evaluator would observe the selection process to guarantee that those projects awarded grants develop programs fully responsive to the original proposal. In most cases the Evaluation Team is brought into the process at the onset of project implementation, or just as the individual projects begin final planning for the initiation of activities.

Regrettably, the situation faced by the evaluators with regard to this program did not fit either of the conditions described above. All three of the grantees were well into actual project implementation, in some cases having adapted ongoing activities to the grant requirements. This late introduction hindered the ability of the Evaluation Team to fully impact the project and, more importantly, added considerably to the complexity of developing an evaluation criteria. This constraint was further aggregated by the tremendous variety in the projects operating under the auspices of the same program grant. Finally, as a result of this late introduction, the Evaluation Team did not receive the necessary data and information in a timely manner, further affecting its effectiveness.

The Evaluation Team made its initial visits to the USIA administered *University Development in Business Management* projects in Estonia, Latvia, and Lithuania from March 24, 1993, through April 1, 1993.

### **Project Summary - Estonia**

#### **Bentley College**

The *University Development Program for Estonia* grant managed by Bentley College was initiated on September 1, 1992, and has been funded through February 28,

1994. The total budget for this eighteen month project is \$602,129, of which \$328,000 has been awarded by the United States Information Agency (USIA). As stated in the original proposal issued by USIA, the purpose of this program is to "promote the development of business management programs in Estonia."

Under this broad mandate, Bentley College, in partnership with Tartu University and Tallinn Technical University, developed the following program.

### **Project Description:**

In the project proposal, Bentley college outlined three project goals:

1. Promote the development of business management programs at Tartu University and other Estonian institutions of higher education.
2. Develop and enrich of Estonian business and economics faculty.
3. Upgrade the capabilities of Estonian business and economics faculty to train students for careers in a market economy.

To meet these objectives, the project is divided into three distinct elements. The first element is a series of seminars to be offered by a group of nearly twenty professors visiting Estonia from Bentley College. The second element involves the stationing of a resident Bentley faculty member in Estonia for the semester. The third element is the scheduled visit of approximately thirty Estonian faculty members to Bentley College in Waltham, Massachusetts, to participate in a six-week long intensive summer program. These three elements will provide training for faculty members, students, and local business people, as well as begin the critical process of long term structural development within the partner institutes.

### **Project Administration:**

The Bentley College project is directed by Dr. Jerome Bookin-Weiner, Executive Director of International Programs, assisted by Dr. George Hachey, Jr. acting as the academic coordinator. These men are joined by their partner coordinators: Dr. Jaak Tamberg and Dr. Alari Purju from Tallinn Technical University (TTU), Dr. Toomas Haldma (Tartu University), and Aivar Kallman (Estonian Agricultural University). In addition, the project has secured the services of Mrs. Viive Uus to act as an in-country coordinator to facilitate general operations.

### **Structural Development:**

One of the most import directives of the *University Development* program focuses on the structural enhancement and development of the partner institutions. During the last several decades, the institutes of higher education in Estonia have fallen behind their Western counterparts in several important areas -- gaps that are becoming increasingly

significant. To ensure their ability to make the changes necessary, the Bentley project has outlined the changes supported through this project:

1. Faculty development workshops for Tartu University faculty in business related fields.
2. Curriculum and research agenda design at Tartu University and the other Estonian institutions to reflect the needs of Estonia.
3. Purchases of computer hardware/software and training in the use of the equipment.
4. Development of culturally sensitive and relevant study tours in the U.S. for Tartu (and other) University Economics faculty so they may observe concepts and practices at work in the U.S.
5. Sharing of American academic expertise through instruction by American economics and business faculty in special seminars for Estonian economics and business students and faculty.
6. Establishing outreach linkages between the faculty of Economics of Tartu University and the business community to provide continuing management education programs.
7. Compilation of existing relevant materials and development of specialized materials for professors of economics and business administration at Tartu University and other Estonian institutions.
8. Development and distribution of written instructional materials in Estonian to complement and enhance the educational and training programs.

In addition to the steps outlined above, Bentley faculty will participate in a monthly seminar on transforming economies. At the same time, Tartu and other Estonian faculty members will begin intensive instruction in English to prepare themselves for interaction with Bentley faculty.

## **Project Activities**

### *Seminar Series*

The first element of Bentley College's three part program is its seminar series. In early February, Bentley faculty members began to travel to Estonia. Each visit, jointly coordinated with in-country personnel, began in Tallinn where the faculty members remained for two to three days to familiarize themselves with the country before going on to Tartu. During their week long stay, they delivered seminars to graduate students at Tartu University and Estonian Agricultural University. Faculty members also met with Estonian faculty members to aid in the development of new courses and curricula. The Bentley professors then returned to Tallinn, where they remained for several days offering the same seminars and consultative services at Tallinn Technical University. The following is a list of seminar subjects and instructors who have delivered their courses:

- Dr. Joe Mchugh: Accounting
- Dr. George Hachey: Capital Markets

- Dr. John Wood: Money and Banking
- Dr. Anthony Buono: Organizational Behavior and Human Behavior in Organizations
- Dr. Richard Torborg: Corporate Finance
- Dr. Colin Balogh: Real Estate Mortgage and Finance
- Dr. John Gorgone: Computer Information Systems
- Dr. Lucille Ponte: Business Law and Product Liability
- Dr. Donald McIntyre: Industrial Marketing
- Dr. Mohammad Abdolmohammadi: Accounting

In the fall, seminars on the following subjects will be offered:

- Marketing
- Taxation
- Production Management
- Management Economics
- International Business
- Agricultural-Economics

The target audience for these courses is university faculty members, although graduate students are encouraged to attend. On average, one third of all participants are faculty members. The Evaluation Team, given a brief description of each faculty seminar, noted that attendance varied from as few as 15 people to as many as 80. In response, the project has begun to alter its seminar offerings to more closely reflect the needs of the participants.

#### *In-Country Resident Faculty*

The second element of the project is the installation of a resident faculty member in Estonia. Dr. Peter Manning took up residence in Estonia in February and remained through May, 1993. During his stay, Dr. Manning worked closely with both Tallinn Technical and Tartu University to offer support and assistance in their continuing curricula development, advised faculty members as they explored the changing needs of their students, offered classes on Strategic Management and Organizational Behavior at both Universities, and developed two case studies to be published in Estonian. Upon his return, Dr. Manning will play an important role in the intensive summer program involving visiting Estonian faculty.

During the Evaluation Team's visit, Dr. Manning was able to present an up-to-date report on all of his activities and accomplishments. This information provided a clear picture of the impact of the presence of a full-time faculty member and helped underscore the varying strengths and weaknesses of the two partner institutes (Tallinn Technical and

Tartu University). Estonian faculty, in dealing with Dr. Manning, displayed a high degree of enthusiasm and confidence.

### *Summer Program*

The third major element of the Bentley project will host 29 Estonian faculty members in an intensive six week summer program. During this time, participants will attend classes, conduct research, and participate in a number of special sessions and/or conferences. Each participant will be given a DEC laptop computer, selected software, and a \$600.00 allowance for purchase of resource materials (books, additional software, etc.).

Participant applications were available to full and part-time faculty members at both the University and secondary school level. An important requirement states that all participants sign a contract committing them to serve "Estonian education" for at least five years after their return.

### **Self Assessment**

The Estonian participants completed written evaluations, Bentley faculty members completed a debriefing and report, each of the Estonian visitors to the U.S. participated in arrival and exit interviews, and members of the Estonian Advisory board reviewed reports and interviewed individuals involved in the project.

### **Evaluation Team's Observations**

The March 1993 Evaluation Team visit to Tallinn, Estonia afforded the team the opportunity to meet key administrators, faculty, and staff, and interview a number of project participants. These meetings were arranged in close cooperation with the in-country project coordinator, Viive Uus.

Any examination of the Bentley project must take the "special position" of Tartu University under careful consideration. In addition to the obvious challenges one would expect working in a region experiencing so radical a transformation, the Bentley project is faced with the further complication posed by Tartu University in a special position as the oldest, most prestigious university in Estonia, enjoying extremely strong alumni support as virtually the entire country's government and intellectual elite were educated there.

Given the need to make sweeping changes in the universities' economic curricula, the Evaluation Team believes that one of the most significant issues facing both Tallinn Technical University and Tartu University is the receptivity to change exhibited by their faculty. During the course of our visit, and in subsequent conversations with project staff and administrators, both universities demonstrated a willingness to make those changes, though to greatly differing degrees.

### *Tallinn Technical University*

Following the fall of the previous regime, many of the Marxist economics professors left the universities to pursue "other" interests. During the last three years, Tallinn Technical University has modified many of its programs with a special emphasis on faculty re-training. They have yet to institute a formal "tenure" structure. Currently, they assign each qualified instructor a "Professorship", which is reassessed every five years. This will enable the University to eliminate those instructors unwilling to move forward, and provide an incentive for all instructors to maintain a high level of effort.

Further, the sudden "retreat" noted above has opened the door for the next generation of students/faculty members to move into key positions within the University. Although the University is presented with a unique opportunity, without the proper training and preparation, this new generation will adopt the habits of its predecessor.

### *Tartu University*

The situation at Tartu University is complicated by the influence of its long tradition, historical resistance to change and special place in Estonian society. Nevertheless, in the brief period since the Evaluation Team's visit, several important changes have occurred. Recognizing the need for a receptive and cooperative University Rector and Economics Dean, the University faculty has taken the first steps to elect a more progressive Rector and has successfully persuaded the Dean of the Economics Faculty to resign. Lastly, Toomas Haldma, the faculty member selected by Tartu University to work with the American project, will soon be replaced. Though a qualified and cooperative member of the project, he had involved himself in too many similar international projects in addition to his regular responsibility, and perhaps lacked the experience to coordinate this effort. These important developments should go a long way toward ensuring Tartu University's commitment to modernizing its faculty and curriculum.

### *In-Country Resident Faculty Program:*

The success and impact enjoyed by Dr. Peter Manning, the Bentley faculty member in residence in Estonia, highlights one of the Evaluation Team's strongest beliefs; long term success of the project is dependent upon an American project officer in-country. During the Evaluation Team's meetings with representatives from both Tallinn and Tartu Universities, the beneficial and powerful impact of Dr. Manning's presence was recognized, with special emphasis on the tremendously positive response and high level of interaction with local faculty. Peter Manning has instituted a weekly faculty consultation meeting, making himself available to any who wish. These meetings have become a regular part of the program for the majority of the participants. Though these meetings are a costly element of the program, the Evaluation Team believes that they are also an extremely important one if real change is to be made at either University. It is critical that the faculty have an advisor available for support and guidance.

### *Summer Program*

An issue of importance is the agreement to be reached with the Estonia faculty members who visited the United States. The heart of this agreement is a contract obligating participants to use their new knowledge and expertise in education, rather than in the private sector. Faculty retention, already a problem, is sure to become an issue as these select individuals realize that their new knowledge makes them attractive to private companies both in Estonia and throughout the rest of Europe. The Evaluation Team was given a sample of the contract that all participants are asked to sign. However, when the Team raised the question of enforcement no clear picture as to how the contract would "hold-up" appeared. The resolution of this issue will prove extremely important to the overall success of the project.

### *USIA*

The Evaluation Team met with the USIA Public Affairs Officer in Estonia, Ms. Sandra Kaiser. She noted that the Bentley project had been able to establish important contacts early on in the Estonian transition, and even though there have been a great many personnel changes within the government, had made new contacts when necessary -- especially with the many new, non-communist members of the government. These people have impressed her as being extremely well organized and responsive to the Embassy.

### *Advisory Board*

The role of the Advisory Board may have been under-utilized. Given the high caliber and experience of the members, it is clear that the Board is in a position to provide more than guidance and participant selection. One of the most valuable roles of the Board might be in encouraging the Estonian business community to make better use of the resources available at the Universities. This would not only prove useful to local businesses, but would also allow the universities to establish more substantial links with the community.

## **Issues and Recommendations**

The Bentley College project in Estonia is both well designed and ably administered. The enthusiasm and commitment of both the American and Estonian faculty and participants is evident and the project continues to enjoy the support of officials in both countries. Finally, it is clear to the Evaluation Team that many of the issues noted below have been recognized by the Bentley staff, and steps are being taken to resolve them. Nevertheless, the Evaluation Team has a number of concerns regarding certain elements of the project's structure.

The issues of greatest concern are:

**Lack of an American in-country coordinator:**

While the current coordinator, an Estonian national, is both committed and extremely capable, the demands and expectations placed on her are very high. It has been the experience of the Evaluation Team that the one element that the most successful management training projects share is the presence of a resident American responsible for the administration of the project. Additionally, because of the pivotal nature of her role, the success of the project is perhaps overly-dependent on her continued participation.

**Support of partner-institute administration:**

As a result of the especially important role of the partner institutes in this program, the Evaluation Team has stressed the need to ensure that the administrators of those institutions are intimately involved in all project activities. This has led to the suggestion that principal administrators from both Tartu and Tallinn Technical Universities be among those who attend the Bentley summer program.

**Visiting Faculty:**

One of the issues of greatest concern to the Evaluation Team centers on the structure of the seminar series. Currently, instructors coming from Bentley College remain in-country for less than 14 days. While the quality of instruction is very good, the efficiency of having American faculty fly into Estonia, offer intensive short seminars, and then return to the United States is arguable. The participants, who must absorb a tremendous amount of material very quickly, are denied the opportunity to discuss their questions and ideas with the instructors. Additionally, faculty participants get very little opportunity to discuss pedagogical issues with the visiting faculty and are thus unlikely to effectively transfer the bulk of that new knowledge to their own courses.

In sharp contrast, one of the strengths of this program is the stationing of a Bentley faculty member in residence for an entire semester. This element of the program is likely to have the most profound impact on the partner institution faculty, as they have the opportunity to both observe and consult with the same individual for extended periods of time.

**Project design:**

The decision to concentrate project activities at Tartu University needs to be re-examined. While the linkage with this prestigious university certainly helps lend legitimacy to the Bentley program, both the business center and seat of government are located in the capital city of Tallinn. When combined with the greater commitment to change exhibited by the TTU faculty, it appears that it may be more efficient to re-focus some project activities to Tallinn Technical University to ensure connection with "agents of change."

**Government personnel:**

More attention should be focused on reaching out to public and government officials. As elsewhere in the post-communist world, the move towards privatization and away from a command economy may be hindered by middle level ministry officials who do not fully appreciate the needs of a market economy.

**Summer program:**

The issue of greatest concern to the Evaluation Team regards the selection of participants for the Bentley summer program. Currently, there is no clear linkage between individual short seminars in the series and the selection criteria for participation in the summer program. The lack of continuity is sure to limit the effectiveness of the entire program, in that it eliminates the "instructional reinforcement" that would follow from a program with a formal relationship between the seminar series and the summer program.

**Resolution of fund distribution:**

One of the issues of greatest concern to the grantee, regards the constraints placed on them by their contractual limitations. To date, the project staff have been forced to list, as project related, several incurred costs which they characterize as administrative. While on other occasions, project expenses have been charged against their administrative budget. Partially a result of the 20% cap placed against administrative costs, the Evaluation Team believes that a more practical and simplified budget structure would greatly enhance project effectiveness.

**Faculty Participants:**

Finally, though the project plan calls for 30 faculty participants, the extensive time and labor commitment required have limited the number of inquiries. This lack of interested participants eliminates any opportunity to selectively choose among qualified participants. It is also important to note that while the bulk of the projects' resources, a total of \$137,000 (or over 23% of total project funds), will be invested in these individuals, the specific responsibilities of these participants following the involvement in this program may be extremely difficult to define, and more troubling to the Evaluation Team, difficult to enforce. This concern has also been recognized by the project itself, and the assignment of specific tasks to all participants following their return is under consideration. The Evaluation Team will continue to observe this element of the program.

**Evaluation Team Summary:**

The *University Development Project* administered by Bentley College is playing an important role in Estonia during this difficult transition period. Continuing modifications and developments being made to the project demonstrate Bentley's willingness to adapt and evolve along with their target population. Without this type of flexibility, no project could remain relevant to the needs of their participants. At the same time however, the Bentley project team should consider making further modifications in several areas.

The first and most important modification relates to the distribution of activities and funds between in-country instruction and activities implemented in the U.S. In the future, the Bentley project should seriously consider redistributing the current balance between stateside and in-country activities to place greater emphasis on in-country action. This is likely to be more efficient and cost-effective, and when combined with a greater effort to identify and train forward thinking faculty members, will ensure greater long-term impact.

Another issue of interest to the Evaluation Team relates to the composition of the projects participant pool. Given the need for continued rapid change, the project should give careful consideration to the recruitment and training of local and national government officials. If those at the decision making level do not fully understand the needs of a market economy, it is unlikely that they will be equipped to make and implement the decisions so critical to a successful transition.

The third area which the Evaluation Team believes is crucial to the continued success of the project relates to the cooperation and coordination among American government personnel. Though a rather modest grant, the Bentley project represents an extremely important program in Estonia, deserving attention and support. Further, Estonia's most pressing needs dictate that a higher degree of effort be dedicated to coordinating the efforts of the various American and international assistance agencies. Bentley College has recognized the value and support that these other projects could offer and has made an effort to explore how the different programs might work together. It is clear that more emphasis should be placed on the more effective utilization of these varied resources.

Given the changes already outlined by the project, and the modifications suggested by the Evaluation Team, the Bentley project is likely to play an important role in the continued development and evolution of the Estonian university community.

## State University of New York, Buffalo

### *Latvia*

#### **Project Summary**

The *University Development in Business Management* project in Latvia, administered by the State University of New York, Buffalo, is funded by a \$355,000 grant from the United States Information Agency, a \$187,000 contribution from the University itself, and over \$225,000 contributed by a number of other organizations. This project, with a total budget in excess of \$767,000, was initiated on September 1, 1992, and will expire on December 31, 1993.

This project is being coordinated by Dr. John Thomas (Project Director, SUNY-Buffalo) and Dr. Olafs Brinkmanis (Project Director, Riga Technical University). The School of Management (SOM) at SUNY-Buffalo administers the project, whose primary goal is to provide technical assistance for the development of a new School of Management at the Riga Technical University (RTU).

#### **Project Description:**

The fundamental goal of this program is the establishment of a comprehensive center for management education in Latvia responsive to the changing needs of the emerging private sector. During the period of this grant several important steps will be undertaken; the initiation of a formal MBA degree granting program for nearly 50 students per year, the creation of a School of Management based professional development program for six Latvian enterprises, and the incorporation of an English Language Center (IELI: the Intensive English Language Institute) in the Management Center.

An essential component of this *University Development* program is the emphasis placed on structural development. The constraints of the Soviet system, combined with the current lack of resources, leaves Riga Technical University lacking many of the tools essential to the operation of a modern University. As a result, one of the most critical activities will be the provision of resources for a management education resource center, complete with a "state-of-the-art" library and computer laboratory. The center is to be used by students and faculty within the university, as well as Latvian enterprises.

A \$10,000 grant from the United States Information Agency for library development is utilized to support procurement of new education materials and needed infrastructure development (computer hardware/software, language laboratory, library resources, etc.).

**Project Elements:**

The individual project elements described above will include:

*Curriculum and Course Development:*

This element of the project relates specifically to two areas:

1. Riga Technical University / Business School (RTU/BS)
2. Short course modules.

Both involve the School of Management and will focus upon providing materials that discuss and analyze the economic, legal, and political problems involved in transition, specifically on those issues relevant to Latvia and the Baltic States.

*Management Training Program for Riga Technical University / Business School Students:*

This project activity includes the MBA program for 50 Riga Technical University Business School students. The initial MBA level courses will be offered in the Fall of 1992, and continue through Fall, 1993. In addition to the core courses in key areas of management education such as marketing, finance, accounting, and human resources, courses will be offered that focus specifically on three areas directly relevant to current Latvian needs; international management, small business development and management, and the development of quality control for manufacturing services. All courses will be offered in a six week modules. American faculty members will stay in-country for a total of five weeks, teaching approximately 35 participants, three hours a night, three nights per week.

*Professional Development Program for Riga Technical University / Business School: Latvian Faculty*

This project activity is designed to provide six Latvian Faculty with the opportunity to come to the US. for an intensive program on course content and teaching methods.

*Technical Assistance for Latvian Enterprises*

This component will provide direct linkages between Riga Technical University and its Business School with the needs of the principle Latvian enterprises. A pilot program with VEF, a telecommunications and electronics supplier has been initiated. It is important to note the substantial and active role VEF has taken in the support and development of the Riga Technical University's Business School. This relationship may well serve as a model for future University-Corporate associations.

*Management Education Resource Center*

As noted above, this resource center will be available to students, faculty and professionals in government and industry.

*English Language Training*

Initial offerings will include an Intensive English for Academic Purposes program for MBA participants. Once established, the English language center will also provide the following services: translation and interpreter training; consulting services in English language training for companies and academic institutes; special cross-cultural training programs for expatriate employees of multi-national corporations; and language testing for those international businesses seeking to hire native Latvians.

#### *Academic Component*

The State University of New York, Buffalo has dedicated a great deal of effort to not only transferring US. management concepts and courses, but to adapting them to the specific needs of Latvia. This will require a continuing effort to learn about the existing conditions regarding enterprise reforms and privatization in Latvia.

#### **Self-Assessment:**

The self-assessment of this project is intended to include both systematic monitoring and summative assessment of the projects overall impact. This will include the employment of questionnaires and participants interviews combined with extensive follow-up surveys.

#### **Evaluation Team's Observations:**

The Evaluation Team's initial visit with the SUNY-Buffalo project in Riga, Latvia was coordinated by the in-country Project Director, Dr. Brinkmanis - March, 1993.

The Evaluation Team's initial impression of the SUNY-Buffalo project was especially positive. The State University of New York project, alone among the grantees, had submitted a first quarterly report detailing project activities prior to the evaluator's site visit (see appendix). Additionally, the project director made several efforts to ensure that the Team had all necessary information. This wealth of information and data significantly enhanced the overall effectiveness of the visit.

One of the most important elements of the project, was the establishment and continued support of the English Language program. All participants take courses in "pre-MBA English" and "Business English." Thus the first issue raised, and one that had received a good deal of attention in the first quarterly report, related to the concerns of some of the SUNY-Buffalo faculty regarding the English language skills of the participants. Furthermore, there was some concern expressed regarding the ability to recruit qualified candidates prepared to make the lengthy commitment. Moreover, Ms. Halvis, the English Language Program's project coordinator, noted the higher than expected degree of difficulty in establishing the English Language program. This difficulty stemmed from the need to address a group composed of participants of vastly different levels of ability. This issue has been addressed in a number of ways. The first is the development of a modern language lab which is currently nearing completion; second, the creation of a glossary of Business Terms; and third, two instructional tracks have been developed within the English Language Program;

1. Basic English
2. Intermediate and Advanced; with an emphasis on Business English.

The organizational strength of this project is especially noteworthy. Though the original project implementation plan called for a fairly limited program, SUNY-Buffalo has taken every opportunity to expand the breadth and width of their project. However, as a result of the limited financial support, some concern has developed relating to the issue that, without more funding, they will not be able to build sufficient sustainability into the program. Given their overall project designed, and the desire to insure project sustainability, the staff have committed themselves to producing a long-term strategic plan to help define future project goals.

The SUNY-Buffalo project is in the process of addressing the need to permanently station an American faculty or staff member in residence to coordinate day-to-day project activities. Though Dr. Brinkmanis appears especially able and involved, clearly the presence of an American administrator would serve to further enhance the total effort. Currently, Dr. Thomas envisions the American faculty member assuming the position of Assistant Dean to Dr. Brinkmanis, with special emphasis on both the coordination of day-to-day activities and on the English Language program.

The combination of these new techniques, tools, and resources should substantially improve the ability of the two English instructors to prepare the 54 pre-MBA students currently enrolled for future programs.

One of the most ambitious aspects of this project is the emphasis placed on receiving full accreditation. Currently, the plan is to appeal to the European accreditation board during the coming year. To this end all courses have been kept as similar as possible to those offered at SUNY-Buffalo. This emphasis clearly indicates the desire create a legitimate MBA program which would be an independent school within Riga Technical Institute. Further, with the advantage of international accreditation, they hope to attract international faculty, students, and international businesses.

#### Faculty Preparation:

In a series of meetings and discussions the steps taken to prepare American faculty members for their work in Latvia were described to the Evaluation Team. The detailed 3 part orientation includes;

1. Focusing of course materials to the adaptation to a market economy.
2. Process of Business Education (cases and simulations).
3. Introduction to content: Information on current conditions.

In addition, prior to their departure, all faculty meet with Latvian-American and teachers returning from Latvia to exchange information and impressions. The Evaluation Team believes that this is an invaluable, necessary, and too often overlooked element of any international program.

One of the most significant themes of the project has been the effort to ensure that all courses are fully integrated into the University curriculum (i.e., students get full credit). More importantly, just over a year from now Riga Technical University will offer an MBA degree -- thus insuring that this program is a permanent part of the overall curriculum. At the same time, it is important to note that the pre-MBA courses are not part of the MBA program and it is made clear to all participants that admission into this pre-MBA course does not guarantee admission into full MBA program -- all participants are required to pass a series of exams to enter program.

### *Participant Interviews*

The Evaluation Team met with a group of 7 individuals participating in the pre-MBA program. It was clear that all thought very highly of both the courses, the English language program, and the opportunity to study under American Economic/Business professors. As has often been the Evaluation Team's experience, the most enthusiastic response was reserved for the teaching style and intense interest and interaction displayed by the American faculty members.

The Evaluation Team also met with a group of participants in the MBA program. They shared their classmate's enthusiasm and respect for both the courses being offered and the nature of the teaching, but there was some minor disagreement regarding the scheduling of classes. Some believed it would be easier if the courses were offered more sequentially (without the long gap between offerings), while others felt the time allowed them to more fully absorb the new information. In discussions following the visit, the SUNY-Buffalo staff made it clear that this issue had receive substantial consideration. One of the most pressing issues to be decided during the summer will be whether to continue the "part-time" program, or commit to full time participants exclusively.

SUNY-Buffalo, sensitive to the need to identify and train "agents of change," has selected 2 stand-out MBA participants to receive intensive training. During our visit, the Evaluation Team met with the participants who had just returned from a trip to SUNY-Buffalo, where they attended classes, and visited several medium and large businesses during a month long stay. Both participants, junior members of the Riga Technical Universities faculty were virtually overwhelmed by their experience. Their enthusiasm, and activities will undoubtedly inspire some other junior faculty to become involved in the program.

### **Issues and Recommendations**

The SUNY-Buffalo project clearly benefits from the close and able administration it receives from both its American and Latvian Project Directors. The success of this program can largely be credited to the commitment of all involved to providing a viable and relevant business education center in Latvia. As a result of this close attention and commitment, the constant modifications and adjustments needed to ensure continued

success have been smoothly incorporated into the project as necessary. Though the Evaluation Team would have preferred the establishment of a resident American administrator from the outset, the fact that they had already decided to make this change serves to underline the strength of the projects leadership.

Another element which has acted to strengthen this project has been the strong relationship between the two universities. During the site visit, it was obvious to the Evaluation Team that the SUNY-Buffalo administrators have encouraged their counter parts at the Riga Technical School to play an active role in the design and development of this project. In return, the RTU personnel have gone to great lengths to see that all of the projects activities are fully integrated into the university.

Though the strength of this project is evident, the Evaluation Team did make several recommendations while on-site. The following two issues, however, require immediate attention:

*1. Selection and Recruitment:*

The continued need to make adjustments in both the English Language Program, and to the recruitment and selection for the MBA program. This is a function of the tremendously varied language skills demonstrated by the first round of participants.

*2. Funding:*

The need to secure additional financial support. Though the overall project design is fundamentally strong, it is clear that project sustainability will be dependent on securing long-term funding.

## **Project Summary**

### ***Lithuania***

#### **Purdue University**

The *University Development in Business Management for Lithuania* program administered by Purdue University was initiated on September 1, 1992, and is funded through February 28, 1994, with a total budget of \$1,112,981. Of that, the United States Information Agency has contributed \$399,639 in order to promote the development of business management education in Lithuania. Purdue University's West Lafayette and Calumet campuses, together with Kaunas University of Technology, Vytautas Magnus University, and the Lithuanian Academy of Agriculture, have developed a project which they believe will help to achieve these goal.

### **Project Description:**

The West Lafayette component, in association with the Lithuanian Academy of Agriculture, concentrates on faculty development in agricultural marketing and management, while the Purdue-Calumet element of the project, working with both the Kaunas University of Technology and Vytautas Magnus University, focuses on the development of sustainable training programs for selected faculty, students, middle level business managers, and regional government officials. Though both project elements are under the direction of Dr. Feliksas Palubinskas (Purdue University), and his counterpart, Dr. Povila Zabarevicius (Vytautas Magnus University), the two elements have separate and distinct identities.

### *Purdue, Calumet*

The Calumet element of this project focuses on 13 week-long modules. Each module will be offered twice to two groups of approximately 35 competitively selected participants. The training teams, drawn from the Purdue Calumet faculty, faculty from other American Universities possessing Lithuanian language skills, and the Lithuanian-American business community, will spend 3.5 weeks in-country.

In addition to the two weeks spent offering the modules, two days of the third week will be devoted to a series of special seminars and workshops. Lastly, in addition to the activities outlined, each visitor will spend time working with Lithuanian colleagues on curriculum development and planning issues.

The 13 Modules will include;

1. The Market Economy
2. Doing Business in a Market Economy
3. Markets and Marketing
4. Organizing and Managing a Market Enterprise
5. Managerial Accounting
6. Financial Accounting
7. Managerial Accounting
8. Management Information Systems
9. Business Finance
10. International (export/import) Business Operations
11. Total Quality Management
12. The Process of Strategic Management
13. Business Strategies and Policies.

### *Purdue, West Lafayette*

The goals of the Purdue-West Lafayette component of the project can be divided into three parts. The aim of the first element is to introduce the Lithuanian faculty members to U. S. and Western European undergraduate and continuing education in agribusiness. The second goal is to coordinate and implement agribusiness training seminars in Lithuania. The third is designed to support the modification of the undergraduate curriculum in agri-economics and business.

Working with faculty from West Lafayette's Department of Agricultural Economics and the Center for Agri-Business, faculty from the Lithuanian Academy of Agriculture receive training in the areas of agricultural marketing and management. Twenty American, and 14 Lithuanian faculty members are involved in the program, with approximately 180 Lithuanian faculty, students and business people taking part in the program. The most important outcome of this project will be the establishment of a cadre of prepared, re-trained instructors who will remain in Lithuania after the expiration of this grant.

### **Project Activities:**

#### *Purdue, Calumet*

The first step in the effort to achieve the second objective outlined above, to provide 50 Lithuanian managers with the knowledge and skills needed to manage a business in a market driven economy, is the competitive selection of the participants who are now, and will be in the future, screened by a committee from all three institutions. An important consideration in the selection of participants will be geographic and professional distribution. Further, in order to ensure the widest possible dissemination of knowledge, a limit of two individuals per company will be enforced. Participants come to Kaunas for one week to attend each of the 13 modules (5 days a week, 3 hours of lectures in the morning, 2 hours of workshops in the afternoon). Each lecture will be videotaped, and copies of the tapes made available to both participants and the faculty of other Lithuanian Universities.

Reflecting one of the most critical needs relating to the structural development which is such an important part of this project, is the need to develop Lithuanian language business education materials. As a result, 12 weeks prior to their arrival, each faculty member will prepare up to 300 pages of written material for their module, which will then be sent to Lithuania for translation, reproduction, and distribution. Additional material (e.g. a basic package of "Appropriate Material" from American Business, Economic, and Management literature and journals) selected for each module will be presented to all participants.

One of the most valuable elements of the project is the extensive orientation that all visiting professors are given to help familiarize them with the current Lithuanian

environment. More importantly, they are also assigned a "partner" from among the resident faculty -- an arrangement which, it is hoped, will allow them to learn from one another, and perhaps establish long-term professional relationships.

Another important element of the Purdue, Calumet project is the exposure of key local and regional government administrators to issues dealing with the concepts of a free market economy. The parliament of Lithuania has recently passed several laws vis-à-vis the introduction of a free market system, laws which are to be implemented by local and regional administrators who must quickly become familiar with the concepts of a free market systems to be able to ensure their timely enactment. Five of the offered modules are "highly appropriate" to this potential participant pool, thus 5 local and regional administrators, selected by their ministries, will attend these presentations.

The design of this program necessitated a lengthy, 13 month commitment from all potential participants. This created a concern regarding their willingness or ability to remain involved throughout the length of the project. As a result, they purposely over-recruited, allowing over 80 people to join the program. The type of participants interested in the program for the first class proved a surprise; 17 business owners, 23 Business/Economics Doctoral candidates, and 35 business managers signed up. This participant composition, however, posed a problem. Originally, it had been hoped to have a larger number of business managers involved in the project. This was an especially important issue because it had been hoped that their fees, paid for by their sponsoring companies would cover the balance of the Universities costs. Another important part of the original project design focused upon the participation of a pool of promising middle level managers, selected by senior personnel at each company, who it was felt were likely to play important roles in the future.

### *Meeting with Participants*

During the Evaluation Team's visit, several meetings were scheduled to enable the team to meet and discuss the value of the program with the participants themselves. Each group was made up of the full range of participants; faculty members, Doctoral candidates, business managers, etc. Some (most often the Doctoral candidates), noted that the courses were too general, and that the first several days of each course offering were ineffectively used as each new instructor learned how sophisticated the participants were. As the Evaluation Team has learned in the past, the participants often find the second round of lectures, with the lecturer having the advantage of more time in-country, more informative.

### *Self-Assessment:*

Two types of self-assessments are currently employed; Module Evaluation and Program Evaluation. Each module is evaluated on content, relevance to Lithuanian needs, and delivery. The overall program is then evaluated under the same general terms at its completion. Follow-up surveys of participants are distributed to determine long-term impact. This is an especially important element of the Purdue proposal. The high level of

evaluation incorporated into all elements of the project helps maintain both the quality and relevance of the project.

*Purdue, West Lafayette*

The Purdue-West Lafayette program has put together small, 3 instructor teams to coordinate the instruction in the following three areas;

1. Finance
2. Marketing (focusing on current Agri-business management and teachers)
3. Executive Training

The first seminars, scheduled for June 28 through July 2, are to include 30 participants, in day long programs. They hope to augment specific knowledge and expertise on issues regarding the transition to a market economy through inter-active activities.

This element of the project has been implemented in three phases. In the initial phase, 3 Lithuanian faculty members and an interpreter traveled to Purdue, West Lafayette to take part in the Strategic Agricultural Marketing course. They also met with Center for Agricultural Marketing Business Staff to discuss agribusiness education issues, and plan future activities. One of the most important issues, the development of Lithuanian case studies, was also discussed. In phase two, four Purdue faculty members visited Lithuania to learn more about the current situation, develop case studies, and hold workshops and seminars on undergraduate agribusiness and economics. In the third phase, each of the training programs in Agricultural Marketing and Financial Management will be presented twice; first in May and July, and then again in the fall. Several Lithuanian faculty members were assigned specific American faculty partners, whom they met during their visits in the US. These Lithuanian faculty members will observe and work closely with their American counterparts during the visit cycle. During the first round of classes, instruction will be offered by the Purdue faculty representative assisted by his/her Lithuanian partner, while instruction in the second round will be offered by the Lithuanian faculty member with Purdue faculty assistance. The success of the project will be measured in 3 ways:

1. Each training program will evaluate participants, including follow-up contacts.
2. The second evaluation will be done after the second offering of each course led by Lithuanian faculty.
3. Evaluation will also assess curriculum reform - Plans for redesign to be completed by the end of 1993.

## **Evaluation Team's Observations**

The Evaluation Team's initial meeting with the Purdue University project in Lithuania was coordinated entirely in the field by the Project Director, Dr. Palubinskas for March, 1993.

One of the most significant observations made by the Evaluation Team regards the city of Kaunas itself. Unique among the larger cities in the Baltic's, its population is roughly 85% ethnic-Lithuanian, making it the most homogeneous city in Lithuania. This homogeneity, combined with its traditional role as the academic and cultural capital of Lithuania, has allowed Kaunas to become, arguably, the most western and progressive city in the country. These distinctive characteristics, however, often act as both an advantage and a handicap. The people of Kaunas are comfortable with, and eager to, accept the introduction of new political and economic systems. During the recent elections, Kaunas was the only district in which the ex-communists party did not gain a majority. However, this independent spirit may further isolate the city from the rest of the country.

Perhaps the most significant observation that can be made as a result of the Evaluation Teams visit to Purdue, West-Lafayette's partner, the Lithuanian Academy of Agriculture, relates to the conditions of the University itself. Given the emphasis placed on institutional development, the status of the universities themselves is a critical factor in the long-term success of this project. During the visit, Lithuania was experiencing a degree of energy rationing, which was being felt especially hard within the Kaunas area. While at the University, the Evaluation Team could not help but notice that there was neither heat (with snow falling outside), nor electric lighting in any but the most critical areas. The conditions for student and teachers alike was extremely difficult. An important question, which must be addressed in the near future, concerns the Academy of Agriculture's ability to become a modern institute of higher learning.

The visit to Vytautas Magnus University, where conditions stood in stark contrast to those at the Agricultural Academy, highlighted the challenges facing Lithuanian higher education. Unlike the Academy, the structure was well maintained, and there was a much higher degree of University "atmosphere." It is clear that this is a thoroughly modern and high quality University. Perhaps most surprising, was the conscious effort that the administration had made to pattern the structure of its curriculum after that of an American University. Unlike the conditions faced by the West Lafayette element, the Calumet effort has been fully integrated into the University system, though the matter of credit for each course, or number of course, has yet to be determined. Lastly, all of the lectures have been video-taped, and copies are available to the 6 other Universities who have sent participants.

The Economics faculty at Vytautas Magnus has had wide spread exposure to western environments (6-8 months, to several years). Further, they now have a Fulbright scholar currently in the US. The economics faculty (7-9 people) is complimented by the constant presence of foreign faculty. Combined with the emphasis on sending their own students and faculty abroad, it may be said that Vytautas Magnus is the most

cosmopolitan University in all of Lithuania (and in attitude and nature, perhaps in all of the former Soviet Union).

One of the issues of special interest to the Evaluation Team is the considerable role the Lithuanian faculty members have been encouraged to play in the design of the project. This is critical in that it not only helps to ensure relevance and cultural sensitivity, but also provides a sense of ownership which is a critical factor in terms of sustainable, long term change. An especially interesting story was related to the Evaluation Team regarding the start-up of the project. The participants, it would appear, rejected the opportunity to receive simultaneous translation of the lectures. Though the materials are offered in Lithuanian and English, the participants did not want to miss the chance to sharpen their English language skills. Moreover, in discussions with the rector of Kaunas Technical University the Evaluation Team learned that they will attempt to train all engineers in Industrial Management, English, and Economics (they will either offer the equivalent of a BA, or add it to existing programs).

### **Issues and Recommendations**

The project administered by Purdue University is one that appears to draw both its greatest strengths, and perhaps greatest weaknesses, from its selection of partner institutes. In the case of Purdue-West Lafayette's partner institute, the Lithuanian Academy of Agriculture, this is an especially critical issue. Currently, as a result of the general fuel shortage noted, its overall construction, and its rather remote location, the Academy has neither sufficient heat nor electricity. This makes for a very hostile environment for both the teachers and the students. Additionally, there is no evidence that young faculty members, administrators, or other "agents of change" have been actively involved in the project as yet. At the same time it is clear that the other element in the Purdue program, administered by the Purdue-Calumet campus, is in a much better position. Vytautas Magnus and Kaunas Technical University (the partner institutions), are both forward looking, western style Universities exhibiting high levels of commitment to this project. The Evaluation Team's only remaining concern relates to the financial stability of Vytautas Magnus, and for that matter, all of Lithuania's Universities. Given their emphasis on linking themselves with foreign Universities, however, and the aggressive move towards a western curriculum, they should be able to survive during this difficult transition period.

An especially telling element of the project focuses on Purdue's decision to station the Project Director in-country. The constant presence of Dr. Palubinskas has allowed the project to respond immediately to any situations that arise. The current strength and stability of the Purdue project is largely attributable to the constant supervision of Dr. Palubinskas, and further amplifies the Evaluation Team's belief that the presence of such an administrator is critical to the long-term success of these projects.

Lastly, it is obvious that this project would benefit from a greater degree of cooperation and association between the two different project elements.

## **Evaluation Team Summary:**

As reflected in the comments of the American representatives, the University Faculty, and the participants, the *University Development in Business Management* project administered by Purdue University is both ably led and delivered. It is clear that the most critical element of the program has been the decision to station the projects director in-country. This has enabled the project to remain responsive and pro-active during a period of rapid change and instability. At the same time however, there are a number of issues, discussed above, which the Evaluation Team believes would further strengthen the project.

Given the positive impressions of all involved, and the results of the most recent site visit, the Evaluation Team feels that this important project will continue to bring credit to America's efforts in Lithuania.

## **Program Wide Observations**

As noted at the outset of this report, considering the broad scope of the *University Development in Business Management Program*, it is critical to address each project individually. At the same time, we have been able to observe several issues that reappear throughout the program.

1. As noted in each of the three progress reports, it is critical that Baltic government officials become familiar with the needs and demands of businesses and entrepreneurs. This need can be addressed in part by the increased recruitment of government officials in these programs.
2. The next program wide concern is the financial stability of the University community. Given the economic realities facing each country, it is uncertain whether they will be able to maintain their current level of support to the universities -- a level of support which is already insufficient to ensure faculty retention, modernization, or even maintenance. The ability of each institution to attract and secure funding will become an increasingly critical issue.
3. The third issues relates to the varying degrees of English Language ability. This is an issue which has two impacts; the first relates to the difficulty of translating business terminology, and teaching methods into Estonian, Latvian, and Lithuanian and second in the increasing disparity between the relatively weak language skills of the faculty versus the quickly developing skills of their students.
4. As each of these projects attempts to develop credible programs, they all have encountered the same challenge -- absolute lack of business related resources (e.g. text books, journals, magazines, newspapers, etc.). This problem has been further exacerbated by the copyright piracy rampant in the region.

5. Another reoccurring theme has been the need to ensure that the courses and seminars sponsored by the American assistance effort become fully integrated into the University. It is critical to the long-term development of these institutions that these courses become permanent elements of their curriculum.
6. An important element of this Baltic program is the need to properly prepare the staff and instructors for their roles. Though the lengths to which the grantee went to prepare their staff varied, the Evaluation Team noted that virtually every group of both participants and visiting instructors commented on their wish that they (the professors) had been more familiar with the conditions in each country.
7. Following the practices of the old Soviet system, the primary Research Institutes were removed from the Universities. This severely undermined the invaluable link between "theory and practice" that has proven so beneficial in the West. In the coming months and years, it is the Evaluation Team's belief that a great deal of effort must be dedicated to incorporate these institutes into the Universities. In addition to the obvious academic advantages to the universities, there is also an opportunity to forge stronger links with the business community, who may come to rely and use these important resources. This will not only serve to strengthen these businesses, but serve to convince the private sector of the importance of the Universities.
8. One of the most challenging issues faced in all three Baltic nations, focuses upon the problems of faculty retention and recruitment. Though a problem spanning the whole of the University community, it is especially acute among members of the Economics and Management faculties who alternative opportunities are often so attractive.
9. One of the most important issues which must be addressed during this difficult transition to a market economy concerns business ethics. It is clear that without some generally accepted and enforced sense of right and wrong, the worst elements of corruption will become institutionalized and prohibit any dealings in the international community. As a result of this concern, the Evaluation Team has repeatedly encouraged not only the inclusion of this topic in appropriate courses, but its addition to the overall curriculum. Without swift action, this is sure to become an increasingly critical issues.

## Appendix

### Initial Evaluation Site Visit:

The following is a listing of the people with whom the Evaluation Team met during the March evaluation visits.

#### Estonia:

Viive Uus (project coordinator)  
Dr. Juri Tanner (Vice-Rector, Tallinn technical University)  
The Dean of the Economics Faculty (Tallinn Technical University)  
Dr. Peter Manning (Bentley College)  
The vice-chairman of the Bentley College/Estonian Universities Advisory Committee  
Toomas Haldma (Deputy Dean of the School of Economics, Tartu University)  
Sandra Kaiser (USIA Public Affairs Officer, Estonia)  
Mr. Frasure, American Ambassador to Estonia  
Jaak Limman  
Alari Purju  
Adrian de Graffenreid (AID Representative, Estonia)  
Aroul Uksvaiv

#### Latvia:

Dr. John Thomas (Project Director, SUNY-Buffalo)  
Dr. Olafs Brinkmanis (In-country coordinator: Riga Technical University)  
Priscilla A. Havlis (Academic Coordinator, English Language Center)  
Baudouin deMarken (AID Representative, Latvia)  
James J. Kenney, Jr. (First Secretary for Press and Cultural Affairs)  
Dr. Aigars Laizans (Latvian Agricultural University)  
Dr. Andrejs Dzedons (Riga Technical University)  
Dr. Gundar J. King (Pacific Lutheran University)  
Dr. Luis Calvet (SUNY-Buffalo)  
Modris Ozolins (Riga Technical University)  
Aigars Laizans (Riga Technical University)

Dr. Egons Lavendelis (Rector of Riga Technical University)

*Lithuania:*

Dr. Feliksas Palubinskas (Project Director, Purdue University)

Dr. Milda Geniene (Dean, Lithuanian Agriculture Academy)

Danielius Skarbalius (Lithuania Academy of Agriculture)

Michael Boehlje (Purdue University)

Dr. Kestutis Krisciunas (Kaunas University of Agriculture)

Dr. Bronius Vaskelis (Vytautas Magnus University)

Dr. Povilas Zakarevicius (VDU)

Dr. Bronius Neverauskas (Kaunas University of Technology)

Viktor Sidabras (USIA, Public Affairs Officer)

John J. Cloutier (AID Representative)