

**Management Training and Economics Education Project  
for Central and Eastern Europe**

Project No. 180-0029

**Semi-Annual Formative  
Monitoring & Evaluation Report**

July 1 – December 31, 1996

*Submitted to:*

**Office of Democracy, Governance, and Social Reform  
Human Resources Development Social Reform Division  
(ENI/DGSR/HRDSRD)  
Bureau for Europe and the New Independent States  
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## LIST OF ACRONYMS

<u>Acronym</u>	<u>Full Name</u>	<u>Country</u>
AACSB	American Association of Colleges & Schools of Business	
ACDI	Agricultural Cooperative Development International (now combined with VOCA)	
ACP	Albanian Communist Party (political party)	Albania
AEP	Advance Economics Program	Bulgaria
		Slovak Republic
		Romania
AES	Academy of Economic Sciences	
AMC	Advanced Management Certificate	
AMP	Advanced Management Program	Bulgaria
BAC	Business Assistance Center	
BACRA	Baltic Association of Case Research and Application	
BDC	Business Development Center	
BPA	Business Partnership Association	
BSP	Bulgarian Socialist Party (political party)	Bulgaria
BUES	Budapest University of Economic Sciences	Hungary
CBE	Center for Business Excellence	
CBEN	Center for Business Excellence Network	Romania
CBMP	Comprehensive Business Management Program	
CCMS	Consortium of Canadian Management Schools	
CDC	Citizens Democracy Core	
CDR	Romanian Democratic Convention (political party)	Romania
CEE	Central & Eastern Europe	
CEO	Chief Executive Officer	
CERGE-EI	Center for Economics Education, Research and Economics Institute	Czech Republic
CIDA	Canadian International Development Agency	
CLDP	Commercial Law Development Program	
CMC	Czechoslovak Management Center	Czech Republic
CO	Certificate of Ownership	
CONTEMPA	Center of Management, Technology, Entrepreneurship & Public Administration	Lithuania
CPED	Center for Private Enterprise Development	Hungary
CSSD	Social Democrats (political party)	Czech Republic
CZACRA	Czech Case Research Association	
DIMBE	Department of Industrial Management and Business Economics	
EBRD	European Bank for Reconstruction and Development	
EEC	European Economic Community	
EFMD	European Foundation of Management Development	
EI	Economics Institute	Czech Republic
ELC	English Language Center	Latvia
ELCA	Enhancing Local Capacity	
EMBA	Executive Masters of Business Administration	
EMIM	Executive Master's of Industries Management	
EMRIM	Executive Master's of Rural Industries Management	Poland
ENI	Europe and New Independent States	
ESC	Executive and Supervisory Committee	Czech Republic
ETP	Entrepreneurship Training Program	Lithuania
EU	European Union	
EUB	Economics University of Bratislava	Slovak Republic
FLAG	Firm Level Assistance Group	Bulgaria
FORMAPER	an agency of the Chamber of Commerce in Milan, Italy	
FY	Fiscal Year	

GATT	General Agreement on Tariffs and Trade	
GDP	Gross Domestic Product	
GOU	Government of Ukraine	
GPA	Grade Point Average	
GUS	Central Statistical Office	Poland
IBEX	International Business Exchange	
IBS	International Business School	
ICG	Institute of Corporate Governance	
IE	Institute of Economics	Bulgaria
IESC	International Executive Service Corps	
IMF	International Monetary Fund	
IR	Intermediate Results	
ISO	International Standards Organization	
IU	Indiana University	
KDU-CSL	Christian Democratic Union - Czechoslovak People's Party (political party)	Czech Republic
KTU/P	Kaunas Technological University/Panevezys	Lithuania
LAN	Local Area Networks	
LDDP	Democratic Labor Party (political party)	Lithuania
LDLP	Long Distance Learning Program	Poland
LKDP	Christian Democratic Party (political party)	Lithuania
LEMBA	Lodz Executive Master of Business Program	Poland
M&E	Monitoring and Evaluation	
MATCH	Management Training Cooperation in Hungary	Hungary
MBA	Masters in Business Administration	
MBC	Masters Business Counselor	
MDC	Management Development Center	
MEBO	Management-Employee Buy-Out	
MITS	Management Information Training Systems	
MTEE	Management Training and Economics Education	
MTEEP	Management Training & Economics Education Project	
MTELP	Standardized test on English competency	
MTP	Management Training for Privatization	Romania
N/A or NA	Not Available	
NAFTA	North American Free Trade Agreement	
NATO	North Atlantic Treaty Organization	
NBP	National Bank of Poland	Poland
NBU	New Bulgarian University	Bulgaria
NGO	Non-Governmental Organization	
NIS	Newly Independent States	
NTF	National Training Fund	
ODS	Civic Democratic Party (political party)	Czech Republic
OECD	Organization for Civic Cooperation and Development	
OP	Office of Procurement (Washington)	
OUAT	Olsztyn University of Agriculture and Technology	Poland
P&G	Proctor & Gamble	
PACAMAM	Polish-American Center for Agricultural Marketing & Agribusiness Management	Poland
PACEM	Polish-American Center for Economics and Management	Poland
PAM	Polish-American Management Center	Poland
PBC	Professional Business Counselors	Romania
PDCP	Post-Diploma Certificate Program	Poland

PDS	Post Diploma Studies	
PDSP	Party of Social Democracy (political party)	Poland
PDSR	Party of Social Democracy (political party)	Romania
PHARE	Poland and Hungary Assistance for Economic Restructuring	
PIET	Partners for International Education and Training	
PSL	Polish Peasant Party (political party)	Poland
PTMS	Participant Training Management System	
PUB	Polytechnic University of Bucharest	Romania
PUE	Prague University of Economics	Czech Republic
PVO	Private Voluntary Organization	
R2	Results Review	
R4	Results Review and Resource Request	
RBS	Riga Business School	Latvia
RC	Resource Center	
RFP	Request For Proposal	
RTU	Riga Technical University	Latvia
SBC	Small Business Certificate	
SBDC	Small Business Development Center	
SBM	Small Business Management	
SCL	Sofia Central Library	Bulgaria
SEED	Support for Eastern European Democracy Act	
SIFE	Students in Free Enterprise	
SIPPS	Slovak Institute for Post Doctoral and Post Graduate Studies	Slovak Republic
SLD	Democratic Left Alliance (political party)	Poland
SME	Small and Medium Size Enterprise	
SO	Strategic Objective	
SOF	State Ownership Fund	
SUNY	State University of New York	
SUNY-B	State University of New York - Buffalo	
TAMIU	Texas A & M International University	
TARS	Transition Alliances for Regional Success	
TOESL	Teaching of English as a Second Language	
TOEFL	Teaching of English as a Foreign Language	
TQM	Total Quality Management	
TOT	Training of Trainers	
TSLK	The Homeland Union (political party)	Lithuania
TUB	Technical University of Budapest	Hungary
UDel	University of Delaware	
UK	United Kingdom	
UL	University of Lodz	Poland
UMCP	University of Maryland at College Park	
UMN	University of Minnesota	
UNDP	United Nations Development Program	
UNIDO	United Nations Industrial Development Organization	
UNL	University of Nebraska-Lincoln	
UPitt	University of Pittsburgh	
U.S.	United States	
USAID	United States Agency for International Development	
USIA	United States Information Agency	
USIS	United States Information Service	

**ACRONYMS**

UT	University of Tirana	Albania
VOCA	Volunteers in Overseas Cooperative Assistance (now combined with ACDI)	
WEMBA	Warsaw Executive Masters of Business Administration	Poland
WEMBA	Weekend Executive Masters of Business Administration	Slovak Republic
WOCCU	World Council of Credit Unions	
WSE	Warsaw School of Economics	Poland
WSU	Washington State University	

### INTRODUCTION

The Management Training and Economics Education Project (MTEEP), Project No. 180-0029, was authorized by USAID in December 1990 and continues until June 30, 1999. MTEEP is managed by USAID's Europe and Newly Independent States Bureau, Office of Democracy/Governance/Social Reform, Human Resources Development and Social Reform Division (ENI/DGSR/HRDSRD). In the body of the report this office will be referred to as the ENI Bureau. MTEEP activities are targeted toward building the human resource skills required in economics education and business management for the emergence of a market economy in the Central and Eastern European region. The project is using institution-to-institution linkages between U.S. universities and those in the region to undertake short term, high impact management training while upgrading long term business and economics education. Through FY 1993, the project expended \$17 million a year for a total of \$50 million, and is expected to spend \$34 million more from FY 1994 to 1996.

Ten U.S. MTEEP grantee universities are currently involved with eleven projects located in nine countries: Albania/University of Nebraska-Lincoln; Bulgaria/University of Delaware; Czech Republic/University of Pittsburgh; Hungary/Indiana University and State University of New York; Latvia/State University of New York at Buffalo; Lithuania/Texas A&M International University; Poland/University of Maryland and University of Minnesota; Romania/Washington State University; and the Slovak Republic/University of Pittsburgh. The first grantees began operations in 1991 while the more recent ones started up in 1995.

These universities are involved in a variety of service delivery programs in two general areas: academic and certificate programs, and non-academic training and counseling. The majority of the academic programs are executive and full time Masters of Business Administration (MBA) programs, while economics education has accounted for a very small portion of all activities. These consist of one Ph.D. program and advanced economics certificate programs in two countries. Most of the MTEEP participants have been in the non-academic training and counseling areas. Non-academic programs are further divided into short term training seminars and business counseling and related firm-level services. Short term training accounts for the largest number of MTEEP participants.

DATEX, Inc., was awarded the monitoring and evaluation contract in July 1995, to provide technical assistance for formative monitoring and summative evaluation of MTEE projects. The first DATEX Annual Summative Monitoring and Evaluation Report was submitted to USAID in July 1996. The present report is the second Semi-Annual Formative Monitoring and Evaluation Report presented by DATEX to the ENI Bureau on MTEEP activities. It covers the latter half of 1996, from July 1 to December 31, a period marked by the continuing devolution of programming and financial management authority from USAID/ Washington to the respective USAID Missions in the region. This development and the overall process of reengineering within the Agency have had a significant impact on MTEEP activities which is described in detail in the individual country reports as well as in the concluding chapter. Three programs - in the Czech Republic, Latvia, and Lithuania - are scheduled for completion within the next few months and will be the subject of summative

evaluations. The program in Bulgaria is leaving MTEEP and is scheduled to be reassigned to another office within the ENI Bureau in 1997.

## II. METHODOLOGY UTILIZED AND PROJECTS REVIEWED

This Semi-Annual Report presents an analysis and summary assessment of MTEEP activities for the period from July 1 to December 31, 1996.

The methodology applied in this formative evaluation process is similar to that used in previous reports. The DATEX evaluation team communicates regularly with Project Directors and project staff by telephone, fax, and e-mail. A bi-weekly news brief is disseminated by e-mail and fax to all Project Directors, In-Country Coordinators, USAID Mission staff, and the ENI Bureau. Periodic general working sessions are held with Project Directors, in-country staff and local partner representatives, USAID Mission staff, as well as ENI Bureau representatives. There has not been such a meeting during this reporting period. The last one was held in April 1996, and the next one is scheduled for April 1997.

The findings and conclusions presented in this report are derived mainly from the site visits of DATEX senior evaluators in late October and early November. The DATEX teams and countries visited were as follows: Poland and Lithuania, (Luba Fajfer and Heather Sutherland), the Slovak Republic and Hungary (Felipe Tejeda and Galen Hull), and Romania (Galen Hull). During these site visits meetings were held with USAID Mission officials, project staff, faculty, participants, and university officials. In some cases a summary of findings and recommendations was submitted to the In-Country Director and Mission officials before the team departed the country. The remainder of the country reports were written by Senior Evaluators Mary Ann Zimmerman and Luba Fajfer. Felipe Tejeda is the DATEX MTEEP Project Director and Andrea Ramirez serves as Project Assistant, backstopping project activities and publishing reports.

Questionnaires to determine project status were disseminated to each U.S. and In-Country Director regarding their own attitudes as well as to representatives of partner institutions, past participants, and project staff. The results of these questionnaires are presented in each country report as well as in the concluding chapter.

Drafts of each country report were sent to both the home office and in-country staff of each grantee university and USAID Mission for review and comment. The request for these reviews came just before the Holiday break, and the DATEX team was gratified by the prompt response of the majority of MTEEP grantee institutions. Revisions based on these comments were subsequently incorporated into the report.

### III. PRINCIPAL FINDINGS

#### A. Evidence of Impact

Quantitative impact of MTEEP activities can now be viewed in two basic categories: academic and certificate programs, and non-academic training and counseling. The academic category consists of Ph.D., MBA, and certificate programs. Non-academic programs consist of short term training for general audiences as well as business counseling and related firm-level services. There was a total of 6,272 participants involved in MTEEP activities during this current reporting period. The academic area accounts for about 10% of all MTEEP participants, whereas 70% are in short term training and 20% are in business counseling and other firm-level services. With respect to gender, fully 41% of MTEEP participants are women (compared to 38% in July), ranging from 34% to 45% within the program areas.

#### ACADEMIC AND CERTIFICATE PROGRAMS

At the end of 1996 there were 50 students enrolled in the Ph.D. program at CERGE in the Czech Republic, of whom only 12% were women. Four students had graduated from Ph.D. programs. In addition, there were 13 students enrolled in two advanced economics certificate training programs. Seven universities are now offering MBA degrees, with a total of 416 students enrolled (excluding CMC in the Czech Republic for which there is no current data), compared with 325 in July 1996. All of these include executive (part-time or weekend) MBA programs. The University of Pittsburgh is planning to begin a full time MBA program in the Slovak Republic in 1997. Since the beginning of MTEEP, a total of 30 students have completed MBA degrees, 20 of them in Latvia and 10 at CMC in the Czech Republic. A minimum of 30 more students are expected to graduate in 1997.

#### SHORT TERM TRAINING

Short term training is by far the largest component of MTEEP program activities in terms of the number of participants reached. These activities are taking place in all MTEEP countries, are generally open to the public, and may involve such topics as writing a business plan or marketing. In July 1996, it was reported that 4,000 persons were participating in short term training. By the end of the year, the number increased slightly to 4,366. Just over 2,000 participants attended one-day seminars, while about 2400 attended multiple-day workshops. WSU/Romania had over 750 participants in one-day seminars while IU/Hungary had the highest number of participants in multiple-day workshops with 803.

#### BUSINESS COUNSELING

The third category of MTEEP activities consists of practical training and counseling for business owners and managers. This differs from short term training in that it involves one-on-one counseling of business owners, both at small business development centers and at the business site. Activities in

this category typically are offered under the auspices of a Center of Excellence or Small Business Development Center, usually located within a university setting but also within chambers of commerce. The centers often contain business resource libraries and online computerized access to international trade and local market information. During this reporting period there have been nearly 1,000 participants reached in four countries (Albania, Bulgaria, Lithuania, and Romania). By far the largest program of this type is WSU/ Romania, which reported 718 business owners and managers counseled.

## **B. Evidence of Sustainability**

As most of the MTEE Projects enter their last year or two of grant support, achieving independence from USAID funding has become the primary concern of the project directors and local USAID Missions alike. Project sustainability is evaluated and measured across three areas -- programmatic, organizational, and financial. In addition, the re-evaluation by USAID of its approaches to assistance in the region and the resulting changes in strategic objectives affects the sustainability of each MTEE Project.

### **PROGRAMMATIC**

The programmatic category addresses issues of faculty development and retention, curriculum development and restructuring, and securing adequate space and technical support for program delivery. Developing a well-grounded program curriculum and securing an adequate pool of local faculty and trainers to deliver the programs, lies at the center of the sustainability process for both academic and non-academic programs. In terms of developing a local instructional base, the most successful programs have directed their efforts to faculty training, followed by the partnering (co-teaching), of a U.S.-based instructor with local faculty trainees during the initial stage of program delivery. The co-teaching component remains more important for academic programs which require proficiency in English than for the business counseling centers whose clients come from small and medium-sized firms. Most of the MTEE Projects are well on the way to securing the necessary instructional pool.

### **ORGANIZATIONAL**

The organizational aspect deals with the relationship of the programs/centers with the sponsoring local universities, securing administrative support staff, developing recruitment and admissions procedures, and long-range strategic development plans. The central issue for organizational sustainability is securing the legal status of the new centers which becomes particularly germane when one considers the issue of financial control over the revenue generated by the various center activities. In most cases, university regulations do not allow for setting up autonomous or semi-autonomous accounts for the centers. As a result, the centers can be denied the fiscal control which is essential for long-range program development. Some of the MTEEP grantees are either in the process of negotiating legal agreements outlining the responsibilities and rights of both institutions with partner

universities or have already done so. Such agreements are also crucial for securing the long-term use of the present facilities which in all instances have been renovated either entirely with the project money or with significant contributions from the grants.

## FINANCIAL

The financial category concentrates on implementation of tuition policies, fee collection, and developing strategies for securing outside funding. The financial sustainability of the various programs and institutions (centers) is intrinsically related to the future legal status of these institutions. The trend appears to be toward as much financial independence from the university as possible within the legal structure, a trend validated by the demonstrated ability of many of the programs to generate sufficient funds to cover operational expenses. This has been particularly true for the projects operating in the most advanced CEE countries, Poland, Czech Republic, and Hungary and also in Latvia and Lithuania. Projects in Romania have also recently introduced fees for services and are exploring the market fungibility.

### C. Common Program Issues

Some themes were identified in the MTEEP Annual Report of July 1996 while others were elaborated by the DATEX team after the fall site visits.

## REENGINEERING

USAID's reengineering has taken on critical proportions in recent months. Under the SEED Program, the initial definition of MTEEP goals was common to the grant applications for each CEE country and measures which focused on the broadest reach possible for their success were identified. With the reengineering process, strategic planning and program-decision making has started to devolve to CEE Missions. New objectives have been defined by both the ENI Bureau and Missions which require on-going projects to be adapted to these revised objectives. Grantees are being told to conform to Mission-level Strategic Objectives (SOs) and Intermediate Results (IRs) to deliver services and report on progress toward indicators defined at this level. *This is the most critical issue facing MTEEP grantees at the end of 1996.*

## MEASURING IMPACT

Partner institutions are struggling with how to go beyond measuring the acquisition and satisfaction factors, to show utilization of skills and evidence of change. Grantees have questions about how to collect data which is comparable, measures real impact, and doesn't negatively effect the delivery of services. What kind of data will satisfy USAID's requirements for impact measurement is a key question. Measures of impact can be hard or soft. The softer ones are sometimes best conveyed through identifying success stories related to specific activities, and reporting on these successes to the outside world using innovative and interesting approaches. MTEEP partners are facing challenges

meeting the target groups (e.g., Small and Medium Enterprises) that USAID Missions have defined under their new SOs. These issues include: What constitutes a small or medium-size firm is not always clear since there are no agreed-upon size standards in each country. What delivery mechanism to use in reaching SMEs varies across countries. Business advisory services, networking, nurturing, short-course training, using local chambers of commerce are all being used with varying success.

## **SUSTAINABILITY**

The extent to which the individual MTEE Programs are progressively achieving independence programmatically, organizationally, and financially varies from grantee to grantee. Program sustainability depends upon faculty development and performance standards as well as planning for faculty retention. Some grantees have developed monitoring plans for tracking faculty development and others have faculty retention plans that envisage a mix of sources of income and professional activities. In order for local programs to become fully integrated into the local partner institutions, issues facing them include how well the U.S. partner has trained local managers in program management, how effective U.S. professors are in training local faculty, and how committed the two partners are to making sustainability a viable goal.

Financial sustainability often dictates focussing initially on servicing those who can pay adequate fees for these services, such as larger firms, whereas the USAID Mission might require a focus on smaller enterprises. Often local public institutions cannot charge fees for full-time MBA programs that can adequately compensate the faculty who will be required to teach these courses. Executive MBA programs co-delivered by US and in-country staff, on the other hand, are often very successful financially. However, it is sometimes difficult to isolate revenues and profits from these courses to cover costs and fund faculty development to build the qualifications of local faculty for long-term sustainability.

## **IV. PRINCIPAL RECOMMENDATIONS**

The following is a summary of the recommendations presented in more detail in the final chapter on Overall Program Results. Some of them should be incorporated into the agenda of the MTEEP 1997 Spring meeting. The first one regarding reengineering is sufficiently critical to warrant more immediate action, in light of the fact that some programs are being closed down or threatened by loss of funding in the process.

### **REENGINEERING**

Reengineering is the most critical issue facing MTEEP. There are several recommendations related to this process.

- Missions should clearly define their Strategic Objectives with respect to size of target enterprises.

- Grantees should take the initiative in working with USAID Missions to organize firm-level and/or university-level assistance groups in their country.
- DATEX should coordinate efforts of grantee universities and their partners to explore the nature and function of the SME sector in their respective countries.

### *MEASURING IMPACT*

USAID and grantees continue to search to identify representative indicators and targets to document the results of their programs at both the individual and firm levels.

- Identifying and agreeing upon indicators for measuring impact should be a priority effort for the duration of MTEE project life.
- Grantee institutions should collaborate with Missions that are seeking to find ways of measuring impact.

### *SUSTAINABILITY*

MTEEP grantees and partners have identified a number of sustainability issues of common concern. Some of the following recommendations pertain mainly to academic programs, while others apply to all MTEEP activities. Programs should review current efforts and wherever necessary address the following issues:

#### Program Sustainability

- Grantee and partner institutions should reach agreement on the elements of a faculty development program and standards of performance.
- Grantee and partner institutions should mutually develop and implement a faculty retention plan that recognizes the need for ongoing faculty research and development.

#### Institutional Sustainability

- Grantees should develop a more proactive approach to addressing mutually identified partner weaknesses in strategic planning, self-evaluation and application of findings for improved performance.
- Grantee universities should carefully assess and attempt to resolve with their partner institutions the issues regarding the award of MBA degrees.

### Financial Sustainability

- Grantees and their partner institutions should develop plans and activities to address financial sustainability of programs early on and track them vigorously over time.

## I. THE MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT

The USAID's Management Training and Economics Education Project (MTEEP) for Central and Eastern Europe (180-0029) is based on using university-to-university linkages to undertake short term, high impact training while simultaneously upgrading Central European institutions for long term management and economics education. The Project was initially approved in December 1990 and is expected to continue through June 30, 1999. MTEEP assistance is intended to help develop the technical, management, and economic skills necessary to reconstruct Central European economies and to develop competitive markets and businesses. It is part of a broader effort authorized by the U.S. Congress in 1989 as the Support for Eastern European Democracy Act (SEED). Ten U.S. universities, in eleven grants and cooperative agreements, partner with institutions of higher education in a geographical area covering nine countries from the Baltic States in the north to Albania in the south.

The response to this mandate has resulted in a broad mix of programs addressing the needs of each specific country. These include: academic (Ph.D. and MBA degree ) and certificate programs (from entrepreneurship training to business counselor development), short term seminars and workshops, as well as business counseling and support services. (See Table 1).

**Table 1. MTEEP - Types of Interventions**

Country	Institution (Start-End Dates)	Business Advising	Short Cycle Workshop	Certificate Program	Executive MBA	Full Time MBA	Ph.D. Econ
Albania	UNL (1991-97)	X	X		X (1996)		
Bulgaria	UD (1990-98)	X	X	X (SME) *			
Czech Republic	UPitt - CERGE (1990-97)		X				X
	UPitt - CMC(1990-97)		X	X	X	X (1992)	
Hungary	SUNY (1990-98)	**	X	X (TQM)	X (1996)		
	IU (1995-99)		X				
Latvia	SUNY-B (1992 USIA-97)		X	X (Engl)	X (1992)		
Lithuania	TAMIU (1994-98)	X	X	X (Entrep)			
Poland	UMN (1990-98)		X	X (Post Dipl)	X (1995)		
	UMCP (1994-98)		X		X (1996)		
Romania	WSU (1991-98)	X	X	X (Bus Couns)			
Slovak Rep	UPitt (1995-99)		X	X (Adv Econ)	X	(X) 1997	
<b>TOTAL</b>		<b>4</b>	<b>12</b>	<b>8</b>	<b>7</b>	<b>2</b>	<b>1</b>
<b>% of Projects</b>		<b>33%</b>	<b>100%</b>	<b>67%</b>	<b>58%</b>	<b>7%</b>	<b>8%</b>

NOTES:           \* UD offered Advanced Economics and Management certificate programs through FY 96  
                   \*\*SUNY/CPED offered business advising until one year ago

It should be noted that while most of these activities started between late 1990 and 1993, several programs or program elements have only begun in the last year. These new programs have mostly worked through typical start up issues in this last year. In addition, where it is an academic program, significant impact information is only just now becoming available since the first graduates of the more mature programs are finding broader access to the marketplace and are able to utilize their knowledge and skills to help improve the operations of their employers.

## II. PURPOSE AND ORGANIZATION OF THIS REPORT

DATEX, Inc. was awarded the monitoring and evaluation contract in July 1995 to provide both formative monitoring and summative expert evaluation services for the MTEE Project.

The purpose of this report is to present the analysis of findings over a six month period, July 1 to December 31, 1996, concerning the activities of the MTEEP grantees, as well as conclusions and recommendations for each program and the MTEE Program as a whole. The report is organized into three major sections: Introduction, Individual Project Assessments, and Overall Program Results. The individual assessments are organized alphabetically by country and program within a country. Where the U.S. institution has distinct programs with more than one partner, each program is discussed for the most part separately, with common elements noted. Within each individual assessment, the outline utilized is the following:

- I. Country Context
- II. Project Description
- III. Principal Findings
  - A. Status vs. Previous Recommendations
  - B. United States Agency for International Development
  - C. Program Impact
  - D. Partner/Program Sustainability
  - E. Program Management
- IV. Results in Brief
  - A. Program Reach
  - B. Summary of Findings Based on Indicators
    - B.1 Evidence of Program Impact
    - B.2 Evidence of Sustainability
  - C. Summary of Financial Status
- V. Conclusions and Recommendations

A similar approach is used in Section III which provides a review of overall program impact and sustainability as well as a discussion of cross-project issues. Conclusions and recommendations that apply to the MTEE Program as a whole are also presented.

The DATEX team's objective is to provide a report that is useful and contains as complete and accurate information as possible. Our analysis reflects the team's understanding of the MTEEP objectives and the cost, time, and environmental constraints that individual programs are facing.

### III. METHODOLOGY UTILIZED

The MTEEP Monitoring and Evaluation methodology was developed in collaboration with MTEEP grantees, USAID staff and the staff of some partner institutions. It utilizes sets of indicators of impact and sustainability - the two primary objectives of the MTEE Project - agreed upon by the primary stakeholders of the project:

Impact is defined as occurring at four levels: acquisition of knowledge and skills, satisfaction with that acquisition, utilization of the knowledge and skills, and change in behavior at the individual, institutional, and, ultimately, national levels. Impact focuses on the participants in MTEEP programs and their employing institutions.

Sustainability is seen as occurring on three levels: programmatic, organizational, and financial. The partner institution/program is the focus of sustainability analyses.

The inputs for this report include the following:

*Site visits conducted of seven projects in October/November 1996.* The objective of these site visits was to:

- Review project status versus recommendations and issues identified during previous visits and presented in the July 1996 annual report
- Identify progress against indicators, both impact and sustainability
- Conduct past participant interviews on a sample of past participants (obtaining success stories where possible)
- Assess program management of the grant and the relationship between partners
- Review country and USAID mission contextual issues that may affect individual project implementation.

*Review of all available documentation, especially grantee quarterly reports for April-June and July-September 1996.* For all the projects, but especially for the four activities not visited during the fall monitoring visits, grantee documentation of activities was a key source of information. Quarterly reports were reviewed and information utilized. For several projects, where July-October 1996 reports were not available during this report's development, findings were difficult to develop.

Also providing a major source of information were USAID mission Results Review and Resource Request (R4) documents (for the Czech Republic and Latvia, only Results Reviews/Close Out Plans were used) that were prepared in mid-1996.

***Administering and analyzing questionnaires and program reach data.*** Two questionnaires were administered across all projects in November/December 1996. These were the U.S. Project Director/In-Country Director assessment of their local partners and the Local Partner's assessment of the MTEEP program. These are administered every six months, with this being the third time they were utilized. The questionnaires are designed to capture direct and indirect information about the effectiveness of the program, in both the areas of impact and sustainability.

In addition, each project was asked to provide information on the number of people (with a gender breakdown) reached by their activities in the six-month time period covered by this report. Finally, certain projects provided additional information through questionnaires of past participants and trainers/instructors/counselors in their programs.

***Consulting with project staff by telephone, fax and e-mail.*** Evaluation team members routinely contact project staff, typically at least once per month. In addition, as a result of the site visits and in conjunction with the drafting of country sections of the current report, most projects were contacted to clarify specific aspects of their activities.

#### **IV. COUNTRIES AND PROJECTS INCLUDED**

The MTEEP Monitoring and Evaluation contract currently covers eleven projects in nine Central and Eastern European countries.

***Seven projects were reviewed through the fall monitoring site visits in October/November 1996.*** Projects receiving site visits included:

- Hungary: Indiana University and State University of New York
- Lithuania: Texas A&M International University
- Poland: University of Maryland and University of Minnesota
- Romania: Washington State University
- Slovak Republic: University of Pittsburgh

***The progress of four projects was assessed through quarterly reports and other documentation.*** These four projects were not visited in the fall. Their progress was assessed primarily through documentation provided by each grantee.

- Albania: University of Nebraska-Lincoln
- Bulgaria: University of Delaware
- Czech Republic: University of Pittsburgh
- Latvia: State University of New York-Buffalo

## I. COUNTRY CONTEXT

Albania, a country of 3.2 million people, has gone through an impressive transition toward a free market economy. When democratic elections were held in March 1992, Albania embarked upon an ambitious macroeconomic and structural reform program. While Albania faces all the challenges of a transition economy, with a per capita gross domestic product (GDP) of approximately \$400, it also faces many of the challenges common to poor, developing countries. Even though over the last two years its economy has had the highest growth rate in the region, Albania started from a much lower economic and political base. As a result, it is still the poorest country in Europe and its overall transition will be a long-term effort.

Agriculture continues to dominate the Albanian economy, providing over 50% of the GDP and employment. In addition, the small and medium enterprise sector is growing rapidly. Of the nearly 50,000 registered non-agricultural enterprises, over 90% employ only one or two persons. Nearly all the agricultural land, housing, and most small and medium enterprises have been privatized.

At the political level, the local elections held in late October 1996 resulted in the ruling Democratic Party gaining a significant victory over the Socialists (the heirs to the Communists) in city hall and village council elections. Voter turnout was approximately 72%.

## II. PROJECT DESCRIPTION

In June 1996, the University of Nebraska - Lincoln (UNL) received funding for their two-year continuation proposal initially submitted in June 1995 and revised in April 1996. The original MTEEP activity started in 1991, and the continuation activity is scheduled to run through December 31, 1997. According to the grant agreement, USAID funding for the extension totals \$910,000, and matching contributions from UNL (primarily) and partner Albanian institutions total \$929,385.

The overall goal of the UNL continuation program, to assist Albania in the transition to a productive and successful market-driven economy consistent with the SEED strategy update for Albania, 1994-96, remains unchanged from its initial activity. There are three specific project goals for this continuation activity:

- 1) Reinforce Albania's business academic infrastructure
- 2) Establish the role of the university as a continuing source of business planning and development expertise through its adjunct business assistance centers
- 3) Respond to the special training needs of Albania's business and academic institutions with focused seminars and workshops.

UNL is working with four local universities. It is assisting the University of Tirana (UT) in establishing the first graduate level program in the country (an MBA), as well as assisting with the strengthening of the undergraduate business course offerings and establishing a Business Assistance

Center (BAC). It is helping the Universities of Shkodra, Vlora, and Korca to strengthen undergraduate course offerings and to establish and operate BAC's.

This assessment is based on UNL reports and discussions with U.S.-based UNL and USAID staff. No MTEEP team site visit was made during the time period covered by this report. USAID/Albania's R4 from May 1996 also provided input to this assessment.

### III. PRINCIPAL FINDINGS

#### A. Status vs. Previous Recommendations

The 1996 MTEEP Annual Report, published by DATEX in July 1996, made several recommendations regarding the UNL project. These recommendations and related actions taken over the last six months are summarized below:

***USAID/Albania and Washington must come to an agreement on program extension, program priorities, budget, and implementation time line.*** A project extension to December 31, 1997 was approved in June 1996 which included program priorities, budget, and timeline.

***The In-Country Coordinator must have authority to manage program/budget within an agreed upon plan; a title change should be made to reflect difference in responsibilities; sufficient support for transportation (to visit BACs) and communications (cellular phone).*** The In-Country Coordinator has had her title changed to Director in Residence. In addition to the availability of the funding for the contract extension, she has received additional resources and authority over certain program and budget items. She also now has a cellular phone.

***The MBA program must place priority on local faculty training for sustainability of the program; sufficient investment must be made to upgrade classroom facilities and teaching resources; a "permanent academic coordinator" should be included within the MBA committee and funded; the second cohort of students must start within a year of the signing of the grant continuation; and UNL and the University of Tirana should consider the value of creating a staff position to market the MBA program.*** The faculty development component was slowed because of the delay in USAID approval of the program extension and funding; however, the first three faculty members completed their semester-long training and returned to Albania in December 1996. A second MBA cohort is planned for the Fall of 1997 when local faculty will teach.

***UNL should give the support needed to the three BACs (similar to Shkodra where there is full time support through the Peace Corps); UNL should add a staff position to assist the In-Country Coordinator, especially to manage the BACs; all four BACs must open and begin successful programs of workshops and other assistance to their local communities.*** All four centers are open (as of September). All have been staffed with Albanian personnel, and UNL support personnel are available on a regular basis in Tirana. All BACs have support from the Peace Corps, although

Shkodra has the longest support history. UNL is also supplying computer hardware and software to each center.

**B. United States Agency for International Development**

USAID strategy in Albania is heavily focused on economic restructuring, accounting for approximately two-thirds of its FY 1997 program. USAID/Albania's Strategic Objective 1.3 - accelerated development and growth of private enterprises - under which the UNL program falls, addresses the fact that the private sector is severely restrained in its ability to grow. The average number of employees is only 2.2, and the industrial sector is said to be essentially non-performing. Because the private sector was virtually nonexistent under communism, the policy framework to support the development and growth of private enterprise is still in development. Both government and the private sector are trying to understand their roles and relationships in this developing democracy. The UNL program is one of approximately 17 activities receiving funding under this SO. USAID notes in its R4 that the UNL contributes to the SO through the MBA program.

USAID/Albania's SO 1.3 includes two primary Intermediate Results:

- IR1.3.1: Commercial Business Regime Improved
- IR1.3.2: Business Support Services Improved

USAID has identified indicators at both the SO and IR levels, but at a global level, not by individual project. The UNL project is mentioned under one sub-IR, IR 1.3.2.1, business and technical skills increased. The indicator is the number of active and potential entrepreneurs trained. The overall targets are:

- FY 1996 - 8000 (actual - 7100)
- FY 1997 - 8500
- FY 1998 - 10000
- FY 1999 - 12000

In the USAID/Albania strategy, support to the UNL program is scheduled to end after FY 1997. After FY 1997, USAID/Albania intends to focus on three primary activities to achieve this SO:

- 1) Enterprise Funds
- 2) VOCA Grant
- 3) Albania Forestry

**C. Program Impact**

*The MBA program is started; due to the heavy course load some students are slowing their pace.* Major effort has been expended by UNL and the MTEEP stakeholders in getting the MBA program

at the University of Tirana underway. The program opened in March 1996, and is currently in its second semester. Thirty students (two-thirds women) are enrolled. The program is intense, with four courses currently being offered - all in English and currently using U.S. faculty. Many of the students also work, often in quite responsible positions (one woman is the Minister of Labor). Thus their enthusiasm and ongoing participation in the MBA program speaks well of its perceived value. However, because of the pace of the studies and the work responsibilities of the students, already four to five of them have reduced their course load.

***Faculty development for the MBA program started one semester late due to delay in program funding; some concern raised over feasibility of approach in shortened time frame.*** UNL began implementation of the faculty development effort as quickly as was possible after the continuation funding was received. Because this was one semester later than originally planned, the completion of all aspects of the program within the current grant period seems unlikely. The plan is to have UT faculty spend one semester at the UNL campus auditing three courses that are general requirements in the MBA program, plus one in their area of specialty. In addition, it is intended that the faculty do collaborative research and team teach with U.S. faculty before assuming direct teaching responsibilities in the MBA program.

In addition, the Director in Residence has been able to provide English and Internet classes to some UT faculty and staff. For the MBA faculty this has been of great assistance in preparing them for the English test which precedes their acceptance for travel to UNL.

The UT faculty at UNL in the Fall expressed a lack of confidence, early in their stay, in their ability to directly apply what they are learning when they return to UT. The course load at UNL is heavy; they indicated that there were minimal collaborative research or other non-classroom development opportunities available.

There appears to be a differing perception between UNL and UT faculty on the status of collaborative research efforts. As noted above, some UT faculty indicate a lack of opportunity, yet four publications are noted by UNL as forthcoming with four different Albanian authors. Because of the shortened time frame for faculty development activities, it is unclear how the team teaching portion of faculty development will be carried out.

***Shkodra BAC continues its vibrant pace; other 3 BACs now operational.*** The BAC at the University of Shkodra, operational for over a year, has been the only center actively serving the community up to this point. In the Spring they started a Monthly Business Club Forum of local business leaders in collaboration with several other groups. They have offered a number of different programs, although the details are not available.

During September, formal openings of two Business Assistance Centers (BACs) took place at the Universities of Korca and Vlora. Center directors have been named and base staffing identified.

The BAC at the University of Tirana has changed its focus to become more external to the University with the start of the MBA program. However, as discussed under the sustainability section, the MTEEP team understands that there are internal university policies that are impeding local faculty participation.

Each BAC is forming a student organization, Students in Free Enterprise (SIFE), which is an international non-profit organization whose mission is to promote the principles of free enterprise throughout the organization. There are 450 U.S. universities and colleges with SIFE organizations, including UNL. It is intended that the four SIFE organizations in Albania will participate in an annual student project competition, with the winning team being invited to the U.S. to participate in the annual international competition. The SIFE team at UNL is expected to raise the funds to sponsor the winning Albanian SIFE team.

*UNL has been working continuously to help update and introduce new undergraduate business courses; however, the impact of these efforts is unknown.* The UNL team has worked with faculty at the four partner institutions to assist them in updating and introducing new undergraduate business courses. Initial curriculum development efforts were made at UT in 1992-93. UNL then concentrated on the other three institutions as these schools were just beginning to offer business courses since 1993. UNL has provided advice, seminars, and catalogs of many U.S. universities for these curriculum efforts.

The results of these efforts on the curriculum or on the students participating in the revised programs is not available.

#### **D. Partner/Program Sustainability**

*Faculty development efforts are underway; the impact of the delay of this component is uncertain.* UNL plans to have a total of ten UT faculty spend a semester in the U.S. auditing courses which are part of the MBA curriculum as well as others related to the area specialty of each faculty member. The first three faculty arrived at UNL this Fall. It is intended that the Albanian faculty will teach the MBA programs to the second cohort of MBA students starting in the Spring 1998, moved from the Fall 1997, which is after the current grant is scheduled to end. This schedule was one semester late in starting because of the delay in approval of funding for the program extension. The full impact of this delay on the overall faculty development effort (described earlier) is unclear to the MTEEP team. There is concern that the available time is too short to complete a full "TOT" transition effort with the Albanian staff.

*Translation of MBA course study materials has begun.* In the past, several basic undergraduate business texts were translated with the support of United States Information Agency (USIA) funding. Current efforts are directed at MBA level programs. UNL has completed translating and organizing study materials for three courses: Managerial Accounting (course first offered in Fall 1996), Human Resource Management, and Managerial Economics (to be offered in the Spring 1997).

*The BACs are becoming operational, but have mixed support from their sponsoring institutions.* The BACs have received equipment and software upgrades. The BAC at the University of Tirana has also developed a web page and has e-mail capability. Several BACs are developing business plans. The UT/BAC is developing a guidelines manual for use by each BAC. They are also exploring the legal issues surrounding charging fees for workshops and other services; UT believes that they need a government license in order to charge fees for services.

The MTEEP team has been told that the Rector at the University of Tirana does not allow faculty to receive outside sources of funds - such as from consulting or participating in a BAC. This has apparently led to limited participation of UT faculty in this effort. The BAC director only served for one month.

There appears to be some reticence at the center in Vlora also, while the new program at Korca is said to have an energetic director and the center in Shkodra has been active for some time.

*Financial sustainability of these programs is likely to be a long term venture.* UNL indicates that they expect that financial and occasional faculty support will be needed for the MBA program after the end of the current grant. No information was provided about the individual BACs; however, since only the Shkodra center has any track record of programming, it is expected that the BACs will also need support after the end of the grant period.

#### **E. Program Management**

*The Director in Residence is better positioned to manage in-country aspects of the UNL program.* With the funding of the program extension, the Director in Residence has received increased resources to be able to carry out her responsibilities. The MTEEP team understands that she has broader budgetary control than in the past, that she has additional communication resources, as well as additional Albanian staff to support her work out of her UT-based office.

The Director in Residence has the four BACs reporting to her. In the semesters (Fall/Winter) when she is not teaching a course in the MBA program, she is able to devote more time to the BACs outside Tirana. It appears, however, that ongoing support is provided by Peace Corps personnel. The roles and responsibilities between UNL (specifically the Director in Residence) and Peace Corps personnel have not been discussed.

### **IV. RESULTS IN BRIEF**

#### **A. Program Reach: July 1 - December 31, 1996**

The UNL program focuses its efforts on the MBA program, short term training and business counseling. In the current time period, the four business centers became fully operational.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
MBA (by cohort)	1 cohort	1 cohort	30	9	21	30
Seminars (1 day maximum)	12	12		222	183	405
Workshops (multiple days)	6	8		165	182	347
Business Counseling	4 ctrs	4 ctrs		96	92	188
Other (specify) visits				87	101	188

**B. Summary of Findings Based on Indicators**

*B.1. EVIDENCE OF PROGRAM IMPACT*

Impact data is thus far sketchy because most program elements only became fully operational in the last three to nine months.

Impact Level	Indicator	Summary of Findings
<b>Acquisition</b>	Students, counselors & clients acquire skills, knowledge and confidence in subject matter	UNL data indicates that most participants rate programs at 4.0/5.0 in providing skills/knowledge
	Target participation numbers are reached for clients, businesses and outreach programs, in terms of capacity, regional reach and gender distribution	MBA program is at capacity
<b>Satisfaction</b>	Participants and staff positively rate their experience	Data not available
	There is a high demand for the program and services offered	MBA program received approximately 90 qualified applicants for 30 positions.
	Program retains faculty and students (MBA)	Too soon to tell.
	Program is responsive to participants' and staff's needs	Too soon to tell. Only Shkodra BAC operating over one year.
<b>Utilization</b>	Cross marketing occurs	Data not available
	Graduates acquire benefit from program (MBA)	No graduates to date
	Clients can demonstrate that they have applied information to their work (BACs)	No data available

<b>Change</b>	UT & BACs are seen and used by employers as a resource.	Shkodra BAC collaborates with other business entities in region; other centers just becoming active
	# of assisted businesses indicating improved performance	No data available

**B.2. EVIDENCE OF SUSTAINABILITY**

The UNL program is in the early phases of developing program and institutional sustainability.

Sustainability Level	Indicators	Summary of Findings
<b>Programmatic</b>	Permanent Albanian faculty is trained and in place (MBA)	Three faculty to UNL for Fall 1996 semester; no direct MBA teaching expected until Spring 1998
	Visiting faculty effectively adapt courses to local needs (MBA)	UNL indicates that visiting faculty use local and CEE cases in all courses
	Curriculum is approved by degree-granting institution (MBA)	This was achieved in December 1995 prior to the start of first cohort
	Necessary space, computers, library equipment and support staff are available	UNL providing computer equipment and software to BACs, paying salaries for BAC local staff, and providing books to libraries
	Increase in number of counseling hours and training events (BACs)	Detailed data not available, but with opening of all four BACs this should be happening
	Training and/or counseling conducted by qualified Albanian staff (BACs)	Albanian staff at all centers; information not gathered on qualifications
<b>Organizational</b>	Increasing percentage of local staff with administrative/management authority and responsibility	BAC directors named by Rectors at all four centers; three received training at UNL. MBA coordinator has been operating since beginning of program.
	MBA recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	First cohort met qualifications including: GPA, recommendations, exams for English, Informatics, Math
	Self-evaluation mechanisms are in place; findings are applied to operations	UNL indicates UT MBA Director constantly monitoring program
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Several BACs have started developing plans in Fall 1996
	Legal status of BAC centers is established	Completed. They are part of the affiliated universities.



It is unclear to the MTEEP team how the various elements of the UNL program (undergraduate curriculum reform, MBA program development, and Business Assistance Center development) are linked for sustainable results.

### *RECOMMENDATIONS*

- UNL needs to track and report thoroughly the results, especially in terms of “utilization” and “change,” of the three UT faculty returning from UNL. This information should inform a review of the faculty development program, with modifications being made as needed.
- UNL should demonstrate the linkages between the disparate elements of their program support to the undergraduate curriculum, BACs, and MBA program at UT.
- Because of the intensity of both the MBA program approach and the faculty development approach, UNL should consider alternatives which may better match the capacity of their clients.

## I. COUNTRY CONTEXT

Bulgaria is a country under stress. Early after Bulgaria's political changes in 1989, the government undertook a number of political and democratic reforms. Since 1992, however, reform has slowed in critical economic restructuring areas. The central government's commitment to increase the pace of reform has been unclear in a number of areas, although the current government (Bulgarian Socialist Party - BSP) has shown renewed commitment to mass privatization and social reform.

However, this year's harvest is the lowest in ten years. There is concern among the populace as winter approaches. In recent weeks, the currency has fallen significantly against the dollar, and is expected to continue to fall through the end of the year. The Bulgarian National Bank called for bankruptcy proceedings against eight banks, two state owned and six private.

Finally, on November 3, 1996, the United Democratic Front opposition candidate, Peter Stoyanov, won the Bulgarian Presidential Election, beating the candidates of the BSP with about 60% of the vote. Turnout was about 62% of the eligible voters. The new President is scheduled to take office on January 22, 1997.

Bulgaria's economy has grown slightly in 1994 and 1995, led by small-scale private sector activity which now contributes about 35% of the GDP. However, investment as a proportion of the GDP is not increasing and foreign private investment is hampered by bureaucratic conditions and an ambiguous legal environment. The financial sector is deteriorating rapidly, as noted by the proposed bankruptcy proceedings mentioned above.

Bulgaria leads countries in CEE in two related statistics that demonstrate a serious alienation of the public in the reform movement. Bulgarians lead the region in terms of citizens desiring a return to the Communist system (29% according to a November 1995 survey) and in income inequality.

## II. PROJECT DESCRIPTION

The University of Delaware (UD) started work in Bulgaria in 1991. The current four-year grant was awarded on January 1, 1995. The project is continuing in a period of transition which started in late 1995. The objectives of this grant are to:

- Ensure the sustainability of programs developed and implemented in management economics training in cooperation with the New Bulgarian University (NBU)
- Provide post-graduate education and curriculum enhancement in market economics in cooperation with the Institute of Economics (IE)
- Continue to provide services to Bulgarian citizens through the Business, Economics, and English Language Studies Resource Center in cooperation with the Sofia Central Library.

Three categories of programs have been offered. Management training programs have been provided through the Business Development Center (BDC) jointly sponsored by NBU and UD, as well as by NBU/UD directly. The BDC has offered Management Outreach Programs and Peace Corps Counterpart Training Project, and NBU/UD has offered the Advanced Management Certificate (AMC) program and Small Business Certificate (SBC) program. Economics education programs have been organized in cooperation with IE (the Advanced Economics Program - AEP) and BDC outreach programs. The various support programs have been administered from the Sofia Library Resource Center.

Because of changes in USAID/Bulgaria's strategy, the Mission asked UD in June 1995 to change the direction of its grant, away from the more academic aspects of its program towards more involvement with the SME sector with direct firm-level assistance. A grant modification was submitted to USAID/Washington (per the UD quarterly report of March 1996), but was not agreed upon. Even so, UD has modified the emphasis of its efforts to more closely support the mission's current strategy.

At the current time, it is the MTEEP team's understanding that the existing grant has been transferred to the ENI Office of Procurement with the end purpose of transferring the UD program to the ENI Office of Enterprise Development where other USAID/Bulgaria contractors and grantees working under SO 1.3 are placed.

Even though UD has changed the emphasis of its project and is likely to be reassigned within the ENI bureau under a program with revised objectives, the focus of this assessment must address progress towards meeting the objectives stated in the existing UD grant (that is, the grant awarded on January 1, 1995).

The UD project has been visited twice by DATEX, in December 1995 and April/May 1996. No site visit was made during the time period of this report. Inputs are based on quarterly reports, other project documents, the USAID/Bulgaria R4 from May 1996, and communications with project staff and USAID/Washington.

### **III. PRINCIPAL FINDINGS**

#### **A. Status vs. Previous Recommendations**

The MTEEP annual report (July 1996) made several recommendations regarding the UD project. These recommendations and the related actions taken over the last six months are summarized below.

*USAID/Washington needs to sign off on proposed modifications to the UD grant agreement.* This has not yet happened, but should if the pending changes, which include switching the project to the ENI Office of Enterprise Development, occur.

*USAID and UD may want to review the role of academic programs in the future.* This is not an urgent issue at present time, given the clear change in USAID/Bulgaria focus away from academic endeavors.

*BDC should be separate from and not coordinate the Firm-Level Assistance Group (FLAG).* The most recent Quarterly Report (July - October 1996) makes clear distinction in reporting from BDC MTEEP-related efforts and BDC FLAG-support efforts; however, the BDC remains clearly linked to FLAG operations.

*BDC needs to make rapid startup in training delivery.* The BDC business plan was developed in March 1996. The last two quarterly reports (April - June and July - October 1996) show activities have started, with seven short term programs being offered during the July-October time period.

## **B. United States Agency for International Development**

*USAID/Bulgaria is focusing on SME sector to achieve its economic development SO.* In addressing Bulgarian economic restructuring issues, USAID/Bulgaria has adopted two strategic objectives, one of which addresses the type of program activities implemented under the University of Delaware project. This strategic objective (SO 1.3) aims at "increased growth of private firms in a competitive environment."

USAID/Bulgaria has adopted a unique approach, not seen by the MTEEP team in any other MTEEP countries to date, to achieve this SO. The mission assisted all the contractors and grantees working under SO 1.3 to set up a committee, which has turned into a consortium using the acronym FLAG (firm-level assistance program). This consortium grew out of the recently completed SME strategy for Bulgaria. FLAG members have developed an implementation strategy, including specific targets for each member organization, to contribute to the achievement of SO 1.3. One of the three intermediate results (IR 1.3.2) to this SO is relevant to FLAG activities, including the University of Delaware project. This IR states that "private business operations are strengthened." This is further defined by two sub-results:

- IR 1.3.2a: Consulting services strengthened, and
- IR 1.3.2b: Business and professional associations strengthened

Indicators are identified for each IR with overall targets as well as targets for each individual contractor and grantee. For example, one of the indicators under IR 1.3.2 is "number of improved business operations adopted by assisted firms (a business operation is capable of affecting a firm's profit/loss)". The overall targets for this indicator are: 499 improved operations in FY 1996 and 999 improved operations in FY 1997. Over this same time period, UD has agreed to the following targets: 225 improved operations in FY 1996 and 407 improved operations in FY 1997.

Similarly, UD has agreed to the following additional targets:

- Under IR 1.3.2, indicator of percent sales change in assisted firms (increase): 15% in FY 1996 and 1997 (the same as the overall USAID target).
- Under IR 1.3.2a, indicator of number of improved services adopted by assisted consulting firms: 9 (of 120) for FY 1996, and 16 (of 230) for FY 1997 and indicator of percent increase in number of clients served by assisted consulting firms: 20% for FY 1996 and 1997 (same as the overall USAID target).
- Under IR 1.3.2b, indicator of number of improved/new services offered by assisted association: 9 (of 28) in FY 1996; and indicator of percent increase in number of fee paying membership in assisted associations: 10% in FY 1997 (same as overall USAID target).

*UD has shifted implementation focus to conform to USAID/Bulgaria objectives.* A UD in-country staff member has taken the lead in the organization of the FLAG consortium. The BDC has recently moved offices, in part to better serve as the central administrative office for the FLAG consortium.

### **C. Program Impact**

*The last of the advanced programs has been completed; these programs were quite successful in developing a significant number of Bulgarian instructors working in other management and economics-oriented programs.* In the time period covered by the report, the last Advanced Economics Program, which is being phased out with the redirection of the mission strategy, completed its most recent offering with 10-15 participants (up to two-thirds women) completing some or all of the modules.

This program, along with the Advanced Management Program, has developed instructors that have taught not only in these programs, but in other programs offered through the UD MTEEP program. UD indicates that approximately one-third of the instructional time in the advanced economics program is now provided by Bulgarian instructors trained in UD programs in Bulgaria and in the U.S. Forty percent of the courses in the advanced management program have most recently been taught by Bulgarians previously trained by UD programs.

In another program (the Small Business Certificate Program), expected to continue under the modified UD program, seventy-five percent of the current instructors are Bulgarians; the remaining international.

UD noted that graduates of the Advanced Economics Programs are currently teaching at leading Bulgarian higher educational establishments, including Sofia University, University of National and World Economy, Institute of Trade Research and Promotion, Plovdiv Technical University, and Varna University of Economics.

Over the life of the MTEEP project, there have been 32 people (including 12 women) that have completed the Advanced Economics Programs and 41 (including 27 women) that have completed the Advanced Management Programs.

UD has indicated that nine of the Advanced Economics Program certificate holders have enrolled in one semester on-campus graduate training. Five have already received U.S. M.A. degrees in economics from the University of Delaware. These graduates are said to be pursuing successful careers as researchers and faculty in Bulgarian universities.

*Advanced program participants have also made a difference in the private sector.* While the information is anecdotal, UD has provided some testimonials of participants of advanced programs from 1994 as well as information from the most recent graduates that indicate changes that have come as a result of participating in the advanced programs.

- *Participant #153.* "In 1992, after a year of hard work, we created the first Agrarian College in Bulgaria, located at the premises of Agricultural Academy in Plovdiv. I became the managing director. The knowledge gained in your courses gave me confidence to take this position."
- *Participant #167.* "I worked as a broker at the Plovdiv Stock Exchange. I felt the need for new knowledge and I enrolled in your Principles of Marketing course and then in the Marketing and Advertising course. This gave me the courage to start a business of my own."
- *Participant #180.* "I won three competitions to develop management information systems. Your courses in Business Administration helped me understand the market economy. I was first appointed coordinator and then head of a newly created department at the Agricultural Academy in Plovdiv."
- *Participant #189.* "The training I received from UD helped me participate in the establishing of two agro-centers: Marketing and Consultancy and Agromarketing Information Systems under the PHARE Program. Today these centers are a reality and I work for one of them."

From the most recent Advanced Management Program (class of 1996) comes these examples:

- After completing training, one participant was promoted to the position of general manager at Kress Consulting, a very prestigious private Bulgarian market research and advertising agency.
- Another participant, who was previously unemployed, was hired as an information specialist at MTK Consult, a private Bulgarian consulting firm providing services to U.S. assistance groups in Bulgaria.

The recently completed Advanced Economics Program reported that:

- Upon completion of the program, an expert at the Ministry of Finance was promoted to Chief Expert. Furthermore, she was encouraged by her employer to continue her Masters Degree in Economics in the U.S.

*Number of firms reached in FY 1996 through BDC, FLAG, and individual consultant programs/interventions equates to USAID targets; actual changes resulting less clear.* For FY 1996, UD indicates that 144 businesses were reached through seminars, 380 firms through BDC consultations (which include those conducted by UD staff and affiliated personnel), and 14 through the last advanced management program. High satisfaction with the seminars was noted through the examples of two programs offered (a one-day seminar on "How to Prepare and Conduct a Founding Meeting," which was conducted four times reaching 46 managers, analysts and lawyers from 37 privatization funds; the other a two-day seminar on Portfolio Management and a computer simulation of a centralized auction which was offered twice to a total of 23 privatization fund managers and analysts). The lecturers received the highest rating by 85 and 80% of the participants respectively; the usefulness of the seminars was rated as very useful by 87 and 75% of the participants respectively.

Excerpts from the UD FY 1996 annual report to USAID/Bulgaria (submitted November 14, 1996), indicate that UD interventions resulted in 283 improved business operations from seminars (vs. a target of 225); 8 improved services adopted by assisted consulting firms (vs. a target of 9); and seven improved and new services in targeted associations. UD noted that FLAG is currently working on the definition of improved association services, and so the number provided (seven) is felt to be conservative.

UD states that the definition of improved operations/services used with USAID/Bulgaria is based on a list of factors of problem areas which affect the performance of most businesses. The list, which includes 54 items such as financial analysis, finding qualified employees, product quality control, and reducing costs, is part of the business diagnosis process used by FLAG in ascertaining client needs. The resulting UD program offerings are designed with involvement and acceptance of client management and address the identified problem areas.

Unfortunately, the documentation provided regarding these results (from the appendices to the FY 1996 annual report) tends to be a listing of the objectives of the interventions, who conducted them and the number of participants. Supplemental information provided by UD gives the example of business planning seminars which typically focus on two problem areas and have resulted in the following types of improved business operations/services: financial analysis, preparing financial statements, increasing domestic/export sales, capturing market share, customer service, product quality, and product pricing. Actual results and changes in operations are generally not noted.

For FY 1997, the information provided is more detailed. UD notes that demand for business planning seminars and consultations has been growing for the last two quarters. Portfolio management seminars have been requested by up to 600 private companies and companies undergoing privatization.

UD assisted The Business Partnership Association (BPA), a business and professional association, in the preparation and execution of a National Conference on SME Development in November, 1996. One of the results has been an increase in BPA fee paying membership of 35% in the first quarter of FY 1997.

#### **D. Partner/Program Sustainability**

*The Resource Center at the Sofia Municipal Library continues service to the community at the same level as when it received UD support.* UD support to the Business and Economics Resource Center at the centrally-located Sofia Municipal Library was completed as scheduled with the transfer of the management of this facility to the Library at the end of FY 1996. This center contains a collection of business and economics reference texts, course books, and materials that are being used primarily by undergraduate and graduate students and academic researchers. A CD-ROM system that had been located at the library has been moved to the BDC to serve SME business managers.

UD indicates that the Reading Room at the library is maintaining the same attendance levels recorded previously in UD quarterly reports. Interest in the reference materials available there also continues. The librarian of the center reports that the resource center attracted approximately eleven visitors per day from October to December.

*Sustainability is no longer focused on a link to an academic institution; it has shifted to the FLAG consortium and private sector institutions and individuals.* The BDC has been a jointly managed facility between UD and the New Bulgarian University (NBU). In response to an MTEEP team question regarding the sustainability of the BDC after the end of the USAID grant (end FY 1998), UD indicated that the more appropriate question is the issue of the sustainability of FLAG at the end of FY 1998. UD indicated that the BDC is not a legal entity, it is a vehicle for the service delivery of the UD grant. FLAG will function under the terms of the proposed cooperative agreement, which is pending approval in Washington. It is expected that the BDC will be supported under this agreement.

#### **E. Program Management**

*UD has worked to shift focus to FLAG consortium.* The partners of the UD program have become the members of the FLAG consortium. Emphasis on NBU has been greatly reduced, if not eliminated. This is consistent with the expected reassignment of the project.

**IV. RESULTS IN BRIEF**

**A. Program Reach: July 1 - December 31, 1996**

Over the last six months, UD has moved emphatically towards providing needs-based interventions with Bulgarian firms.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
Certificate (by type)	AMP*-0 AEP*-3	3	12	3	5	8
Seminars (1 day max)	6	5	105	66	42	98
Workshop (multiple days)	2	2	20	13	3	16
Business Counseling		14 business				
Special ** Company Intervention	300	370	300	180	120	300
Resource Centers*** (by type activity)		1. 280 2. 302 3. 503	1. 1038 2. 235 3. 317	806	774	1580
Other (specify)						

NOTES: \* AMP - Advanced Management Program; AEP - Advanced Economics Program  
 \*\* Business Plan Writing and referral to financial institutions  
 \*\*\* 1. CD-ROM users; 2. English language materials users; 3. Library users

**B. Summary of Findings Based on Indicators**

**B.1. EVIDENCE OF PROGRAM IMPACT**

Some of the indicators have been modified to reflect USAID/Bulgaria's indicators and targets applicable to UD and found in the current R4.

Impact Level	Indicator	Summary of Findings
Acquisition	Participants, faculty and staff acquire skills, knowledge and confidence in subject matter	Students highly estimate advanced programs and show evidence of immediate application of acquired material
	Participation reflects targeted reach of program (gender, geographic, capacity)	One third women

<b>Satisfaction</b>	Participants positively rate their experience	UD indicates that post-training surveys show that participants highly estimate their experience
	There is a high demand for the programs	UD indicates high demand for FY97 activities
	Programs retain faculty, staff overall and participants in Small Business certificate program	Too soon to tell
<b>Utilization</b>	# of programs offered by business center trained staff (SB Certificate program)	Too soon to tell
	Participants of other programs can demonstrate that they have applied information to their work	UD indicates that follow-up seminar and workshop participants show that they apply the acquired information to their work
<b>Change</b>	% increase in sales of assisted firms (15% each FY); # assisted businesses indicating improved operations (225 in FY96; 405 in FY97)	Exact percent increase in sale of assisted firms to be available the first quarter of 1997
	% increase in clients of assisted consulting firms (20% each FY); # new/improved services within assisted business/ professional associations (9 in FY96; 16 in FY 97)	9% increase in clients of assisted consulting firms. Seven improved services of assisted professional associations.
	BDC seen and used as a resource by employers	BDC has been identified as a resource by USAID to coordinate FLAG activities.

**B.2. EVIDENCE OF SUSTAINABILITY**

With the changes anticipated with the shift of the UD program to the ENI Office of Enterprise Development, institutional sustainability indicators linked to the MTEEP program are for the most part not applicable. Only the Sofia Municipal Library remains as an institution with new sustainable services as a result of the MTEEP program. As UD has indicated, the BDC is not a legal entity; they have not indicated that there is an intention to make it one.

Sustainability Level	Indicator	Summary of Findings
Programmatic	Demand for programs and services is high	UD indicates growing demand for certain programs for SMEs and firms undergoing privatization
	# or % Bulgarian staff implementing programs	Bulgarian trainers are delivering up to 75% of programs
	Necessary space, computers, library materials and support staff are available	BDC has moved office and facilities for CD-ROM and on-line info services targeted at SMEs

	Faculty is well trained and its teaching is well received	UD indicates 90% of results highly satisfactory based on evaluation forms
<b>Organizational</b>	Increasing percentage of local staff with administrative/management authority and responsibility	UD indicates that approach compliant with FLAG/USAID strategy for use of skilled local resources; UD supported counterparts subsequently being hired as consultants and trainers
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	End of program satisfaction questionnaires completed by participants
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	A business plan for the BDC created in March 1996; focus is as vehicle for UD activities and FLAG administrative services
<b>Financial</b>	Fee collection, and other alternate funding mechanisms are established and operating.	UD indicates that fees are being collected, although strategy and structure are in process of being established
	Increasing percentage and sources of funds from non-USAID sources	Collected fees partially covering expenses

**C. Summary of Financial Status**

UD has not provided information regarding the sources of funding for project. With the change in focus from developing a sustainable center of excellence (BDC) with the NBU, this information becomes less pertinent.

**V. CONCLUSIONS AND RECOMMENDATIONS**

The UD program has been in a period of transition for at least a year. The lack of prompt resolution of the proposed modifications to its grant has led to confusion as to what the UD program has included and the results obtained. Various stakeholders have indicated that the UD program has had little impact, while others have claimed success. Evidence of either has often been hard to find. In addition, the MTEEP team would estimate that, for a period of six months in early 1996, the primary emphasis of UD activities was in support of the development of the FLAG consortium with a diminishing focus on the approved program elements of the MTEEP grant. The current proposed reassignment of the UD activity to the ENI Office of Enterprise Development should help provide stability in this program.

In fact, various elements of the UD program have had positive results, as indicated in the discussions earlier. What is less clear is the prospects for long term sustainability of these efforts which were focused towards academic institutions and are no longer the focus of UD.

*RECOMMENDATIONS*

- USAID and UD should quickly resolve the contracting issues involved with the proposed reassigning of this program.
- UD should improve the measures and descriptions used to indicate attainment of the USAID targets.

## CENTER FOR ECONOMIC RESEARCH AND GRADUATE EDUCATION - ECONOMICS INSTITUTE (CERGE-EI)

### I. COUNTRY CONTEXT

The Czech Republic is well along the way toward transition to a democratic society and market economy. The May 31 - June 1, 1996, parliamentary elections were open and fair, although the final result was a stalemate between the contending parties, the Civic Democratic Party and the Social Democrats (CSSD). Some fear that the new political configuration could lead to a slower pace of privatization particularly in some key, heavy industries, the energy and transportation sectors. The Social Democrats, who are in favor of greater government control of the economy, achieved their strongest support in areas with highest unemployment which characteristically correspond with areas where the state-controlled heavy industry is located.

The first-ever elections to the upper chamber of the Czech parliament took place on November 15<sup>th</sup> and 16<sup>th</sup>. Competing for 81 single-mandate districts were 569 candidates. Only 59 of the candidates were women. The senate election gained in importance after the June parliamentary election resulted in a stalemate. However, only a disappointing one-third of voters participated in the first round of the elections. Some analysts attribute the low turnout to the fact that the two-round majority system used in Senate elections is new. Others point to the growing apathy among the voters as a result of a series of major political scandals. The candidates of Prime Minister Vaclav Klaus's Civic Democratic Party (ODS) qualified for the second round in 76 of the 81 electoral districts, whereas three other ODS candidates, including Prague Mayor Jan Koukal, won more than 50% of the vote and, therefore, do not have to take part in a run-off. The opposition Social Democrats qualified for the second round in 48 districts. Seventeen candidates represented the coalition Civic Democratic Alliance, four the Communists, and one the extraparlimentary Democratic Union.

The second round of elections was held November 22-23. Although Civic Democratic Party (ODS) won the elections to the upper chamber, it did not do as well as expected. ODS won 32 of the 81 Senate seats. The Social Democrats (CSSD) won 25 seats, the Christian Democrats 13, the Civic Democratic Alliance seven, the Communists two, and the Democratic Union one. The ODS qualified for 76 run-offs, but was successful in less than 40%. It appears that the supporters of all other parties banded together in a broad anti-ODS coalition to prevent Klaus's party from winning a senate majority. At its constituent session, on December 18<sup>th</sup>, the Czech Senate elected Petr Pithart as chairman. Pithart, the former Czech Prime Minister in 1990 - 1992, was proposed by the coalition Christian Democratic Union-Czechoslovak People's Party, but his candidacy was opposed by Prime Minister Vaclav Klaus's Civic Democratic Party.

Another point of contention surfaced in December when Vaclav Klaus announced that his Civic Democratic Party might leave the coalition government should parliament approve two controversial laws the ODS opposes. Klaus accused two junior coalition partners, the Christian Democratic Union-Czechoslovak People's Party (KDU-CSL) of violating the coalition agreement by helping to pass

the amendment to the tow laws, the retirement law and a bill on farming. Klaus's criticism also included KDU-CSL support of Social Democrats to elect Petr Pithart.

The major achievements of the Czech transformation in 1995-96 include: joining the Organization for Economic Cooperation and Development (OECD), the first in the former socialist bloc; achieving a fully convertible currency; and establishing a foreign assistance program. The Czech Republic's major challenges in the economic realm involve stabilization of the banking sector and the decreasing trade deficit. According to a report by the Czech National Bank (released on September 28<sup>th</sup>), the government spent \$3.3 billion on stabilizing the banking sector. Most of the money was spent writing off bad loans (30% of all commercial loans) and taking over as guarantor in the twelve banks that have collapsed in the last two years. According to the report, the main danger for the banking sector is involvement of various groups in banking operations which attempt to channel money out of the banking sector into their own business operations.

In 1995, the trade deficit reached \$3.8 billion, at the end of August 1996 stood at \$4 billion, and is expected to reach a record \$6 billion by the end of the year. According to Prime Minister Vaclav Klaus, the rapidly growing foreign deficit is a necessary price that needs to be paid for rapid economic development. The minister promises to seriously address the question of deficit, but does not anticipate any serious turn-around before the end of 1997. This year also witnessed a slower growth in production. The industrial production in November was only 1.5% above November 1995 levels, the smallest monthly increase this year compared with 1995.

## II. PROJECT DESCRIPTION

The University of Pittsburgh (UPitt) collaborates with Center for Economic Research and Graduate Education (CERGE) and Economics Institute (EI). The UPITT project in the Czech Republic, with CERGE and EI as well as the Czech Management Center (discussed later) started in 1991. The scheduled close out date for this project is September 1997 which corresponds with the termination of USAID assistance in the Czech Republic. Approximately nine million dollars has been contributed by USAID to the overall UPitt project since its beginning. In the FY 1996-97, MTEEP is one of twenty three remaining USAID activities. The project is placed under SO 1.3 - Accelerated Development and Growth of Private Enterprises.

CERGE was founded by the Charles University in March 1991 as a Ph.D. program and a research center. The Economics Institute was founded by the Czechoslovak Academy of Sciences, in August of 1992, as an effort to reorganize its economic research along the lines of CERGE. The two institutions have integrated their activities and have a long-term collaborative agreement.

The main objectives of CERGE-EI are to:

- Train future university faculty, researchers and those involved in public administration, in the theory, methods, and applications of modern economic analysis.

- Stimulate and support academic and policy-oriented economic research.
- Disseminate research and policy information to a broad group of professional through seminars, symposia, conferences, working papers and other publications.
- Transfer the modern western standard of scientific work into the countries of Central and Eastern Europe, providing a model for transformation of other academic institutions in the region.

CERGE-EI is the only institution which offers a Ph.D. in Economics at the Charles University. This is also the only degree that it offers. In addition to the doctoral program, the Graduate Study program provides an extensive program of short-term professional outreach courses which focus on market economics and the economic and political transformation of CEE for the academic, governmental, business, and non-profit sectors.

In the context of the imminent grant termination, the priority of USAID/Czech Republic and the main challenge for the MTEE program is to achieve financial sustainability which could support the present scope of activities. The evaluation team did not conduct a site visit in the Fall of 1996 because of the scheduled final evaluation of this program in the Spring 1997, prior to the termination of the USAID assistance program in September 1997. This report is based only on information from the fiscal year third quarter report (April 1, 1996 - June 30, 1996). The fourth quarter report has not yet been filed (it was due in October 1996). As a result, this report cannot adequately address various issues pertinent to program impact and sustainability.

### III. PRINCIPAL FINDINGS

#### A. Status vs. Previous Recommendations

The MTEEP annual report, published in July 1996, included one recommendation related to the CERGE-EI program. The current status of activities in response to this recommendation is described below.

*CERGE/EI needs to secure more permanent sources of funding for non-Czech students.* The current status is unknown.

#### B. United States Agency for International Development

*USAID is scheduled to close down its assistance to the Czech Republic in September 1997.* The decision to terminate assistance is based on the programmatic success and Czech Republic will be one of the first in region to close along with Latvia. For the remaining period of activity, out of the seven SOs which defined the framework for Czech transition, only two are being emphasized and considered key activities -- More Competitive and Market-Responsive Private Financial Sector (SO 1.4), and More Effective, Responsible, and Accountable Municipalities (SO 2.3). For the remaining activities the primary emphasis is on plans for close-out and sustainability.

*The Program Close-out Plan aims at developing a model for the region.* The Program Close-out Plan, developed in the pre-reengineering era and, therefore, not organized by strategic objectives, has not been rewritten and, instead, concentrates on summarizing major changes in activities, modifications in completion dates, plans for documenting results, and on developing a close-out model for the region. Documenting the U.S. role in Czech transformation will be carried out by a series of five documents:

- A study of the role of volunteer programs as integrated into the assistance program
- An evaluation of the effectiveness of dissemination of energy and environment case studies and demonstration projects, and the extent of their replication
- An assessment of U.S. assistance in the health sector, particularly in health finance and management
- A major final report summarizing what has been achieved since 1990 in the Czech Republic and documenting the U.S. contribution
- A directory of Czech citizens, institutions and municipalities which have received substantial training or technical assistance, to serve as a reference tool for the Embassy and others.

*MTEEP continues to hold a central place in USAID/Czech Republic transformation framework.* Within the SO transformation framework, MTEEP has been identified as supporting SO 1.3 - Accelerated Development and Growth of Private Enterprises. This SO is supported by several Intermediate Results:

- IR 1.3.1: Key laws, policies and regulations foster competition and private sector growth
- IR 1.3.1.1: Business advocacy on policy and regulations increased
- IR 1.3.2: Human resource capability for private sector development increased
- IR 1.3.2.1: Market economics and education increased
- IR 1.3.3: Firms improve products, services and management.

The two major components for accelerating development and growth of private enterprises are development capital and technical know-how. USAID/Czech Republic addressed the first of these challenges by establishing a Czech-American Enterprise Fund and concentrated the remaining efforts on providing educational programs which deliver appropriate technical training. This effort has been concentrated under IR 1.3.2 which addresses the need for widespread education and information on free-market economics and modern business management. The underlying assumption of this approach is that a skilled and educated workforce constitutes the greatest national asset for long-term growth. USAID/Czech Republic considers the establishment of the two independent educational institutions -- the Czech Management Center (CMC), addressed in the next section, and CERGE-EI -- perhaps the greatest sustainable achievement related to this objective.

*MTEEP continues to receive considerable support of USAID/Czech Republic in the transition to self-sustainability.* Although the bulk of USAID activities under this objective have either ended or are in their final phases, MTEEP remains 'a jewel in the crown'. The preeminent challenge facing

the two programs is to establish a sustainable financial base able to support the present scope of programs. In connection with this, USAID supported CERGE-EI's application for a Ford Foundation grant, and CMC's accreditation process, both of which should improve the financial health and marketability of the programs. USAID/Czech Republic is undertaking a special effort to catalogue the success of this SO.

### C. Program Impact

There is no supporting data to adequately discuss some aspects of program impact.

*CERGE-EI enhances program delivery at the Charles University.* CERGE-EI faculty and advanced graduate students provide undergraduate and masters level instruction to the Faculty of Social Sciences and the Faculty of Mathematics and Physics. This activity provides a training opportunity for the doctoral students and is an important service to the Czech academic and professional community.

*CERGE-EI continues to enhance its reputation as a valuable resource of expertise in the region.* CERGE and EI were chosen for institutional recruitment by the IMF. Five advanced doctoral students were invited for interviews with the recruitment panel. CERGE-EI was the only institution in the region to be chosen for a visit by the IMF recruiting panel. This underscores the high esteem in which the program is held in the region.

The four-part series of public fora dealing with Czech ascension to the European Union, which started in the Fall of 1995 and culminated in the Summer of 1996, brought together regional specialists, reporters, and researchers from all over the Czech Republic. These meetings were open to the general public contributed to raising the public awareness about the transformation processes taking place in the country and in the region.

### D. Program Sustainability

*CERGE-EI is making progress in upgrading its facilities and equipment.* During the third quarter, CERGE-EI conducted some general building maintenance and painting. The next item on the list was upgrading of electrical wiring but there were no funds to proceed with this activity. The Academy of Sciences requested funds for additional building renovation to become available during the fourth quarter.

CERGE-EI was also able to upgrade its computer equipment by installing a new laser printer and a LAN network monitoring server which significantly contributes to increasing the operating efficiency of the computer system.

*CERGE-EI has a clearly delineated legal status within the Charles University.* In the Spring of 1995, the Rectorate of the Charles University transferred all financial and administrative agendas

for CERGE-EI to CERGE-EI, thus providing for more autonomy in budgetary matters. This financial autonomy found a parallel development in institutional consolidation, namely, approval of CERGE-EI's by-laws by the Charles University Academic Senate.

***CERGE-EI has a Supervisory Committee with clearly outlined tasks.*** The Executive and Supervisory Committee (ESC) oversees CERGE-EI academic programs and has specific responsibilities which have been outlined in the bylaws. These responsibilities include:

- Active involvement in exploring sources of financial support for program development
- Supervising of financial resources received from foreign sponsors
- Monitoring introduction and maintenance of highly professional academic standards
- Submitting proposals to the accredited commission for the composition of the competition commission which, in turn, selects the CERGE-EI Director.

***CERGE-EI needs to develop more effective fund-raising strategies in order to assure programmatic and financial sustainability.*** For the duration of the grant, UPitt continues to serve as a funding monitor and a vehicle for grants that have to go through a U.S. institution. Other financial matters are administered by the CERGE Foundation, located in New York. The Board of Directors of the CERGE Foundation is chaired by the Chairman of the CERGE-EI Executive and Supervisory Committee (ESC). Two other members of the ESC are also members of the Board of the CERGE Foundation. A Czech citizen will be added to the CERGE Foundation Board. In an effort to achieve financial sustainability, the CERGE Foundation estimated that CERGE-EI would have to be raising one million dollars per year to offset the elimination of the USAID funding and to meet the requirements for accession to the European Union funds. So far, the larger funding source (not counting the USAID) has been the Czech government, providing 28% of the funds which include the tuition and stipends for the Czech students. The externally generated funds account only for 17%, not nearly enough to offset the USAID grant. The evaluation team has no information on the strategic financial planning which was discussed during the previous visit.

***CERGE-EI needs to provide evidence of a viable financial management system.*** The first formal review of the by the USAID/Czech Republic of the project's funding situation occurred in March, 1995 and revealed that CERGE-EI does not have an adequate financial management system. A IESC volunteer has been recruited to assist CERGE-EI in developing an appropriate system. The main obstacle to creating a system based on cost/profit centers lies in the specific nature of the financial relationship between CERGE, EI and the Charles University whose finances are interconnected. There has been no follow up information regarding this issue.

***Tuition generated revenue remains an elusive goal.*** CERGE-EI set its tuition for western students at \$8,000 per year, and the tuition for CEE students is covered by an additional USAID grant. The latter was established only as a stop gap measure and needs to be replaced with other programs. So far, the former has not proven to be a significant revenue generating vehicle and it is not clear

whether western students will become a significant component of CERGE-EI's student body in the future.

#### E. Program Management

*CERGE-EI management has experienced a considerable turnover during the past year.* As of January 1997, UPitt is naming a new co-principal in-country contact for the grant and director for the CERGE-EI component of the grant. This person will combine this responsibility with his current involvement in the UPitt program in the Slovak Republic. The current U.S. Project Director overseeing all of the University of Pittsburgh MTEEP programs remains unchanged. On the Czech side, the Director of CERGE-EI, appointed by the Rector of the Charles University in July 1994, remains unchanged. However, there has been a succession of in-country coordinators for UPITT at CERGE-EI during the year. The most recent came aboard in December.

*The cooperation between CERGE and EI is a complex administrative task.* In order to facilitate this process Deputy Directors of the two institutions as well as other administrative personnel have joint appointments in CERGE and EI. During the close-out site visit, the evaluation team will explore this issue in more detail.

### IV. RESULTS IN BRIEF

#### A. Program Reach: July 1 - December 31, 1996

Most of the CERGE-EI activities are in the Economics Ph.D. program, although short term seminars and workshops were offered.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual-Total
Ph.D. (by cohort)	12	12	36	44	6	50
Seminars (1 day max)	25	25	25	22	3	25
Workshops (multiple days)	1	1	30	5	18	23
Resource Centers (by type activity)	4	4	20	10	10	20
Other embassy reps	1	1	39	20	5	25

## B. Summary of Findings Based on Indicators

### B.1. EVIDENCE OF PROGRAM IMPACT

The CERGE-EI program has a few graduates to date, but participants are successfully augmenting the teaching faculty at Charles University.

Impact Level	Indicator	Summary of Findings
Acquisition	Students acquire skills knowledge and confidence in subject matter	Students are steadily graduating from the Ph.D. program. Four have completed their dissertations and several more are nearly finished.
	Enrollments reflect regional reach of program	There is a regional mix of students; specific breakdown not given.
	Enrollments reflect equitable gender distribution	Women have accounted for an average of approximately 1/3 of the Ph.D. students since 1991; in the 1995 entering cohort they represented nearly half.
	Target enrollment numbers are reached for entering class	CERGE-EI has reached target enrollments for entering classes.
	Target enrollment numbers are retained throughout program	Yes. Very high retention rates.
Satisfaction	Students, faculty and staff positively rate their experience	Yes. CERGE-EI receives far more applications than available space in the program.
	Program retains faculty and students	Graduates of the program are electing to stay and teach at CERGE-EI. Although this strengthens the sustainability of the program in Prague, the program will truly be regional when graduates begin to return to their home countries and teach.
	Program is responsive to students' and faculty needs (availability of library resources, courses and seminars of interest, computer resources, etc)	In 1995 the program used non-USAID funds to improve computer equipment (modems and pentium PCS were purchased) and 16 outlets were added to the building. The program provides students and faculty with opportunities to present their research.

<b>Utilization</b>	<p>Graduates continue in fields of teaching, government, research and/or policy development</p> <p>Graduates and faculty present/publish research findings and policy recommendations</p>	<p>Graduates are continuing as faculty and researchers at CERGE-EI. The Executive and Supervisory Committee designed and approved funding for an ESC Postdoctoral Grant scheme, which provides performance-based grants to the newly educated economists who join the CERGE-EI faculty. The first such grant has been awarded.</p> <p>Faculty and students have regularly presented research at CERGE-EI and throughout the region (specific seminars listed in quarterly reports). This year marked the beginning of a new series of student-presented dissertation seminars as well. The ESC also established an incentive to encourage researchers to strive for publication in the top international economic journals.</p>
<b>Change</b>	<p>CERGE-EI is seen and used as a resource by other institutions/faculty</p>	<p>CERGE-EI faculty and advanced graduate students provide undergraduate and masters level instruction to Charles University's Faculty of Social Sciences. During the evaluation team visit (April 1996), staff noted that the library is used as a resource by the community as well.</p>

**B.2. EVIDENCE OF PROGRAM SUSTAINABILITY**

There is no new information to include in this summary from that in the MTEEP annual report included below.

Sustainability Level	Indicators	Summary of findings
<b>Programmatic</b>	Permanent faculty is well trained and its teaching is well received	CERGE-EI has a steady balance of well trained local and international faculty.
	Visiting faculty effectively adapt their courses to local issues and needs	Questionnaire data indicate that this is happening.
	Curriculum is approved by the degree-granting institution	This has happened.
	Necessary space, computers, library materials and support staff are available	CERGE-EI continues to update equipment, and explore sources of financial support for building renovations.
<b>Organizational</b>	Executive Supervisory Committee has balance of U.S. and Czech representation	Information not available at press time.

	Increasing percentage of local staff with administrative authority and responsibility	The Director of CERGE-EI is a local professional appointed to the post in 1994.
	Recruitment and admissions processes result in a equitable selection of targeted numbers of high quality students	Yes. Faculty have expressed satisfaction with the quality of CERGE-EI students.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Yes. Each course is evaluated.
	Long range strategic plans for funding and program development are developed, implemented, evaluated, and revised when needed	The Rectorate at Charles University transferred all budgetary and administrative agendas to CERGE-EI in April 1995; the evaluation team has not yet seen a long range strategic plan for CERGE-EI.
<b>Financial</b>	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	The Czech government pays for Czech students to attend CERGE-EI. USAID has recently announced funding for non-Czech students, but their tuition remains a long-term issue for CERGE-EI.
	Increasing percentage and sources of institution/program funds from non-USAID sources	See above.

**C. Summary of Financial Status**

Over the last six months, there has been a shift of six percent away from U.S. sources of funds.

<b>Funding Source</b>	<b>% of Total Funds; 12/31/96</b>
USAID Grant	29
U.S. Institution	26
Local Institution	28
Tuition and fees	0
Other Sources	17
<b>TOTAL</b>	<b>100%</b>

## V. CONCLUSIONS AND RECOMMENDATIONS

CERGE-EI is in its last year of funding through MTEEP. The institution seems strong programmatically and organizationally. It is still receiving over 50% of its funding from U.S. sources. Because the last information received on this project is from the quarterly report for April - June 1996, it is not possible to give a thorough review of project status.

### *RECOMMENDATION*

- University of Pittsburgh should make a concerted effort to provide the necessary documentation for the evaluation reports in a timely manner.

## CZECH MANAGEMENT CENTER

### I. COUNTRY CONTEXT

This is covered in the discussion of CERGE-EI found earlier in this section on the Czech Republic.

### II. PROJECT DESCRIPTION

The Czech Management Center (CMC), located outside of Prague, in Celakovice, is an independent institution, not affiliated with a Czech university, which offers the following programs: full-time MBA program, Executive MBA (EMBA) program, business English programs, management programs (Institute of Corporate Governance, Marketing Institute, Young Managers Program, Entrepreneurship Program), and research programs.

Like CERGE-EI, CMC is in the final stage of the grant period and is coping with challenges of sustaining high quality academic programs, remaining responsive to the changing needs of the market, and achieving financial sustainability. There is serious concern by the Chair of the CMC Board and the Executive Committee members over CMC's continuing failure to achieve financial and enrollment targets in key program areas. The CMC management is in the process of evaluating these negative trends and designing new approaches to program structure and marketing.

The last quarterly report on file with the evaluation team is dated June 1996. The evaluation team did not conduct a site visit in the Fall of 1996. As a result, this report cannot adequately address many issues pertinent to program impact and sustainability.

### III. PRINCIPAL FINDINGS

#### A. Status vs. Previous Recommendations

The following recommendations were made in the MTEEP 1996 Annual Report. Action taken on them is noted where available.

*CMC should continue to track the progress of their past participants.* No information is available on actions taken.

*CMC should complete the shift of grant money from basic services to less essential elements of the program.* According to the latest information on the financial status, the USAID grant accounts for only 5-10% of funding.

*The development of a strong third year MBA curriculum is to be commended and encouraged.* No information is available on actions taken.

## B. United States Agency for International Development

This information is presented at the beginning of the Czech Republic section on CERGE-EI.

## C. Program Impact

*Several programs experience difficulties in attaining their target enrollments.* CMC had to cancel two credit-granting programs for MBA students sponsored by International Programs due to low enrollment. Summer enrollment in this program has been declining over the last few years. An effort has been launched to determine the reasons for this continuing drop. One approach investigated is to try to offer the program at another time of the year - perhaps as an intensive program in January 1997. A downward trend can also be seen in the public lecture series where the 1996 enrollments were at 50% of the 1995 level. At the same time, these programs were offered at a break-even point because the public audiences have not been willing to pay higher fees. This experience most likely signifies that the market for such programs is being exhausted.

A surprising drop in enrollment has taken place in Business English which has been a very popular course. For example, the Summer Intensive Business English was able to enroll only four students. The decision was made to offer the course despite such inadequate enrollment, but it is clear that the course will run at a loss. It is not clear why this drop is occurring.

*International Programs continue to provide effective means of business education and network building.* Although some international programs are experiencing difficulties in reaching their enrollment targets, most are continuing to attract from the U.S. and Canada. In April, a group of 38 full-time and part-time students from the University of Pittsburgh arrived at CMC with a goal of visiting several local companies. In May, a group of ten U.S. and Czech businesswomen participated in an innovative program organized by St. Catherine's University (a U.S. Catholic women's university) and the *Asociace Podnikatelek a Manazerek* (a Czech business women association). The program established mentoring links between Czech and American women entrepreneurs. Also in May, there was a three-day program on marketing issues in the Czech Republic for 65 EMBA students from the University of Colorado. Two student groups, from Thunderbird University and University of Manitoba (Canada), visited several companies including Skoda (car production), Pilzeo Brewery, and the Prague Stock Exchange.

*Full-time MBA and EMBA programs show high rates of student retention.* The fourth cohort of the day-time MBA, with a scheduled graduation date of October 1996, has retained 21 of the students who started the program. The same pattern has held for EMBA 1, 2, and 3, with completion dates of June 1996, 1997, and 1998 respectively. At the same time, the successive EMBA classes (1- 3) show an increase in enrollment, 11, 13, and 21 respectively, whereas MBA 4 shows a decline in comparison with earlier years, 21 as compared with 24 for the third cohort and 33 for the second.

*Although the last MBA cohort has a strong women participation, the overall representation of women continues to be low across programs.* The MBA 4 (scheduled to graduate in October 1996) has 33% women participants. Statistically speaking, this is a big improvement from the previous years where women accounted for 12.5% (MBA 3) and 18% (MBA 2). At the same time, MBA 4 has only one more female participant than MBA 2. The percentage fluctuation reflects the considerably smaller MBA 4 class.

EMBA continues to have a very low participation by women -- 9% for EMBA 1, 15% for EMBA 2, and 14% for EMBA 3. In numerical terms this translates to 1, 2, and 3 women respectively.

Based on information provided, it is estimated that there have been approximately 14 CMC graduates of the MBA program. There have been three students that have received UPitt MBA degrees earlier (see fuller discussion under sustainability).

The Young Managers Program has 15% women participants in 1996 as compared with 8% in 1995. However, the 1995 class was almost twice as large and in numerical terms these two percentages translate to two women in both cases.

The information on Business English classes is not broken down by cohorts; however, the overall participation of women from September 1993 to June 1996 stands at 43%.

*The non-degree management programs continue to be in high demand.* With the exception of the public program series (see discussion under program impact), the Young Managers Program (YMP) and Institute of Corporate Governance (ICG) continue to meet target enrollments. The twelfth edition of ICG was successfully completed and the fourteenth session is already oversold. Two seminars on legal issues, sponsored by ICG Club, were also well attended, with one attracting over seventy participants.

The goal of making CMC the Coca-Cola regional training center for Central and Eastern Europe also appears to be making good progress. The next training program will include participants from the Czech Republic, Ukraine, Belarus, and possibly from Slovakia, Croatia and Romania.

*CMC resumes entrepreneurship training programs.* Enhancing Local Capacity (ELCA) project, conducted jointly with FORMAPER (an agency of the Milan, Italy Chamber of Commerce) commenced in the Fall of 1995. ELCA consisted of a feasibility study of CMC's capability for offering entrepreneurial training and supporting a database for potential entrepreneurial activities, and three one-week long teaching modules. The first two modules, held in April 1996, were targeted at training the trainers and were attended by those who hold positions dealing with training and advising individuals who wish to start or have already started their own businesses. The first module aimed at teaching basic business skills while the second dealt with teaching and didactic techniques. The third module, offered in June, addressed small business management and survival skills, and was targeted at entrepreneurs who run small and medium-sized businesses. The first two modules

trained seventeen potential instructors. Although the present ECLA project funding ended in June, it is hoped that FORMAPER will continue to assist in these activities.

***Library resources are continually being upgraded.*** After months of preparation and project development, the CMC library finally received the tender for the Clearinghouse Services project and signed a contract with the National Training Fund (NTF). With assistance from NTF, CMC will become the regional Training Information Center.

The library continues to receive databases from Byll software, Albertina Data and the Fleet Sheet which can be accessed by CMC faculty, staff and students. The library book collection has been improved through a donation from the Sabre Foundation. Eighty books were acquired in the past quarter. The library also received a donation from a foundation in Switzerland.

A new, fully automated cataloguing system is in place which allows the library users to access the library catalogue from office PCS. The Pegasus Electronic mail system has also been improved by providing a notice board for all CMC employees with the listing of current programs and possibility of posting individual messages.

***Prospective employers show considerable interest in MBA and EMBA graduates.*** When one considers the size of the student body, the number of prospective employees who have attended the Career Days is impressive. These firms include multi-nationals such as Proctor and Gamble, Coopers and Lybrand, Pepsi Cola, Johnson and Johnson, Coca-Cola, and Philip Morris/Tabak. In total, 36 local and multinational firms participated in this program and the feedback from the students as well as company representative has been positive. Several firms, including Bata Ltd., McKinsey, Kornereni Banka, and Open the Door have expressed interest in conducting interviews with the various CMC graduates. According to the Evaluation by the Local Partner, all CMC MBA graduates are immediately placed in companies.

#### **D. Partner/Program Sustainability**

***CMC MBA program explores various options for degree completion.*** In the past, all CMC MBA students completed their degrees either at the University of Pittsburgh or at another university. Presently, there is also an option of receiving a CMC awarded MBA. This option became first available in 1995 with two students receiving the degree. In 1996, twelve students opted for the CMC MBA. Students still can complete their studies at Pittsburgh, however, the funding for scholarships for this purpose has decreased. In order to offset the financial hardship, CMC has been exploring a possibility for their MBA students to complete training at various Canadian universities through affiliation with the Consortium of Canadian Management Schools (CCMS) which has awarded to CMC a four-year, 1.1 million Canadian dollars grant for teaching and case research, and faculty and staff development. In an absence of substantial scholarship support, finalizing degrees in Canada represents a considerate financial saving. There is still a considerable degree of uncertainty connected with Canadian and other foreign universities follow-up (except for

Pittsburgh). This lack of security regarding their future progress in the program has led to discouragement and decreased satisfaction on the part of numerous students. Assuring a successful transition to the final segment of the MBA training, whether at CMC, Pittsburgh or another school, remains a priority for the CMC administration.

Although the present ELCA project funding ended in June, it is hoped that FORMAPER will continue to assist CMC in these activities.

*Assuring continuous and high quality delivery of various programs may be jeopardized unless issues related to contract negotiation and renewal are solved in a timely fashion.* The new contracts for local faculty have been in negotiation process already for more than eight months. This has created a feeling of uncertainty and disparagement among the faculty which does not contribute to effective course delivery. In the Business English Program, the morale is so low that all current teachers, except for the two acting directors, have terminated their contracts as of the end of the summer. In total, nine teachers have left this year as a result of dissatisfaction with administration of the Center and lack of professionalism on the part of the department heads. It is hoped that this trend will be reversed with the hiring of a new director of Business English who started at his job in October. A new teacher, with experience in sales and training in the pharmaceutical sector, has joined the staff in September.

As a result of a high rate of course cancellation, two new professors have not been offered long-term contracts in the fall, and instead will be hired on a need driven basis. This development directly undermines the goal of building and retaining an adequate faculty base for effective course delivery.

*Low morale among the local and foreign staff presents a serious challenge to the Human Resource Department.* In an effort to improve morale, the Human Resource Department with the help from USAID/Prague, planned to implement a series of short courses for employees during the summer. These two to three day seminars, offered in Czech and English, will address such issues as project management, problem solving, and decision making. Depending on the success of the initial courses, a regular schedule of seminars will be offered on bi-monthly basis. These courses will be taught by local professors, with the course materials simplified to accommodate the staff, and emphasis on issues pertinent to CMC.

*The Computer Department needs to make a concerted effort to improve its support services.* Several visiting professors as well as local staff have complained about the poor support services provided by the Computer Department. The situation is attributed to the attitude of the department director who has since left. Unfortunately, the current assistant director has a weak command of English which is bound to cause difficulties in communicating with foreign staff and visiting professors. Perhaps this situation can be somewhat alleviated when the new department director is hired and/or named. In the interim, the Finance Director will assume the stewardship over the department.

The department is in the process of upgrading the server and internal telephone communications system which would permit internal transferring of calls and voice mail services. Dell Computer has been approached in an effort to negotiate a discount for the server and several new computers.

***CMC is actively advertising its MBA programs throughout the region.*** The second in a series of MBA forums took place during April and May in four cities - Plzeo, Ostrava, Zlin and Brno. The main goal of the forums is to familiarize the target groups with offerings of the MBA programs, and as a result, recruit well qualified candidates for the future cohorts. The MBA programs are also included in professional magazines such as Hobson's Casebook, the Peterson's MBA Directory, Business Central Europe, and The Economist.

Despite active campaigning and recruitment activities for the MBA programs, MBA Forums held in different regions of the country still suffered from a low attendance. The MBA Forum held in Brno, as in the past, was the most successful with 25 attendees. The Forum in Ostrava attracted 17 participants but, according to the CMC report, the quality of the potential participants was a great improvement over the past year. The third Forum, held in Zlin, had only a handful of participants, and one in Plzeo produced only eleven completed registration forms. The meager success in Plzeo was most likely due to the fact that despite being an university town, the city's close ties with German culture, including prevalence of German over English and familiarity with German business practices, made the English-based CMC MBA program less attractive. Zlin was chosen as the site for MBA Forum because it is the base of a well-known Bata Corporation and other companies. The poor turn out is primarily attributed to the size of the town and lack of knowledge in that region about the nature of MBA education. The MBA Program office feels that more effort is required in the area of marketing research and strategy development in order to better target future sights of recruitment events.

***CMC continues efforts to improve its institutional visibility.*** In April, CMC held a Marketing Day during which various CMC programs were presented by the faculty members. Fifty directors and human resource managers from Prague-based companies participated in this event. It was a general understanding that such events provide companies with the best forum for learning more about the programs and services at CMC. Several contracts were signed as a result of this effort.

CMC representatives also participated in a Day of Job Opportunities in Plzeo and at a conference on Management and Firms organized by the Prague School of Economics. CMC is now listed on the newly established home page on the World Wide Web of the European Foundation of Management Development (EFMD). This, in addition to the CMC's own homepage, which is regularly updated, provides additional exposure in management activities at the international level.

***CMC is successfully forging ahead with job placement activities for MBA graduates.*** The annual MBA Career Day was held in June. A total of 36 major Czech and multi-national firms participated in this year's program. In the view of the CMC administration, a large part of the program's success

is due to the increased awareness on the part of the CMC staff of the importance of projecting a professional and positive image of the Center as a whole.

*CMC recognizes the importance of alumni relations and aims at developing effective alumni networks.* A Canadian professional experienced in organizing alumni groups, activities and services met with the MBA program office to discuss the various issues dealing with alumni relations. Plans are being made to produce an alumni directory and a newsletter.

*Reaching financial sustainability remains an elusive goal for CMC.* Although tuition policies and fee collection mechanisms are well established, it appears that in the absence of substantially increased additional sources of funding (at least in the short-run) CMC will continue to experience difficulties in offering a full array of programs and retaining best qualified faculty and staff. As a result of this unstable financial situation, CMC was unable to offer the semi-annual bonus to its employees. The bonus which equals 40% of the monthly wage, is seen as the main means of financing summer vacations. The Center's inability to offer this bonus further contributed to an already shaken confidence in the future of the institution. This perception was further compounded by the freeze on hiring and wage increases.

CMC transitional leadership continues to explore opportunities for corporate sponsorship and other sources of funding which would allow to establish a more stable financial basis. One such example is a proposal submitted to Levi-Strauss to train dislocated workers from the agricultural sector. Other sources of funding to be explored include PHARE/NTF.

#### **E. Program Management**

*Over the past several months, CMC underwent tumultuous changes of central leadership and program administration.* The CMC Dean has left his post and has been replaced by the Associate Dean. The search for new CEO has been launched and it is hoped that an appropriate candidate will be hired not later than April 1997.

There is an on-going search for the new head of the Computer Department. This position is temporarily filled by the current Finance Director.

A former teacher and program director at the University of Augsburg, Germany was hired as the new director of Business English program. The department has clearly suffered from the lack of leadership which is evidenced by dropping enrollment and departure of instructors.

### **IV. RESULTS IN BRIEF**

#### **A. Program Reach**

Standardized data is not available at the time of this report.

**B. Summary of Findings Based on Indicators**

*B.1. INDICATORS OF PROGRAM IMPACT*

These data are only through June 1996.

Impact Level	Indicator	Summary of Findings
Acquisition	Students acquire skills knowledge and confidence in subject matter.	No new information is available for this reporting period. Previously, participants reported that course material was very useful, and that they have applied the learning to work situations immediately.
	Enrollments reflect regional reach of program (balance of CZ and of CEE students), equitable gender distribution and target enrollment numbers.	<ul style="list-style-type: none"> <li>▶ Enrollment reflects a good balance of CZ &amp; CEE students.</li> <li>▶ All programs except Business English have rather low participation rates for women.</li> <li>▶ In the entering full-time MBA cohort, the number of enrolled students fell short of CMC's target (21/30), but the experience and diversity of the cohort is high.</li> <li>▶ WEMBA enrollments continue to increase, with WEMBA 3 almost doubling the enrollment of the first cohort.</li> </ul>
	Target enrollment numbers are retained throughout program	<ul style="list-style-type: none"> <li>▶ Several programs experience low enrollment.</li> <li>▶ WEMBA appears to draw some students who might have otherwise enrolled in the full time MBA (day) program. Thus the day program is not currently at capacity.</li> </ul>
Satisfaction	Students, faculty and staff positively rate their experience	<ul style="list-style-type: none"> <li>▶ Earlier interviews with students indicated that they are satisfied with the programs. However, there is considerable anxiety with program transition for MBA students</li> <li>▶ No comprehensive study has been made among faculty and staff.</li> </ul>
	Degree program retains faculty and students	Programs have a very high retention rate: 98 - 100% of students who enroll graduate.

	<p>Cross-marketing occurs: students in one type of program either return for additional courses, or refer friends or employer to other programs at CMC</p>	<p>The best example of cross-marketing is with the Business English and MBA programs, with students who do well in the Business English program being encouraged to apply to the MBA program. Although exact numbers are not available for other kinds of cross-marketing, it appears to occur, especially by satisfied clients recommending CMC to their colleagues and companies.</p>
	<p>Program is responsive to students' and faculty's needs (availability of library resources, courses and seminars of interest, computer resources, etc)</p>	<p>Most programs and resources are evaluated to be responsive to students and faculty's needs; the computer department has been criticized for inadequate support; library resources are continually being upgraded.</p>
Utilization	<p>Graduates acquire some benefit from having completed degree program (for example, better paying job)</p>	<p>MBA graduates appear to have good track in securing employment; during an earlier evaluation, short cycle participants discussed their improved team work and problem solving abilities.</p>
	<p>Short-cycle participants can demonstrate that they have applied course information to their work</p>	<p>The evaluation team met with short-cycle participants in April, 1996; participants gave numerous examples of applying course information to their work, and pointed out the value of making contacts and connections in the class.</p>
Change	<p>CMC is seen and used as a resource by employers</p>	<p>One example is the annual "career day," which attracts employers seeking qualified applicants. This year the career day has been expanded to two days due to the increased number of employers interested in participating.</p>

**B.2. INDICATORS OF SUSTAINABILITY**

Data are only available through June 1996.

Sustainability Level	Indicators	Findings
Programmatic	Permanent faculty is well trained and its teaching is well received; turnover is low	Several contracts are still being negotiated and the faculty morale is low. Some programs (Business English) have experienced high faculty attrition.
	Visiting faculty effectively adapt their courses to local issues and needs	Earlier evaluation indicates that student ratings of foreign faculty are higher than their ratings of Czech faculty.

	Curriculum is approved by the degree-granting institution	Yes. There is a committee in place to approve and schedule courses.
	Necessary space, computers, library materials and support staff are available.	CMC is home to the most comprehensive business library in the country, and has kept its computers and materials up to date. There have been complaints from local and visiting staff about inadequate support provided by the Computer Department.
<b>Organizational</b>	Advisory Committee has balance of U.S. and Czech representation	Local Board of Trustees is moving toward greater Czech participation; there is a North American board to cultivate North American corporate donors.
	Increasing percentage of local staff with administrative authority and responsibility	Several positions are in the process of being re-staffed.
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Recruitment activities are well organized; some programs have experienced decrease in enrollments while other continue to attract many students.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	CMC is in the process of re-evaluating various strategies and approaches in order to reverse the downturn in enrollments and regain financial stability.
	Long range strategic plans for funding and program development are developed, implemented, evaluated, and revised when needed	The long range strategic plan is in the process of being developed.
<b>Financial</b>	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Policies are established; because the cost of an MBA is high, CMC staff are aggressively exploring corporate sponsorship and other funding possibilities; the Center's library is a key marketing tool by offering services to companies in the region.
	Increasing percentage and sources of institution/program funds from non-USAID sources	Most of the funds comes from tuition and fees. CMC leadership is searching for corporate sponsorships and other grants.

**C. Summary of Financial Status**

CMC has successfully found non-U.S. sources of funding for its programs. The issue is the size of the overall budget need to carry on quality programs.

Funding Source	% of Total Funds; 12/31/96
USAID Grant	5-10%
Local Institution	N/A
Tuition and fees	80-90%
Other Sources	5-10%
<b>TOTAL</b>	<b>100%</b>

## V. CONCLUSIONS AND RECOMMENDATIONS

It is clear that CMC is facing numerous serious challenges related to programmatic, organizational and financial sustainability. The first order of business is to ensure effective leadership to the organization in general and to the individual departments. The second challenge is to develop a comprehensive strategic approach for programmatic and institutional development in the most immediate future. Two critical problems that have to be addressed are enrollment and faculty retention. The present report covers several specific areas of difficulties which need to be addressed in the formulation of the new strategic plan.

Although it has not been openly stated, one reason for delaying contract settlement may lie in lower than desired quality of available instructors. If this indeed is the case, a concerted effort should be directed toward determining which faculty members would be the best candidates for additional training. One approach to faculty development which proved successful in other MTEE programs is team-teaching with Western instructors. It would be useful to determine the feasibility of introducing such an approach at this stage at least to some of the programs.

### *RECOMMENDATIONS*

- CMC should determine the reasons for lower than desired enrollment in some of the courses and take corrective action.
- CMC should resolve the issue of contract negotiation and award, particularly with faculty, who quickly improve their performance with the help of additional training.
- CMC should hire a competent and professional Director of the Computer Department.
- CMC should continue to evaluate and conduct needs assessment for its various course offerings in order to determine the most appropriate and financially effective program mix.
- The University of Pittsburgh and CMC administrations should provide quarterly reports to the evaluation team in a timely manner.

## INDIANA UNIVERSITY

### I. COUNTRY CONTEXT

Hungarians observed the 40th anniversary of the 1956 revolution during the week in which the site visit took place. New York Governor George Pataki was in Hungary with a business delegation to attend ceremonies marking the anniversary. Hungary and Romania finally signed a bilateral treaty guaranteeing the "inviolability of existing frontiers and the human rights of ethnic minorities," a step seen as one prerequisite for membership in the European Union. Hungarians are very much preoccupied with becoming a member of the European Union and NATO. However, the EU's representative in Hungary was quoted as saying that any notion that Central European states would join the EU "before 2002 is an illusion." The current timetable of negotiations anticipates talks beginning in early 1998 and running for at least two years, followed by the ratification process. Hungarian government officials, expressing surprise by the remark, stated that they expected membership by the year 2000. Already the EU is Hungary's largest trading partner, with exports exceeding US\$8 billion at the end of 1995 and imports from the EU reaching US\$9.1 billion.

The privatization process remained very much in the news in the Fall of 1996. A new board for the state privatization agency (APV Rt.) was appointed after the previous board was sacked in the wake of a major scandal over unusually high payments made to a consultant. Unemployment hovered around 11%. Although down, inflation was still running at 22%, and real wages were falling. The country's GDP grew only 1.5% in 1995 and is expected to do no better this year. A key political decision taken by Prime Minister Gyula Horn in October was not to raise energy prices as he had promised to the foreign companies who had invested \$2 billion in the sector. In spite of the generally improving macroeconomic trends, the average Hungarian hasn't felt tangible benefits.

Austerity measures initiated in March 1995 and the general improvement in the macroeconomic picture have increased Hungary's access to international capital markets. A stand-by loan was signed with the International Monetary Fund in March 1996 and Hungary's membership in the OECD was granted in May, confirming the country's achievements in economic, legal, and institutional reforms. Between 1990 and 1995 Hungary received more than US\$11 billion in cash contributions associated with foreign direct investment, the highest of any country in the region. The downside of the austerity program, however, is that the gap between rich and poor has widened. Devaluation of the currency has brought higher rates of inflation, from 21% in 1994 to 22% in 1995. The same period has been characterized by an overall decrease in employment, with a national unemployment rate of 11%.

The role of small and medium scale enterprises in Hungary is increasingly important. In 1993, the most recent year for which there is data, 30% of the GDP was accounted for by small enterprises with fewer than 50 employees. Their productivity is rising faster than that of all the legal-registered business units together. Furthermore, within the small enterprise category, those units without legal

status (micro- enterprises) are growing faster than average. Together with medium-sized enterprises (between 51 and 250 employees) small enterprises contributed 44% of GDP in 1992 and 48% 1993. Altogether the private sector accounts for about 60% of GDP. Small businesses have created jobs while large firms have been downsizing their workforce.

## II. PROJECT DESCRIPTION

Since 1989, the Indiana University School of Business (IU) and the Budapest University of Economic Sciences (BUES) have worked together on several cooperative ventures in management training. The Management Development Center (MDC), an executive education center, is *the* flagship program of BUES, and is one of the leading providers of management training and consulting programs in Hungary. MDC offers an MBA program designed and run together with the London Business School. In 1990, Indiana University (IU) was chosen to assist MDC in delivering a domestic - U.S. partnership program for high-level managers by a select group of multinational firms, including AT&T, Amoco, and Dow Chemical. At the request of the partner companies, an international partnership program was added in 1994.

The relationship between IU and BUES was enhanced by the award of a four-year MTEEP grant of \$2.4 million to develop the MDC. Implementation of the grant began in May of 1995, making it one of the newest projects under MTEEP. The goal of the grant is to make MDC a role model for advanced, client-driven, management training. Together the two universities designed a program known as MATCH - Management Training Cooperation in Hungary. The MATCH program has three general objectives: to develop advanced training courses for Hungarian firms and leading internationals, to offer business training to journalists and public relations managers within firms, and to develop partnerships between BUES and key Hungarian and global firms.

By the end of 1996, IU and MDC had been successful in developing management training arrangements with larger Hungarian firms under the MATCH program and was phasing out project-funded activities customized commitments to large firms. Now Indiana is attempting to comply with USAID wishes to target the Small and Medium Enterprise sector. Efforts to extend program activities outside of Budapest have not been successful thus far and the establishment of the Center for Business Education at BUES is just beginning.

## III. PRINCIPAL FINDINGS

Indiana University is still struggling to attain its stated objectives under MTEEP. Its initial target was to improve the training capacity of the BUES faculty and to train managers at large firms. However, the USAID Mission's focus in Hungary has changed in the last year to the promotion of the Small and Medium Enterprise (SME) sector. This has meant that the target population of MTEEP is somewhat different than that being reached by Indiana University and its partner institution, BUES. Indiana has completed all of its existing, customized commitments to large firms in 1996, charging significant fees.

In the Fall of 1996, the partnership program (known as TARS) involving ten Hungarian firms, BUES/MDC and Indiana, began with three programs. Participating companies were charged a "membership fee" plus a fee for each person they sent for training. While those fees did not cover costs in 1996, they did reduce MATCH costs and will be increased in 1997. Initially programs required significant inputs from Indiana University faculty and staff and large contributions from USAID in order to cover costs. Follow-up programs are being run at considerably lower costs with mostly BUES/MDC faculty. The result is that fee-income (20%) has become a substantial percentage of over-all sources of funding, as seen in IV.C: Summary of Financial Status.

#### **A. Status vs. Previous Recommendations**

Indiana's program in Hungary was designed to consist of three components:

- Partnership Program with Hungary's most prominent companies
- Center for Business Education within the Central Library of BUES
- Business Placement Center also at BUES.

Only the first of these components is fully operational. During the early stages of project implementation, Indiana encountered difficulties in establishing communication, both with the partner institution and with potential program participants. By April 1996, after one year of project implementation, the partnership program had resulted in signed contracts and linkages with larger firms such as Antenna Hungaria, MATAV Rt., Babolna Rt., Aeroplex, KFKI, MOL, and MALEV, while others are under discussion.

*More IU faculty should be involved at BUES.* IU faculty have been active in the Fall 1996 training programs. About half of the training programs offered under the MATCH Program have involved IU faculty to some extent. All of the seminars for MATAV have included IU faculty, as have those for companies and the press, women entrepreneurs, and small business training.

*The MATCH program should emphasize development of multi-location programs.* IU has not yet been successful in setting up project activities outside of Budapest. Shortly after BUES landed a training contract under its Partnership Program with MATAV, the giant telecommunications company, USAID/Hungary began to focus its Strategic Objective on the SME sector. The customized training for clients such as MATAV have been well received and profitable. In September 1996 at the suggestion of USAID/Hungary, IU began to explore expanding its activities to include towns outside of Budapest and small and medium-sized enterprises, while continuing to search for ways to maintain its relationship with BUES after the end of MTEEP. However, despite efforts to establish a program in Pecs, there are not yet any functioning programs outside of Budapest.

Using MATAV as a reference, BUES-MDC contacted four regional phone companies with 150 to 200 employees (medium-sized) in the Fall of 1996. The objective was to design a three to four day

program for the four CEOs on strategy, organization, skill development, accounting and customer service. Two MATAV spin-off programs were conducted in late October consisting of organization and reengineering and strategy and another was scheduled for late November. If this approach is successful it would demonstrate that good references at larger companies help to open doors of smaller ones. This approach has been approved and delivery is planned for early 1997.

*The MATCH program should continue to emphasize offering training for women business owners.* In recent months seminars have been offered to smaller businesses, the majority of them women. In March 1996, BUES-MDC organized two management training seminars for nearly 100 women entrepreneurs. In December, a follow-up meeting was held with those who had participated in the seminars in order to get their feed-back. Participants said they found the seminars helpful but need assistance in numerous areas. Another course is planned for early 1997. Subjects included: sources of financing, marketing, taxes, and regulations. MDC notes that there are several problems involved in small business training: competition for this kind of training is keen and fees for a longer full-cost program may be too high for women business owners to afford. Ways of lowering costs must be found. BUES/MDC is working on the design of a 200-hour program for this target audience.

*The lack of in-country U.S. leadership has resulted in delays in program delivery.* Indiana has identified a full time IU representative with appropriate academic credentials. The IU Resident Advisor who was in Budapest left the country in the Fall of 1996 shortly before the DATEX team visit, leaving the management of the Indiana program in the hands of the Marketing Manager, a Hungarian woman entrepreneur who also has other business activities. IU intends to field a full time School of Business faculty member to serve as resident coordinator early in 1997.

## **B. United States Agency for International Development**

*IU needs to be more attentive to USAID objectives and reporting requirements.* Under the USAID/Hungary Strategic Plan, S.O. 1.3 specifically refers to improved operations of small and medium sized enterprises (SMEs). Indicators of success in achieving this objective include an increase in profits before taxes of private domestic enterprises and domestic exports. Intermediate Results for this S.O. include: 1.3.3 improved business systems and practices (at the firm level) and a national education system with business and management education institutionalized. USAID/Hungary has a Small and Medium Sized Enterprise team whose objective is to be recognized as a contribution to economic expansion as a result of its efforts in SME development.

In its September 1995 work plan, IU had identified objectives for its MTEEP activities that took no account of firm size. Indicators had to do with increasing output in the agricultural sector, expanding exports, and increasing foreign ownership in Hungarian companies. The Mission began working with IU and MDC in early 1996 to help focus on the SME sector. MDC sent questionnaires out to 6000 SMEs to ascertain their level of interest in various types of business training and advisory services.

The Mission is developing a questionnaire instrument for measuring impact of activities at the firm level in the SME sector which it has discussed with IU and MDC. The IU-MDC program has very little data thus far to ascertain impact on SMEs since the majority of its efforts have gone toward larger enterprises.

### C. Program Impact

*The Partnership Program has achieved a degree of success in customizing corporate training.* This program has been successful in designing and conducting customized training programs for some of the largest and most-established firms in Hungary such as MATAV. While both MATAV and MDC are pleased with their relationship, and it is providing a source of revenue to MDC, it does not represent a model for reaching smaller enterprises who are less able to pay. The MATCH program has been successful in implementing training seminars for senior and middle level managers within other large firms as well, including Babolna, Antenna Hungaria, IKR, and AEROPLEX. Courses in marketing, business planning, finance, strategic planning, and accounting have been designed and conducted in each of these companies. Participants have ranged from 12 to 60 in each training course, including a modest percentage of women. Program activities which would reach smaller enterprises outside of Budapest had yet to get under way.

*The Partnership Program is beginning to have a ripple effect.* The example of Babolna Corporation illustrates several elements of a successful approach in the MATCH Program. One of the key areas of competitive advantage in the Hungarian economy is the agricultural industry, which employs 10% of the population. Babolna Corporation is a large agribusiness company engaged in a wide range of agricultural endeavors through its local units. One of these is the raising of chickens and growing of corn for export to countries in the former Soviet Union. The MATCH program assisted Babolna in developing a management education program to enhance the company's technical capabilities. An IU faculty member together with a faculty member from BUES, met with 34 controllers and managers from Babolna's many business units to discuss business planning. They began with a presentation of market-based planning in competitive world markets and a review of opportunities in those markets as well as potential competition in domestic markets from abroad. Using the case study method, the professors took each participant step-by-step through the mechanics of business planning. In a prototype of MATCH faculty development, the program was delivered using a course designed in Indiana and refined in the light of expert knowledge of local market conditions. The MATCH program subsequently conducted training seminars in controlling, marketing, strategy, and accounting. IU-MDC staff then worked with the Director of Babolna's Management Training Center to deliver business courses to Babolna's subsidiaries, suppliers, customers, and industry complements. Through this ripple effect the MATCH program hopes to reach smaller businesses.

*The Center for Business Education is not yet operational.* The Center for Business Education at BUES is intended as the base for outreach for executive education and business resource throughout Hungary. It is intended to be a warehouse for business education tools including Hungarian case

studies, videos, computer programs, and research. The Center is expected to distribute materials to its partners around the country, offer materials for corporate training programs, and develop resource centers in selected areas. It is also expected that new case studies will be developed under the MTEEP grant, in collaboration with SUNY/CPED. Pilot projects were targeted in Eger, Bekescaba, and Pecs. In February 1996, with USAID assistance, IU began developing a new phase of its MTEEP program to create the Center in the BUES Central Library. Information constituted of many of the indicators of intermediate results in the Mission's new Strategic Plan, and it was clearly expected that the Center to provide Internet capability as one of its main outreach functions.

Although the Center was formally "launched" in April 1996, not until October did BUES propose engaging its director. A meeting of key potential corporate sponsors was held in September 1996.

***The Business Placement Center is not yet operational.*** The third component of the IU MTEEP grant is the Business Placement Center, or Career Services Office, at BUES. Major companies such as General Electric have shown an interest in supporting the Center to provide a centralized location for corporate recruiting. IU's Business Placement Director has made two trips to Hungary to assist in setting up this office at BUES and BUES has set aside space and resources for the project. The Center has generated interest at USAID, the U.S. Department of the Treasury, and the American Chamber of Commerce. However, at the end of 1996, the Center was not yet operational.

#### **D. Partner/Program Sustainability**

***While there are signs of sustainability, IU must address the issue of financing in reaching SMEs.*** IU and BUES-MDC have developed a good working relationship, although it is hampered by the lack of a regular IU management presence in Hungary. By the end of the second year of the MATCH program, it is expected that the majority of customized programs will be completed and that most future programs will be funded by the participating companies. According to the plan, the program within BUES is expected to be fully self-sustaining at the end of the grant period, with 100% of the customized programs financed from clients or BUES itself. (IU reports a substantial increase in income from fees in its programs over the last reporting period to 20%). In order to expand the client base, IU anticipates programs in basic business planning for civil servants and municipalities as well as seminars aimed at women and smaller business owners.

In addition, a new BUES partnership program is being designed known as Transition Alliances for Regional Success (TARS), adapted from a training program developed at IU. The object of this program is to bring together client managers facing similar challenges in an educational atmosphere where they can gain the latest practical and strategic business skills in a team-oriented setting. TARS is targeted toward directors of "non-competitive" industries such as Babolna, MALEV, and MATAV, companies that recognize education of employees as a corporate duty. TARS expects that these clients will be competitive in the world market place. Training programs of four one-week sessions are to take place over a six-month period and will be held at the MDC training facility.

In anticipation of the opening of the Center for Business Education, IU-MDC has made contact with some 20 partner organizations, including 15 of Hungary's business schools. None of these plans addresses the relative inability of small enterprises to pay for consulting and business advisory services however.

**E. Program Management**

*Project management continues to be of critical importance to the IU program.* Indiana's Resident Advisor had returned to the United States at the time of the site visit in October. A Hungarian woman entrepreneur who had been hired as a part-time Marketing Manager in November 1995 was acting as the representative of IU in Budapest. The project is suffering from the absence of a full time field representative of Indiana University in Budapest. While the Marketing Manager is doing a commendable job of promoting the MATCH program, it is evident that the administrative and representational aspects of the program are suffering from lack of coordination and direction. Basic information about project activities and financial reporting is not finding its way in a timely fashion to USAID/Hungary.

The need for a full time IU administrator was thus as important by the end of 1996 as it had been in July. Issues of project management are addressed in detail in the following section on conclusions and recommendations. IU is now planning to field a senior resident advisor from the School of Business faculty.

**IV. RESULTS IN BRIEF**

**A. Program Reach: July 1 - December 31, 1996**

All of IU/BUES activities are focused on short-term training and the provision of information in resource centers.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
Seminars (1 day max)	13	12	400	284	137	421
Workshops (multiple days)	34	33	800	621	218	839
Resource Centers (by type activity)	1	1	12	13	2	15
Other * (specify)	3	3	50	45	10	55

NOTES: \* Other Programs: MATCH Program Development; Career Services Officer Presentation for MATCH; Women's Program Follow-up

**B. Summary of Findings on the Basis of Indicators**

**B.1. INDICATORS OF PROGRAM IMPACT**

Currently, impact information on change at the individual and firm level is not available.

Level of Impact	Indicator	Summary of Findings
<b>Acquisition</b>	Clients acquire skills, knowledge and confidence in subject matter	Clients are primarily senior level managers of large corporations for whom training is specifically tailored.
	Participation reflects equitable gender distribution and regional reach of program	The IU program has not gone beyond Budapest, although efforts have been made to start up regional initiatives.
	Target participation numbers are reached and maintained for clients/businesses	Recently sizeable numbers of women business owners have participated in small business seminars in Budapest.
<b>Satisfaction</b>	Clients and staff positively rate their experience	Those interviewed expressed satisfaction with their training.
	There is a high demand for the program	The demand remains high among large, established firms
	Cross-marketing occurs	Success in reaching larger firms has not yet transferred to the SME level.
	Program is responsive to clients'/businesses' needs	The MATCH program is very successful at customizing training seminars to the needs of client companies.
<b>Utilization</b>	Participants can demonstrate that they have applied information to their work	Management techniques learned in the seminars are being applied on the job.
	MDC is seen and used as a resource by Hungarian firms	MDC continues to market its services effectively to established companies.
	Participants acquire benefit from having completed program	Participants who represent larger firms have direct benefit from the training, whereas those who attend short courses do not benefit as much.
<b>Change</b>	# or % of participants' businesses stating improvement in sales/operations	This information is not available. It would be included in the proposed USAID questionnaire.
	# of assisted firms still operating within 6 months of intervention	This information is not available.

**B.2. EVIDENCE OF SUSTAINABILITY**

Sustainability Level	Indicator	Summary of Findings
Programmatic	Demand for services and training is high	Yes. Especially large firms and women.
	Training is conducted by trained Hungarian instructors	MDC staff are well qualified and committed to management training.
	Necessary space, computers. Library materials and support staff are available	Seminars are often provided at the corporate training sites of client companies. MDC also has excellent facilities.
Organizational	Increasing percentage of local staff with administrative authority and responsibility	All administration is now in the hands of Hungarians.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	No information available.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	The critical issue for IU is to devise cost-effective ways of providing training for SMEs.
Financial	Fee collection and other alternate funding mechanisms are established and operating	The customized training with corporations is successful at covering costs.
	Increasing percentage and sources of institution/program funds from non-USAID sources	Tuition and fees now represent 20% of total funding.

**C. Summary of Financial Status**

For a young program, non-U.S. sources of funding are relatively strong.

Source of Funding	% of Total Project Support, 12/31/96
USAID Grant	40
U.S. Institution	25
Local Institution	15
Tuition and fees	20
Other Sources	0
<b>TOTAL</b>	<b>100%</b>

## V. CONCLUSIONS AND RECOMMENDATIONS

The MATCH program of Indiana University and the BUES Management Development Center has been successful in implementing training for senior and middle level managers within larger firms, including MATAV, Babolna, Antenna Hungaria, IKR, and AEROPLEX. Training courses in marketing, business planning, finance, strategic planning, and accounting have been designed and conducted in each of these companies. Participants have ranged from 12 to 60 in each training course, including a modest percentage of women. However, several program objectives are not being attained, such as the full functioning of the Center for Business Education and the Placement Center and extension of MTEEP activities outside of Budapest.

### *RECOMMENDATIONS*

- Indiana University must seek ways to strengthen its in-country management, preferably by recruiting an IU faculty member to direct project activities. This person must also be able to work effectively with partner institutions, as well as oversee strategic planning and marketing.
- In recent months, seminars have been offered to smaller businesses (outside of the MATCH program). The vast majority of participants in these seminars have been women. Indiana and MDC are strongly encouraged to continue efforts along these lines.
- Indiana must solidify its efforts to establish the Center for Business Education and the Placement Center, together with the Budapest University for Economic Sciences.
- Indiana would benefit from closer collaboration with SUNY/CPED, especially in sharing case study materials and the establishment of centers outside of Budapest where CPED already has a presence and can provide an institutional network.
- Indiana must pay more attention to data collection and reporting. This includes the nature and dates of seminars, financial data, and of course indicators of project impact. Closer supervision and reporting to the Mission and the ENI Bureau is essential.

## **The STATE UNIVERSITY of NEW YORK (SUNY) and the CENTER for PRIVATE ENTERPRISE DEVELOPMENT (CPED)**

### **I. COUNTRY CONTEXT**

Refer to this section in the IU portion of the Hungary report presented earlier.

### **II. PROJECT DESCRIPTION**

The State University of New York (SUNY) began implementing its MTEE Project in 1991. In order to implement its programs in Hungary, SUNY established a Center for Private Enterprise Development (CPED) in Budapest in 1990 which is registered with the Hungarian government as a non-profit foundation and acts as SUNY's in-country administrative and management agent. In 1993, SUNY began collaboration with the Technical University of Budapest's (TUB) Department of Industrial Management and Business Economics to establish a Center for Excellence in Total Quality Management (TQM) education. Thus, under MTEEP, SUNY is contributing to private sector development through a variety of activities, including higher education institution building, teaching of management principles with a focus on TQM, and more recently regional economic development in eastern Hungary in an effort to reach small and medium-sized enterprises.

The SUNY MTEE Project is succeeding by most indicators under its grant agreement. The project is well managed and operating smoothly. The SUNY personnel in Hungary are all Hungarians who have been in place for the duration of the MTEEP grant and are working full time. The new Engineering Management MBA program at TUB, designed jointly by TUB and SUNY-Buffalo faculty, began on target in September 1996. Case studies being prepared by the TUB faculty for TQM training in selected Hungarian companies are nearing completion. The regional TQM university-based network is now operating in seven cities outside of Budapest.

The State University of New York (SUNY) is composed of 64 campuses in the state. Its Office of International Programs (OIP), based in Albany, began its involvement in Hungary in 1989 with support from Mellon and Pew Foundation seed grants for the provision of economics education and management training. SUNY entered into its grant agreement with USAID under the MTEE Project in October 1991. Thus, under MTEEP, SUNY is contributing to private sector development through a variety of activities, including higher education institution building, the teaching of management principles with a focus on TQM, and more recently regional economic development.

### **III. PRINCIPAL FINDINGS**

#### **A. Status vs. Previous Recommendations**

*The DATEX Annual Report of 1996 concluded that SUNY's goals were clearly articulated and relevant to the country's economic and educational needs. The TQM approach represented a*

response to the needs of the economic environment and SUNY established a viable network of six TQM Centers throughout Hungary. A total of 90 study tours to the United States involved Hungarian faculty and business managers and provided exposure to American companies. The report also concluded that TUB provided a platform for TQM culture and that all the TQM Centers responded to local needs.

*The network of TQM Centers should continue working toward improving communication among all participants.* All the Centers were expected to market their own consulting capacity to businesses and become revenue producing and develop "market niches." The report concluded that the SUNY focus on quality control is one of the best examples of a fit between U.S. assistance and Hungarian regional needs.

*SUNY should explore training topics and methodologies relevant to regional economic development.* As an extension of its activities under its MTEEP grant, the SUNY program is now working in regional economic development. Originally planned as a separate activity, SUNY's approach now focuses on taking advantage of its outreach and presence throughout Hungary via its TQM centers in the current grant. It intends to move beyond TQM training and to assist local government actors in providing assistance and encouragement to the creation and survival of small and medium size companies (SMEs).

As a result of a very aggressive privatization program in northeastern Hungary with attendant massive downsizing and restructuring of companies, the major clients for the TQM training in these regions are now struggling SMEs. SUNY/CPED has been able to work with local government officials interested in assisting these SMEs. Regional development councils have begun allocating federal resources for local economic development, some providing assistance to SMEs in the form of loans and shared locations (incubators).

SUNY is providing assistance through its grant in the form of study tours and training opportunities to local government officials (members of regional development councils, municipal councils and mayors' offices) including visits to U.S. cities which suffered massive layoffs and unemployment as a result of economic downturns. For example, a trip to the U.S. was very revealing for the representative of the Mayor's office in Miskolc. Especially relevant was the Small Business Administration's programs to assist SMEs in Albany, New York. This was cited as an excellent example of the kind of approach local Mayor's offices could use to assist SMEs. Efforts to coordinate out placement and retraining for retrenched workers have now begun through the Mayor's office, and ways of sharing information and resources among the three regions are now being explored with SUNY's assistance.

## **B. United States Agency for International Development**

*The USAID Mission is focusing on reaching SMEs in its Strategic Plan.* Under the USAID/Hungary Strategic Plan, S.O. 1.3 specifically refers to improved operations of small and

medium sized enterprises (SMEs). Indicators of success in achieving this objective include an increase in profits before taxes of private domestic enterprises and domestic exports.

Intermediate Results for this S.O. include: 1.3.3 improved business systems and practices (at the firm level) and a national education system with business and management education institutionalized. USAID/Hungary has a Small and Medium Sized Enterprise team whose objective is to be recognized as a contribution to economic expansion as a result of its efforts in SME development.

SUNY has made progress in directing program reach toward SMEs, particularly in its regional development initiative in the northeast. However, measurement of program impact at the firm level remains a key issue which SUNY and the Mission will have to agree upon.

### **C. Program Impact**

SUNY could claim several accomplishments by the fourth quarter of 1996:

*SUNY/CPED is making the transition from short-term workshops to institution-building as reflected in the new MBA program at TUB.* The Engineering Management MBA program at TUB began its first academic semester in the Fall of 1996, including a cohort of 63 men and 7 women. The program was designed jointly by TUB and SUNY-Buffalo faculty. More than 200 applicants were received, of whom only 70 were admitted to the program. The larger than anticipated class size has resulted in two 35-student selections for lectures and regular classwork. The regional TQM university-based network continued to expand its services by providing instruction and consulting on quality management issues to students and the Hungarian private sector. Case studies being prepared by the TUB faculty for TQM training in selected Hungarian companies are nearing completion. They are to be used as Hungarian language teaching materials and examples for other companies.

Short course offerings during the 1995-96 project year included small business workshops and regional economic development activities, held from October to December 1996. A total of 1,416 persons received some type of training under the program from October 1995 to September 1996. Female participation in project activities increased from 30 % to 35% during the year. Results of SUNY's own follow-up questionnaire showed that the 50 respondents passed on some of what they learned to 800 of their colleagues or co-workers.

*SUNY/CPED is working with several partners.* Chambers of Commerce are in the process of transformation in Hungary. Recently a law governing the activities of Chambers of Commerce was passed by the Parliament. SUNY/CPED has been involved in supporting their development. Two Hungarians representing Chambers at Gyor and Eger attended a mini-MBA program at SUNY-Buffalo and visited U.S. Chambers. As Chamber leaders, the participants have been instrumental in introducing U.S. practices into their respective organizations.

CPED is especially involved with the Chamber of Commerce in Eger, an important historic and economic regional center. As a result of their participation in the SUNY/CPED program, several participants have started new businesses. Two of them, formerly engaged in a multi-level marketing system, learned enough about business methods and techniques in several CPED courses to enable them to begin selling computers and software, greatly increasing their income. Other participants in the workshops systematically annotate the written materials they are given and distribute copies among their colleagues who could not attend. One of these participants, a middle-aged man who has been in business in Hungary for 20 years, learned enough to begin to enter the U.S. market with his patented sun shield inventions. This participant is in regular contact with the CPED office in Budapest and participates in every program in Eger. He now wants to travel to the U.S. to meet and develop business connections with his counterparts. While relying on SUNY contacts, he will pay his own travel expenses.

A program for six representatives of the Hungarian food industry took place in August, the result of collaboration with the Szeged College of Food Industry. Participants traveled to the U.S. to study quality and regulation issues relating to their own import and export of meat products.

***Total Quality Management is being adopted throughout Hungary: example of Pecs.*** The Pecs Chamber of Commerce and Industry is in regular contact with the project-founded Total Quality Management Center and consults with its personnel when organizing activities for local small and medium enterprises. The Chamber of Commerce supports these businesses by opening its programs to the entrepreneurial sector and designs programs to meet specific sector needs. These techniques were learned by participation in the SUNY programs. Pecs-area participants in project-funded study tours to the U.S. (SUNY-Buffalo) independently started a "Buffalo Club" which holds monthly meetings to exchange views and discuss business development techniques based on project participation and materials.

***SUNY is beginning to reach smaller enterprises.*** One noticeable omission from SUNY's list of achievements in the 1996 Annual Report was any mention of the extent to which its program was reaching the small and medium enterprise sector. There had been no effort made to collect this type of data since firm size was not specified as a criterion under the terms of the SUNY grant. Now that the Mission has made the development of the SME sector one of its Strategic Objectives, the size of the firm assisted in training programs has become relevant. However, it was clear from the site visit of the DATEX team that smaller firms are being reached by the SUNY program, especially those outside of Budapest. In some cases they are small producers servicing larger firms who therefore have an interest in quality control, such as the Pick Salami Factory in Szeged.

#### **D. Partner/Program Sustainability**

The two major partners in SUNY's MTEE project are the SUNY-Buffalo School of Management and the Technical University of Budapest's (TUB) Department of Industrial Management and Business Economics. SUNY has project activities at eight university-based TQM Centers throughout

the country as well as outreach activities. TUB and other regional partner campuses work directly with local businesses on TQM and other management issues, as well as with local universities and institutes and chambers of commerce.

CPED itself is not university related, so as to remain flexible in programming and to maintain informal relations with numerous universities and agencies. The principal representatives within TUB are the TQM Program Manager, and the Head of the Department of Industrial Management and Business Economics, both fully committed to the partnership with CPED.

**E. Program Management**

*SUNY's program in Hungary is well managed.* The CPED office is well managed by a Hungarian Director and Deputy Director who are both qualified for the work and dedicated to SUNY's mission in Hungary. The present Director assumed that position in 1991 and has remained there since. His Deputy Director has also been employed for a similar length of time, providing considerable managerial stability. Both men had extensive experience in the parastatal and private sector before joining CPED. Furthermore, there is good rapport between the CPED staff and the SUNY MTEEP Project Director in Albany. SUNY is conscientious about keeping records of MTEEP activities as well as financial management.

The basic SUNY management issue has to do with its relations with the USAID Mission. Differences of opinion as to the Mission's proposed impact assessment of all projects assisting the SME sector remain unresolved. The SUNY position is that its grant agreement makes no mention of reaching SME's, although there is evidence that it is doing so. The main difference, however, has to do with the amount of detail in the questionnaire to be administered to business owners and managers who may have only attended a one or two day seminar. There are already several different questionnaires being used, including those of SUNY itself in collaboration with DATEX.

**IV. RESULTS IN BRIEF**

**A. Program Reach: July 1 - December 31, 1996**

SUNY/TUB initiated a new MBA program. However, most of SUNY activities are short term training and participant training in the U.S.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
MBA (by cohort)	1	1	70	63	7	70
Certificate (by type)	1	1	35	34	7	41
Seminars (1 day max)	1	1	49	37	12	49

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
Workshops (multiple days)	11	11	220	178	63	252
Resource Centers (by type activity)	8	8	NA	NA		NA
Other * (specify)	5	5	19	16	3	19

NOTES: \* includes Participant Training at SUNY-Buffalo, (case study faculty development, graduate assistant, management training) MBA curriculum planning, and food industry tour of Washington, DC, & Ithaca, NY

**B. Summary of Findings on the Basis of Indicators**

**B.1. EVIDENCE OF IMPACT**

To date there is little data available on impact at the individual or firm level.

Impact Level	Indicator	Summary of Findings
Acquisition	Participants & clients acquire skills, knowledge and confidence in subject matter	Students and seminar participants continue to express confidence in skills acquired in TQM programs.
	Target enrollment is reached in terms of capacity goals, gender distribution & regional reach of program	80 persons attended short courses in regional economic development from Oct to Dec 1996, 20% women. The new MBA program at TUB far exceeded its target enrollment.
Satisfaction	Participants, clients and staff positively rate their experience	Participants rate the TQM program very highly.
	There is a high demand for the programs & services offered	Currently there are 8 TQM resource centers located in institutes, chambers of commerce, and other intermediary organizations as well as private businesses in Budapest and the regions.
	Program retains faculty and students	This has not been an issue.
	Cross marketing occurs (TQM)	Primarily in manufacturing sector.
	Program is responsive to the needs of participants, clients/businesses, & faculty	The TQM centers continue to meet expectations of clients as evidenced by expanded numbers participating.

<b>Utilization</b>	<p>Clients, participants, &amp; businesses can demonstrate that they have applied course or TQM information to their work and have acquired benefits from having completed program</p> <p>Programs or TQM Centers are seen and used as a resource by employers</p>	<p>ISO 9000 certification is increasingly common among companies participating in TQM programs.</p> <p>Companies see direct correlation between TQM seminar content and production quality control.</p>
<b>Change</b>	# or % of participants' businesses stating improvement in sales/operations	There is no data available regarding this indicator.

**B.2. INDICATORS OF SUSTAINABILITY**

The TQM centers are well-established and work in broadening their focus has started.

Sustainability Level	Indicator	Summary of Findings
<b>Programmatic</b>	Permanent faculty is well trained and its teaching is well received	Yes; project managers are placing greater emphasis on recruitment of Hungarian professionals to conduct project activities.
	Necessary space computers, library materials and support staff are available.	CPED office is modest but adequately equipped and supplied. TQM partner facilities vary.
	Demand for TQM services and training is high (TQM)	Case studies are being prepared by TUB faculty of TQM implementation in selected Hungarian companies. Hungarian private sector recognizes quality of MTEE Programs.
	Training is conducted by certified TQM instructors (TQM)	Yes; aided by training of 49 participants in U.S. during the year for faculty development.
<b>Organizational</b>	Increasing percentage of local staff with administrative authority and responsibility	CPED Director and Deputy have been on job for five years, providing strong continuity.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	SUNY/CPED questionnaire sent out to 150 participants; only 54 responded. Generally favorable.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed.	Local chambers of commerce are beginning to pay for fees for workshop consultants, video technicians and equipment.
<b>Financial</b>	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Significant amounts of cost sharing for project- sponsored programs were realized through Hungarian partner contributions.

Increasing percentage and sources of institutional/program funds from non-USAID sources.

Tuition and fees increased from .5% to 11% during this period and other sources rose from .5% to 8%.

**C. Summary of Financial Status**

The percentage of non-U.S. funding has increased over the last six months, but is still relatively small for a maturing project.

Source of Funding	% of Total Project Support: 12/31/96
USAID Grant	58
U.S. Institution	19
Local Institution	4
Tuition and fees	11
Other Sources	8
<b>TOTAL</b>	<b>100%</b>

**V. CONCLUSIONS AND RECOMMENDATIONS**

The SUNY MTEE Project is succeeding by most indicators under its grant agreement. The project is well managed and operating smoothly. The SUNY personnel in Hungary are all Hungarians; they have been in place for the duration of the MTEEP grant and are working full time. The CPED Director and Deputy Director are excellent organizers and administrators and are committed to the objectives of the program.

SUNY/CPED is also making progress in terms of developing an approach to sustainability. For example, significant amounts of cost sharing for project-sponsored summer programs were realized by Hungarian partner contributions for air fares to the U.S. and release time for employees. There has been a considerable increase in the percentage of revenue generated from fees and tuition during the reporting period, which is positive. The private sector recognizes the high quality of SUNY's MTEE Project activities in the U.S. and in-country. Companies are making substantial investments of in-kind contributions and personnel time. For example, the Chambers of Commerce in Győr and Eger paid for half of the consulting fee for a business communications workshop. Overall participation of women in SUNY/CPED project activities, which is currently about one-third, should be increased.

However, one issue that needs to be resolved, has to do with providing impact data at the individual and firm-level: in general and in response to the Mission's request for such information in the SME sector. It is the DATEX team opinion that the SUNY program is in fact reaching the SME sector to

a considerable extent. However, the although information available on impact is often anecdotal and is not disaggregated by size of firm. Although USAID concedes that SUNY is achieving its objectives and is very good at providing detailed information, the two do not see agree on the relevance of the proposed questionnaire on impact in the SME sector. SUNY contends that its project was not designed to reach small enterprises. Most of its participants outside of the university attend very short courses and thus should not be expected to fill out lengthy forms regarding such matters as their assets, profits, and ethnic origin.

### *RECOMMENDATIONS*

- *Communication.* The most critical issue facing SUNY in Hungary is communication and collaboration with USAID/Hungary. There must be some level of agreement between SUNY and the Mission as to how its Strategic Objective 1.3 focusing on SMEs is being met.
- *Sustainability.* SUNY should continue to develop its efforts to diversify sources of funding and fee structures for its program in Hungary.
- *Regional Development.* SUNY can make a substantial contribution to regional development by continuing its initial efforts with local partners outside of Budapest and should be encouraged to do so.
- *Impact Documentation.* SUNY should strengthen its documentation of the impact of its activities in terms of change in the practices of individual participants and improved performance of the employers of past participants.

**I. COUNTRY CONTEXT**

It is believed that Latvia has passed through the most difficult parts of economic transition and that living standards will now start to improve. Inflation in 1995 declined significantly over the previous several years; the GDP leveled off and was expected to increase modestly in 1996. The economy seems to have weathered the banking crisis that occurred in mid-1995.

The Government of Latvia has instituted most of the reform and stabilization programs needed to support the development of the private sector. They have been active in introducing legislation to improve the environment for entrepreneurs -- for foreign investment, privatization, land reform and the import requirements. There remains limited access to funds for small and medium enterprises (SME's) through the existing banking system.

According to statistics provided by USAID, there are approximately 56,000 non-farm enterprises in Latvia, primarily SME's. About one fourth of the SME's employ up to 10 people; the remaining employ between 10-100 people. Only 4% are owned by the state or municipalities. As of 1995 employment in the private sector was approximately 63%, almost double that of three years earlier.

**II. PROJECT DESCRIPTION**

The cooperative program between the State University of New York - Buffalo (SUNY-B) and the Riga Business School (RBS) of Riga Technical University, along with the collaboration of the University of Ottawa, started in 1991. RBS is an outgrowth of the post graduate education department founded in 1987 at the university. U.S. government funding was initially received in 1992 through a United States Information Agency (USIA) grant. The present cooperative agreement became effective in January 1995 and is scheduled to end in September 1997, the same time the overall USAID/Latvia program is to close. USAID funding is estimated at \$1,461,959 out of a total program funding of \$5,455,178.

The MTEE Project consists of several components. A high quality MBA program, encompasses a professional development program for Latvian faculty. An English Language Center (ELC), provides English training for general use, a pre-MBA program of English language and introductory business topics, and specialized English language training tailored to meet the needs of requesting businesses, government agencies and other groups. Improved infrastructure, including a computer laboratory and a resource library, is also part of the program. Finally, an undergraduate program in business management, and small business development workshops for Latvian entrepreneurs and government officials are to be provided.

While the project was visited in the Spring of 1996, it was not visited during this reporting period. Inputs are based on quarterly reports, communications with project staff, and the mission's Results Review (R2) from June 1996.

### III. PRINCIPAL FINDINGS

#### A. Status vs. Previous Recommendations

The annual report noted several areas where SUNY-B and RBS might take action to strengthen their efforts. These recommendations and the actions SUNY-B/RBS have taken are noted below:

*SUNY-B and RBS should continue to explore approaches for retention of faculty and the implication of English as the language of instruction.* Work is continuing to establish undergraduate business programs, a Bachelor of Business Administration for the Fall 1997, and a two-year program with United Kingdom support later. These activities will provide a broader base of activity for the full-time faculty for RBS accreditation.

*RBS should expand efforts to develop a broader revenue base, utilizing its alumni and continuing government-focused special programs.* A training program was completed on better management practices for the Ministry of Health through UK support. A financial strategy is being implemented which includes active solicitation of additional international donors.

*RBS should work to secure additional facilities.* Additional facilities in the building housing RBS are being used periodically by the program; this is space that continues to be allocated to other organizations who are searching for permanent alternate space.

*Documentation/tracking should improve on students not keeping up with their MBA class, as well as on the impact of program graduates.* No information is available for this report.

#### B. United States Agency International Development

*SUNY-B program fits easily into USAID/Latvia strategy.* The role of the SUNY-B program in achieving USAID/Latvia objective 1.3, accelerated development and growth of private enterprises, is very clear. It fits under one of the four intermediate results (1.3.3), which states that private business operations are strengthened. The mission sees increasing the number of Latvians of all ethnic groups with western style business management skills as essential in strengthening private business operations. Therefore, the focus of the intermediate result is the development of institutional capacity to continually supply the private sector with Latvians possessing graduate degrees in business in order to increase the pool of trained managers. This is translated into the following performance indicator: Riga Business School established and graduating MBAs. Three measures are used and the following targets given:

Definition	Baseline Data		Targets	
	Year	Value	Year	Target
MBAs graduated (cumulative)	1994	0	1996	20
	1995	12	1997	50
Latvian faculty trained (cumulative)	1994	0	1996	7
	1995	1	1997	11
Pre-MBA enrollment (cumulative)	1994	93	1996	254
	1995	175	1997	350

As mentioned earlier, the USAID mission is scheduled to close at the end of FY1997. Their current priority interest is in assuring sustainability of efforts supported by them. For example, their current Results Review (R-2) prepared in June 1996 noted that by mission close-out the following was expected by the SUNY-B - RBS program:

- A sixteen course MBA curriculum fully developed
- A year-long Pre-MBA curriculum developed
- A faculty of at least eleven professors, including two who will receive doctorates, and two English language instructors trained
- Formal linkage and accreditation with a major UK university established
- Thirty MBA graduates in 1997.

**C. Program Impact**

*Interest in the MBA program remains strong; quality of students high; program continuing on schedule for classes III, IV, and V.* Admissions for class V were completed. Fifty-one of 84 candidates (23M/28F) were admitted, with 7 additional candidates placed on the waiting list. Five of the candidates on the waiting list entered the program because others were unable to start the program as scheduled. About half of the candidates had English test scores (TOEFL) of 575 or higher; 80% had scores at or above the required level of 550. Only three of the accepted candidates had less than a B average on their pre-MBA business courses.

Two MBA terms have been ongoing during the reporting period, with 8 classes offered for the three continuing cohorts -- classes III, IV, and V. There are 145 students currently in the MBA program.

*MBA graduates total 20; they are successful in the marketplace.* The most recent graduation was in June 1996. There are now a total of 20 graduates of the MBA program (13 men and 7 women). Information on eighteen of the graduates indicate that these graduates hold significant positions in Latvian business: five work for banks, three for large multi-lateral donors and government, five for the Latvian private sector (four for the largest Latvian firms in their sector), three for international and joint venture firms, and two for educational institutions. Typical job titles include: Deputy

Manager, Country Manager, Technical Director, Finance Director, Marketing Director, Senior Officer.

Two examples of the type of impact graduates have had can be shown from these brief profiles from two graduates from the initial MBA class (based on longer profiles provided by SUNY-B).

- In 1991, Olga Grazule, a recent graduate of the University of Latvia Faculty of Economics, took a job as a consultant to the Budgetary Committee of the Latvian Parliament. She also wanted to further her education and enrolled in the first MBA class at RBS. In May 1995, Olga was one of twelve persons to successfully complete and receive the MBA degree in Riga Business School's first graduation ceremony.

While studying for her MBA, Olga left her job at the Latvian Parliament to become a financial reform officer of the Ministry of State Reform. While at the Ministry, she developed a pilot project on a management audit to be used for the entire Government of the Republic of Latvia. Although the audit dealt primarily with Strategic Management, Operational Management and Human Resource management issues, Olga explained, "the personnel issues and information systems issues and client-oriented nature of what we wanted to create were all interlinked. You cannot separate out one management function from another. I could not have done it without the knowledge which I learned at Riga Business School."

Now, after five years of government service, she works as Deputy Manager of the World Bank/Ministry of Finance Technical Unit, a project financed by both the World Bank and EC Phare. The Technical Unit services a US\$35,000,000 credit line to promote the development of the private sector in Latvia. Other tasks include coordinating technical assistance to commercial banks and the Bank of Latvia; preparation of a credit procedure manual for loan officers to evaluate loan applications; coordinating a bank training project for commercial banks, and assisting in writing terms of reference for projects funded by the unit.

An additional benefit of studying at Riga Business School was the improvement of her English skills. "Our office language is English. Eleven persons work in our office and three of them are foreigners. All of our documentation is in English and I regularly write reports to Brussels and Ireland in English. My presentation skills and oral communication skills have all been sharpened by my study at RBS."

- "Quality first!" is the watchword at Aldaris, the largest brewery in Latvia, and the leader by far in the industry. These are also the words which Inese Micule, Finance Director of Aldaris and 1995 Riga Business School graduate, lives and works by. Inese's story over the last five years reflects her preoccupation with excellence and constant attempts to attain it.

In 1991, Inese was teaching basic computing skills at Rigas Amatniecibas Viduskola (Riga Craft School). She entered RBS with the first class of students. In 1992, she accepted a new position as Chief Accountant at Paroc Latvija. She admitted, "At the time, I knew very little about accounting, but the course which we took (as part of the MBA program) was really very valuable and came just in the nick of time!" Inese enjoyed working with Paroc, but in 1994 a headhunter contacted her about a newly created position, Finance Director, at Aldaris.

In 1994, Aldaris employed 30 people in the Finance Department. Today they have 21. "We installed a new, more efficient accounting system. With this new system, some of the people were made redundant. However, most of the people we had to dismiss were not very good workers."

Inese's quest for excellence is mirrored at Aldaris, which began this year to work toward ISO 9001 certification. Inese is confident that Aldaris will meet the exacting criteria and will become the first company in Latvia to be certified under ISO 9001 standards.

Aldaris is also trying to help other Latvian businesses and firms learn to improve and compete in their respective industries. "We have had many Latvian companies come to visit us and told them about ways in which they can improve. For example, Rigas Pienas Kombinats visited us recently to learn about different operational systems. Mr. Gavrilovs (the president of Aldaris) is often presenting helpful information himself to representatives of other companies, and that is a big priority for him."

***Faculty development for the MBA program on schedule; increasing numbers are teaching in MBA program; action taken on poor performance.*** There is a well planned faculty development program which is also discussed under sustainability. In the September-October term the first MBA course was fully taught by a Latvian professor. Over the next several terms, team teaching and individual teaching by Latvian professors increases. Where poor teaching performance was noted with one Latvian faculty member, this person was dismissed.

***The English Language Center program remains strong with high demand and lowering dropout rate; test scores continue to increase for participants completing the program.*** General English had their highest summer enrollment this year of 70: 62 of the 70 students enrolled in the next class. The drop out rate of 20% was half that of last year. There are currently a total of 85 students in General English. Of the 50% of the students that took a standard test of competency (MTELP), the average improvement was 5-7 points; looking at only those students that improved, there was an 11 point average improvement.

For the fall, applications surpassed expectations. There is an increase of 44 students from 1995 in the pre-MBA program, with 99 students (60% female) currently in the program.

#### **D. Partner/Program Sustainability**

*Programmatic sustainability of the MBA program depends on the success of retaining quality faculty; the elements are in place - will they work.* Faculty development continue to be implemented according to schedule. A Latvian Director of Academic Programs comes on board in January.

Two faculty are currently enrolled to complete MBA's at SUNY-B. Another faculty member is completing an industrial internship in Canada. Another faculty member is serving as a visiting professor and conducting research at the University of Ottawa, where a RBS faculty member is also studying in the MBA program.

The first Latvian faculty member delivered an MBA course (Marketing Management) during the September-October fall term. A second Latvian faculty member taught Managerial Statistics in the November-December term. Over the next two terms, two other Latvians are scheduled to teach MBA courses; others are team-teaching MBA courses. The first Latvian case study was developed during the time period of this report.

SUNY-B indicates that a rigorous monitoring of all faculty is conducted. Decisions have been made in instances to postpone taking over a course, and schedule adjustments have been made where it was felt that an RBS faculty member was not quite ready to assume full responsibilities in the MBA program, most notably in the accounting area. In fact, one faculty member has been let go due to poor teaching performance. Two new Latvian faculty have been added who have already begun teaching assignments in the pre-MBA program and team teaching in the MBA program.

The efforts to start an undergraduate business program, which has been proposed for the Fall 1997, are directly linked to the faculty retention issue and RBS accreditation. To be accredited, there is need to have base of qualified full-time faculty. An undergraduate business program is part of the proposed "mix" of activities for RBS faculty to assure full-time status. Possible cooperation with a nearby liberal arts college in Klaipeda is also being discussed as a means to provide RBS faculty with additional academic work.

*The English Language Center program continues to moves towards sustainability.* There are currently five full-time instructors in the ELC, three of whom are Latvian. Another Latvian is currently studying for a degree at SUNY-B.

The test data from ELC participants, both General English, show improvement for students participating in the program. The program capacity is limited by facility constraints.

Only the outreach program showed a decrease in participation in the summer; although, contracts were being signed for fall programs.

*RBS administration (MBA program and ELC) is almost all Latvian; ties to RTU are being strengthened.* RBS continues to strengthen their links with RTU in terms of their academic program. RBS has adopted the RTU grading system, and student information now in the RTU data base. A new, clearly written English student handbook on the MBA program has been prepared. Accreditation is said to be continuing, at a slow pace. A new PR brochure has also been prepared.

RBS continues to be managed by a Latvian director and staff with a SUNY-B advisor. The ELC center director and one instructor are Americans; however, a potential ELC coordinator to carry on after the end of USAID funding has been identified. It is unknown how the transition to Latvian leadership will be handled.

The Advisory Board has had two meetings since June. They are actively providing input to the school on finances and other matters. In terms of their own continuity, they have started planning a rotation policy for board terms currently set for two years; RTU Senate approval must be received for new members.

*Space continues to be an issue.* The Advisory Board has endorsed a proposal by Canadian and U.S. government representatives to encourage the Government of Latvia to provide the pledged funds for building renovations at RBS. While classroom renovations continued over the summer, tuition money is currently a main source for this work. In addition, space used by other building occupants are now being used for some RBS classes. The schedule of when these other occupants will be able to move to other, permanent, locations is not known.

*Implementation of financial plan through year 2000 underway.* The June and November Advisory Board meetings included discussions of RBS finances. Financial projections through the year 2000 have been prepared. The June minutes noted that in 1995, there was a year-end loss due primarily to the costs of repairs to the building. This was a primary impetus for suggesting approaching the government to provide their pledge.

In terms of income, tuition is charged for all programs (MBA and ELC). The outreach program of the ELC is considered to be a future funding source for the school. Rent has started to be collected on RBS training facilities that other organizations are using during non-school times.

Several proposals have been/are being prepared to various international donors for support of certain programs. A proposal is to be presented to the Canadian International Development Agency (CIDA) for support through the year 2000. UK support for ongoing RBS programs with Hertfordshire University is being sought. Requests for support of special concentrations within the MBA program are also being made of European Community and Soros Foundation sources.

## E. Program Management

*Program management appear to remain strong.* The SUNY-B and RBS staff have been stable for a period of time. One of the administrative staff is receiving additional training for her position. There appears to be good relations among all partners. The Advisory Board is a strong positive presence in the management of the current and future program. Where transfer of responsibilities to Latvian staff is necessary, it appears to be happening as planned.

## IV. RESULTS IN BRIEF

### A. Program Reach: July 1 - December 31, 1996

There have been a total of 20 graduates of the MBA program to date, 13 men and 7 women. The workshops offered were not originally planned, but met identified needs. One, on basic accounting skills, was offered through Arthur Anderson with UK funding; approximately 500 people attended. The second was a series of 8 workshops on management of health services for 40 staff from the Riga Health Department.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
MBA (by cohort)	8 courses	8 courses for 3 cohorts	169	68; 13 graduated to date	77; 7 graduated	145; 20 students graduated
Certificate Faculty Dev	MBA TOSEL			1; 9 graduated to date 1; 0 graduated	3; 0 graduated to date 0; 2 graduated	4; 9 graduated to date 1; 2 graduated
Workshops (multiple days)	0	2	0	233	313	546
Other - ELC	Gen Eng pre-MBA out reach			64 39 18	80 60 21	144 99 39

### B. Summary of Findings Based on Indicators

#### B.1. EVIDENCE OF PROGRAM IMPACT

The SUNY-B program is meeting the specific USAID/Latvia targets; evidence of utilization of knowledge is beginning to be noted from 20 MBA graduates.

Impact Level	Indicator	Summary of Findings
Acquisition	Participants acquire skills, knowledge and confidence in subject matter	MBA graduates accepted in marketplace; RBS faculty moving to full teaching roles of MBA courses; ELC test scores consistently increase - all levels
	Enrollments reflect equitable gender distribution	% of women participants increase to 53% in MBA courses over last 6 months
	Target enrollment numbers are reached for entering class ; cumulative pre-MBA enrollment: FY96 - 254; FY 97 - 350	Applicants for MBA and ELC are continuing to exceed capacity; 51 of 84 candidates admitted to new MBA class
	Target enrollment numbers are retained through program; cumulative MBA graduates: FY 96 - 20; FY 97 - 50	20 MBA graduates by end of FY 96; General English attrition reduced to 20% from 40%
Satisfaction	Participants positively rate their experience Faculty and staff positively rate their experience	N/A this report
	There is a high demand for the program	# applicants exceed capacity - all programs
	Cross-marketing occurs: students in one type of program either return for additional courses, or refer friends or their employer to other programs at RBS	70% of General English students heard from others; high % then apply for pre-MBA program; increase to 17% (from 5%) of those responding to ad
	Program is responsive to students' and faculty's needs (availability of library resources, courses and seminars of interest, computer resources, etc.)	Renovations of ELC classroom space continue
Utilization	Graduates acquire some benefit from having completed degree program (for example, better paying job)	MBA graduates in key positions in banking, major Latvian & international firms as well as multilateral donors/government
	ELC and short-cycle participants can demonstrate that they have applied course information to their work	N/A this report
Change	RBS is seen and used as a resource by employers	Employers continue to sponsor additional students in RBS programs

## B.2. EVIDENCE OF SUSTAINABILITY

SUNY-B is exceeding the USAID/Latvia targets in programmatic sustainability and is active in working with RBS to strengthen other areas of sustainability.

Sustainability Level	Indicator	Summary of Findings
<b>Programmatic</b>	Permanent faculty is well trained and its teaching is well received, turnover low; cumulative Latvian faculty trained: FY 96 - 7; FY 97 - 11	Faculty development continues; 9 of 13 Latvian faculty have received MBAs; 2 new MBA faculty; one let go for poor performance; ELC moving closer to full Latvian staffing; 2 of 3 Latvian faculty have received TESOL degrees
	Visiting faculty effectively adapt their courses to local issues and needs	N/A this report
	Curriculum is approved by the degree-granting institution	Students receive RTU degree under special procedure of RTU because program follows SUNY-B requirements; permanent accreditation process started
	Necessary space, computers, library materials and support staff are available	Space renovation continues; space limitations hinders ELC
<b>Organizational</b>	Advisory Board membership has balance of Latvian and non-Latvian representation	Active Board primarily from international and major Latvian firms
	Increasing percentage of local staff with administrative authority and responsibility	Increasing % of Latvian faculty teaching in MBA program; potential Latvian ELC coordinator identified
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Clearly written new student handbook published; general English serving as feeder role; quality increasing
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Evaluations used in all programs, especially for faculty quality; faculty with unacceptable performance not continued
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Plan exists; utilize Advisory Board especially in financial aspects; adopted RTU grading system; academic student data part of university systems
<b>Financial</b>	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Renting training space; identified several alternate donor sources
	Increasing percentage and sources of institution/program funds from non-USAID sources	No significant change in last 6 months

### C. Summary of Financial Status

No change was noted in the percentage of funds received from various sources in the last six months.

Funding Source	% of Total Funds; 12/31/96
USAID Grant	34%
U.S. Institution	9%
Local Institution(s)	26%
Tuition and fees	15%
Other Sources	16%
<b>TOTAL</b>	<b>100%</b>

**V. CONCLUSIONS AND RECOMMENDATIONS**

The SUNY-B and RBS program is moving into its final phases under MTEEP funding. It appears to be on target for reaching the final outcomes identified by USAID regarding the establishment of the MBA program, number of graduates, and faculty development status.

The impact of the MBA efforts is under reported in the information provided by SUNY-B on the status of its program.

The sustainability efforts have been well-planned, and execution appears to be mostly on schedule. The area of most concern that has been voiced is whether the efforts for faculty development -- especially in faculty retention -- will be successful. The issue of faculty teaching quality and acceptance by students has been voiced in the past as a potential issue. As Latvian faculty begin to be more involved in teaching MBA courses directly, the "reality" of this concern can be observed. Faculty retention needs to be watched closely, as does the progress in implementing a mix of activities that will enable enough full-time quality faculty to be part of RBS.

**RECOMMENDATIONS**

The following recommendations are made in view of completion of MTEEP at the end of FY 1997:

- With the number of MBA graduates increasing, SUNY-B and RBS should more actively track and report the utilization of MBA skills/knowledge by graduates and the resulting changes that occur at the individual and organizational levels.
- Because of the concern over program quality and MBA faculty retention, SUNY-B and RBS should more completely track and report on the two of the key elements of program sustainability:
  - Faculty quality as measured through evaluations by U.S. staff as well as student satisfaction/acquisition responses.
  - Faculty turnover and progress on accreditation of RBS as part of RTU.

## I. COUNTRY CONTEXT

On October 20, 1996, Lithuania held parliamentary *seimas* elections. The Homeland Union (TSLK) (Conservatives of Lithuania) soundly defeated the ruling Democratic Labor Party. The conservatives won approximately a quarter of the votes. Of the 22 other parties running, three -- the Christian Democratic Party (LKDP), the Center Union, and the Social Democratic Party -- passed the 5% barrier and share in the 70 seats distributed by party lists. The single-mandate elections were held on November 10 (four seats will be filled in by-elections in March 1997). The Homeland Union (TSLK) won 35 of the 65 single-mandate districts and, thus, gained control of the Seimas. The LKDP and Social Democratic Party won five seats each, the Center Union four, the Democratic Labor (LDDP) and Democratic Parties two each. Eight other parties won a single seat, as did four independent candidates. The TSLK with 70 seats, and its ally, the LKDP, with 16 seats, are clearly in control of the 141-seat parliament. The neo-communist LDDP, which had won a majority in 1992, was reduced to 12 seats.

On November 20, 1996, the Homeland Union (Conservatives of Lithuania) and the Christian Democratic Party (LKDP) signed a formal coalition agreement and agreed to cooperate on all internal and foreign policy matters and to submit a joint government program. On November 25, the 137 deputies elected to the Seimas have been formally sworn in by the Constitutional Court Chairman. President Algirdas Brazauskas urged the deputies not to make sharp changes in foreign policy and to continue the main goals of membership in the EU and NATO. Homeland Union (Conservatives of Lithuania) Chairman Vytautas Landsbergis was elected as the Seimas chairman. His was the only candidacy for the post. On December 4, President Brazauskas signed a decree approving the 17-member cabinet of Prime Minister-designate Gediminas Vagnorius. The Homeland Union has 11 ministers, the Christian Democratic Party three, the Center Union two, and the Confederation of Industrialists one. The Seimas voted in the government on December 10. This is the eighth government since the re-establishment of Lithuania's independence.

The outgoing Premier Mindaugas Stankevicius praised the achievements of the Lithuanian transition. The 1996 rate of inflation is estimated at 14% as opposed to an earlier estimate of 25%, and the country's GDP growth is projected to accelerate from 3% in 1995 to 4% in 1996. The new government's program for 1997 - 2000 devotes the most attention to economic and law-and-order issues. It forecasts that inflation will continue to fall and reach 7% in 1999 at the same time as the average monthly wages double. The changes to the 1997 budget were discussed at the December 16 Seimas meeting. The Prime Minister Vagnorius stated that the new government will not contribute to increases in the state debt but will run a deficit in order to repay previous debts. Only the deputies from the Homeland Union (Conservatives of Lithuania) voted for the first draft of the budget. Their coalition partners, the Christian Democratic Party, joined by the Center Union, Social Democratic, and Democratic Labor parties demand major revisions or a totally new budget.

## II. PROJECT DESCRIPTION

The goal of the collaborative effort between Texas A&M International University (TAMIU) and Kaunas Technological University in Panevezys (KTU/P) is to enhance and support activities of the Center of Management Technology, Entrepreneurship, and Public Administration (COMTEPA) to develop a self-sustaining center of excellence in management training and economic education. The cooperative agreement was awarded in 1995 for a three year period. The support activities are designed around four categories: entrepreneurship training, executive education, training of local government managers, and strengthening the educational capabilities of KTU/P. The main target groups are entrepreneurs, managers from governmental institutions and private and privatizing companies, and instructors at educational institutions.

KTU/P is a branch of the KTU and is in a process of becoming an independent university. KTU and KTU/P leadership hope to create a university, in Panevezys, with three faculties - engineering, management, and humanities. At the moment there are only two: engineering and business administration.

As a result of the overall USAID budgetary cuts for Lithuania, TAMIU's operating budget was cut by \$1,000,000 - the equivalent of 40% of the project funding. Consequently, TAMIU was asked to prepare a revised proposal reflecting these cuts. The revised proposal has been prepared and submitted to USAID/Washington. There appears to be a serious difference of opinion between TAMIU and USAID/Lithuania regarding the feasibility of proposed revisions in addressing the issue of programmatic and institutional sustainability. TAMIU has expressed to USAID, their intent to close the MTEE Project by June 30, 1997. This was reiterated on December 20, 1996 in a letter from the Principal Project Investigator to the In-Country Project Director, USAID/Washington, USAID/Lithuania, the KTU/P Dean, and the DATEX evaluation team that TAMIU intends to close down the MTEEP on June 30, 1997. In view of this decision, some of the recommendations made in the 1996 MTEEP Annual Report are no longer relevant.

## III. PRINCIPAL FINDINGS

### A. Status vs. Previous Recommendations

These are the recommendations from the 1996 Annual Report and their status at the end of the year.

*USAID/Lithuania might revisit the impact well designed, regionally focused training and education programs can have on national policy agendas.* In the Annual Summative Monitoring and Evaluation Report, the evaluation team cautioned against a too hasty withdrawal of regionally focused training and education projects from the array of tools designed to bring about a systemic transformation. It appears that the USAID/Lithuania mission reevaluated its earlier position on the effectiveness of the MTEE Project in achieving the revised strategic objectives. Currently, the

mission strongly supports the continuation of this project which is evidenced by a designation of 'Special Activity'.

***USAID/Lithuania should continue to provide some level of funding to the TAMIU/KTU project.*** The funding cuts to the USAID/Lithuania budget do not allow for additional funds to be transferred to this project.

***Given the decisions by USAID to reorient its strategic objectives from programs like TAMIU/KTU and to terminate funding with the delivery of the obligated funds, KTU's support is even more central to the success of this program ... the project team needs to accelerate its strategic planning assistance to KTU/COMTEPA in the areas of marketing and fund raising.*** KTU leadership considers the MTEE Project a priority project for the university in terms of financial allocations and institutional support. The In-Country Project Director and the Associate Director are actively discussing the pertinent issues of strategic planning with the KTU leadership. There are observable successes in marketing the COMTEPA programs, although it is still too early to embark on a fundraising campaign.

***All parties should continue to improve communication and cooperation.*** Although some progress has been made on this issue, the cooperation among the involved parties is still far from what is required for effective management of the program. The relationship between the U.S. staff and In-Country Project Director is fraught with tension; the communication between TAMIU offices and USAID/Lithuania is sporadic; at the same time as the cooperation between the In-Country Project Director and USAID/Lithuania has become very strong.

***COMTEPA should consider establishing an 'Advisory Board' including KTU faculty and local business community representatives.*** This is being considered at a later date when the Center is formally inaugurated and the by-laws are signed.

***TAMIU needs to involve more TAMIU faculty in program delivery.*** TAMIU no longer sees a need to do this, particularly in view of the revised proposal and the moved up close-out date.

***TAMIU should establish a second, small, TAMIU-based Advisory Committee which would assist the In-Country Director.*** Termination of the project makes this unfeasible.

***Considering that the MBA component is being eliminated, COMTEPA should make every effort to involve KTU/Panevezys faculty in its training programs.*** There is an active effort on the part of the In-Country Project Director to provide opportunities for KTU/P faculty to participate in the Center's programs. These efforts include reserving several places in relevant program offerings, providing training free of charge and giving preference to faculty to become trainers.

## B. United States Agency for International Development

*USAID/Lithuania development strategy reflects a reassessment of the local economic environment.* The elaboration of the new strategy began in 1996. The main thrust of the revised strategy is a shift from a sectoral and regional approach to emphasis on effecting policy at the national level. The strategic restructuring was done within the framework of ENI Objective 1.3 - accelerated development and growth of private enterprises. The S.O. 1.3 - improved enabling policy environment conducive to sustained private sector growth - is supported by efforts to reform the commercial legal system, facilitate GATT accession and institutional development of effective competition and consumer protection law. Three intermediate results support S.O. 1.3: Elimination of major price distortions that impede efficient private investment and resource allocation (IR 1.3.1), effective trade policy which increases market access (IR 1.3.2), and improved legal framework for commercial activity (IR 1.3.3).

Additional strategic objectives guiding Lithuania's development include: More stable financial environment (S.O. 1.4), strengthened fiscal management (S.O. 1.2), and increased sustained collaboration of NGOs and local governments to develop policies and services which reflect community interest (S.O. 2.1).

Prior to the restructuring of strategic objectives, the TAMIU/KTU project was well placed under the assistance category of 'Training and Educational Programs'. The present structure of the assistance package does not provide a clearly defined mission for the MTEE Project.

*USAID/Lithuania expresses strong support for the MTEE Project.* Although the MTEE Project does not fit directly into the newly elaborated strategic objectives, it has been designated as a 'Special Activity' and continues to receive support from the Mission. This practice stands in sharp contrast to the status of other projects which, like MTEEP, were not incorporated into the revised SOs and have been allowed to close down.

*The revised project proposal submitted by TAMIU is unacceptable to the USAID/Lithuania Mission.* In the view of the USAID/Lithuania Representative, the proposed structure of the cooperative agreement undercuts the project's ability to achieve programmatic and financial sustainability. The most pressing concern expressed regarding the revised TAMIU proposal relates to the close-out date of June 30, 1997, thus shortening the grant period by one year. Due to the various delays in launching of the MTEEP training, it is only now that the Center is gearing up to embark on the full range of training activities. In conforming to the proposed close out date, the project staff would need to prepare final reports, evaluations and audits, which would leave very little time for the regular training activities, thus jeopardizing the sustainability of the project. The Mission would like to see the Center's activities continue until the originally stipulated close out date, June of 1998, which would allow sufficient time for securing an adequate base of local trainers. USAID/Lithuania is open to suggestions leading to the most efficient solution of the current difficulties.

### C. Program Impact

***MTEEP successfully transfers knowledge to program participants.*** The interviewed participants were unanimous in indicating that they acquire the knowledge and skills presented in training. A percentage of program graduates is a good indicator of skill acquisition, and the Entrepreneurship Training Program had a 100% graduation rate.

***MTEEP participants represent diverse and strategically important constituencies in the region.*** ETP was the longest training program (300 hours) conducted by COMTEPA. The original enrollment target was set at 30 but due to the unusually strong demand, 49 persons were admitted, all of whom have successfully completed the training. The participants represented a broad range of institutions: entrepreneurs, large companies, governmental organizations, NGOs, and administrators and teachers from the university, junior colleges, trade schools, and high school from the city and the region.

***Women are equitably represented in the programs.*** The ETP training produced 41 trainers, 66% of whom are women. Women trainers represent a broad range of institutions: educational institutions, government organizations, NGOs, and businesses. At the same time, the highest numbers of women trainers came from educational institutions (66%).

***Past participants have highly rated the content and delivery of the programs.*** All those interviewed expressed interest in attending additional training in their areas of interest. The ETP had a 100 per cent rate of student retention and met its target for training future trainers for COMTEPA programs. There is a high incidence of cross marketing between the programs - participants of short cycle programs enrolled in the ETP as well as in other workshops and seminars. The overall training was relevant to the needs of the participants and the instructors were available for individual discussions and consultations. All of the interviewed participants confirmed that they continuously use the information acquired during training at their places of employment. Furthermore, several of the past participants are either in the process of or have created innovative training programs for broader audiences.

***ETP participants create new programs and courses at their respective educational institutions.*** Twenty five participants came from nine educational institutions ranging from the university, junior colleges, vocational schools, and high schools. All of these institutions embarked on restructuring of their management curricula.

- KTU/P will revise programs in Business Administration and Production Management, offer a specialty in entrepreneurship, create new programs in accounting, and introduce new requirements for writing a diploma thesis.

- A junior college, with an existing small business program, will introduce three new specialties; and another junior college, which did not have such a program, is preparing to establish one.
- Of the five vocational schools, those with existing small business programs will establish new specialties and upgrade existing programs, and those which do not have one will create it.
- A simulation program for high school seniors on the principles of firm management has become a permanent component of the school's curriculum and can be introduced in other schools in the region.
- Some of the ETP graduates who completed the Teaching Methodology Module will set up training seminars for recertification and continuing education for high school and junior college teachers.
- One ETP graduate has developed a special management and economics education program for farm women. Another participant is in the process of introducing the system of Montessori schools in the region.

***The municipal government created a new position and designed a new strategy for economic development.*** Three ETP participants were municipal government managers who, after completing the training, elaborated a new strategy for economic development. In addition, the recognition of the importance of small business development for the economic growth of the region was underscored by creation of a new position of Small Business Development Officer within the municipality. The person hired for this position was also an ETP graduate.

***MTEEP is contributing to regional economic growth and development.*** According to a paper prepared by the city management for an international conference "Lithuanian Science and Industry: Economics and Management, 1996", held in Panevezys, MTEEP will have contributed to the creation of 1,000 new jobs in the region by the year 1999. A very vivid example of just such employment growth is an example of another ETP graduate who, based on the business plan developed as part of the course requirement, secured \$250,000 worth of agricultural machines, equipment and saplings. In six months the company managed to double its capital and hire 60 employees. By Spring 1997, the company plans to create 100 more jobs which will amount to 150 new jobs in less than nine months.

***COMTEPA is seen as a valuable resource by the various constituencies.*** To further stimulate small business development in the region, the Regional Manager who oversees ten administrative districts asked COMTEPA to develop small business counseling activities with particular focus on agri-business. Such request is evidence that COMTEPA is increasingly seen not only as a resource but also as a catalyst for change in economic development and education.

***MTEEP contributes to raising the level of understanding about the principles of market economy among the general population.*** The population in the region has been exposed to an educational campaign on the principles and practice of market economics. A local journalist, who attended many of the ETP seminars and became a honorary graduate of the program, has regularly written articles for the local newspaper on the various issues covered during the training. According to the information received by the Center, the circulation of the newspaper has been increasing since such articles became a regular feature. In a way of an example, during the time period from March to June, 25 articles, four radio and five television interviews appeared in local and national media about the MTEEP.

The In-Country Project Director also encourages the U.S. trainers to be active outside of their regular training responsibilities. The result has been impressive. Thirty interviews for newspapers and two articles for publication in Lithuania.

***MTEEP is a catalyst for increased NGO activism.*** The ETP graduates are in the process of forming an Association of Entrepreneurs, the first such association in Lithuania. This is an excellent example of an unanticipated result and impact of a training program (establishment of a NGO) and of how an activity designated 'non-strategic' under the Strategic Objectives Plan can directly contribute to a strategic objective, in this case, IR 2.1.1 - Increased NGO Activism, which supports SO2.1 Increased Sustained Collaboration of NGOs and Local Governments.

***COMTEPA workshop provides an impetus for participation in a professional organization.*** A direct outcome of the case research workshop conducted by COMTEPA, 38 out of 54 participants, many of them from the various departments of KTU/P, became members of the newly created Baltic Association of Case Research and Application (BACRA). BACRA, in turn, became officially affiliated with the World Case Research Association and is preparing to establish collaboration with the Czech Case Research Association (CZACRA). BACRA will have its headquarters at COMTEPA.

#### **D. Partner/Program Sustainability**

***MTEEP is making good progress in securing sustainability of its programs.*** The permanent facilities for COMTEPA have been renovated and most of the technical equipment installed. These facilities will enable the Center to comfortably carry out the regularly scheduled training as well as accommodate other activities. The ribbon cutting ceremony, with participation of several government officials, has been scheduled for January 1997 to allow enough time for the newly elected government to assume its duties.

***COMTEPA is developing a solid base of Lithuanian trainers.*** The major training activity, the Entrepreneurship Training Program (ETP) was completed and graduated its first class which includes the future trainers for COMTEPA activities. All of the future trainers completed a methodology workshop and in addition to the ETP Certificate also received a certification as trainers.

This first Training of Trainers (TOT) activity produced 41 trainers representing different constituencies - educational institutions, governmental organizations, NGOs, and business companies. Such diversity can only enhance the quality of the future programs.

The Center has also been successful in securing additional funding for training its staff. One such grant was awarded by PIET to the Associate Director for the purpose of learning about operations and management of a Small Business Development Center. The Associate Director will be responsible for creating small business counseling services at COMTEPA. Another grant supported ESL training for the newly hired Program Assistant. This award was a 'joint-venture' between the Municipality of Panavezys and a MTEEP trainer who covered the maintenance expenses at the U.S. institution. The Program Assistant, who is also a KTU faculty, will be responsible for developing a fee-based intensive business English program. The Center's Program Manager has spent one month in the U.S. learning about development of electronic training media in order to introduce such activities at COMTEPA. This training was also sponsored by a former MTEEP trainer.

***COMTEPA successfully broadens scope of training.*** The Center continues to develop new training courses in response to the needs of the local and regional constituencies. One such example is a three-part, seven week long marketing program offered October 28 - December 14. In addition, training programs targeting a specific group will also be developed. An example of such a program is a marketing program designed specifically for farm women. The Center has also received many requests to offer Business English classes. Efforts are being made to develop such training in a timely manner.

During the 1996-97 academic year, program development efforts will profit from the participation of a Fulbright scholar specializing in organizational behavior from DePaul University. He will devote half of his time to teaching and the other half to developing seminars and workshops in contracting and negotiating. These workshops will form the base of future COMTEPA training in this area.

***COMTEPA is making good progress in developing and strengthening its organizational base.*** COMTEPA has a well qualified and loyal staff. With the exception of the In-Country Project Director, the administration of the Center is carried out by local staff. There has been no attrition among the staff hired at the beginning of the project and two additional individuals have been hired as full and part-time employees. One, the Administrative Assistant, is a graduate of ETP and a certified trainer. She will be responsible for quantitative and qualitative data collection for various reports and beekeeping. A KTU/P business student is being trained as an interpreter and translator.

The search for the center director has yielded at least two highly qualified candidates - one, a former participant, and another, the present Associate Director. The preference of both the In-Country Project Director as well as the center's staff is to have these two individuals work as a team. At the time of the evaluation team's visit, these negotiations were in the final stages.

***MTEEP continues to enjoy strong support of the KTU and KTU/Panevezys leadership.*** During the meeting with the KTU Rector and Deputy Rector, both emphasized that COMTEPA remains a priority project for KTU. As such it will receive priority financing for the already made commitments as well as additional financial assistance, on the need basis, to allow the center to establish viable programmatic and financial base.

The KTU leadership and the In-Country Project Director have agreed about the general operating principles to be included in the by-laws [statutes] of the Center. This action will on the one hand legalize the relationship between the university and the Center, and on the other hand contribute to promoting the Center's financial sustainability by giving it greater control over the generated revenues. The Rector agreed to keep the level of financial contribution (indirect from gross revenues) of the Center to the university at a very low level or to eliminate it completely for the at least the next few years (the exact duration is to be negotiated).

KTU has accepted, in principle, the proposal on salaries and bonuses for the Center staff submitted by the In-Country Project Director. Certain details remain yet to be worked out between the In-Country Project Director and the KTU's Financial Director to ensure that the various procedures conform with the general university rules and requirements.

As discussed in the MTEEP Annual Report, KTU/P plans to become an independent university in the near future. A proposal for an independent university status has been recently approved by the City Council and MTEEP holds a prominent role as a catalyst for this development.

***COMTEPA is forging a broad base of collaboration with educational, governmental and non-governmental institutions.*** In an effort to strengthen its institutional base and program reach, the Center continually strives to develop collaboration with other universities and particularly with governmental and non-governmental institutions. As a result of its activities, COMTEPA established a close working relationship with the Regional Chamber of Commerce, Utena Chamber of Commerce, Vilnius (Lithuanian) Chamber of Commerce, American Chamber of Commerce, municipal government in Panevezys, Regional Manager of Aukstaitija Region, and Economic Education Training Center of the Ministry of Economy. Such linkages provide fruitful avenues for establishing COMTEPA as an important resource for management training and for developing specialized workshops for regional and national audiences.

As part of KTU/P, COMTEPA plays an active role in promoting inter-institutional exchanges with universities in the U.S. and in Western Europe. At the present time, agreements are being discussed and finalized with two U.S. and three European universities, and with Foundation for Economic Education (U.S.). The latter has agreed to cover travel expenses and salary for an U.S. instructor to teach a 2-3 week long course on market economics.

***Fee collection procedures are established and function effectively.*** All COMTEPA activities are fee based. Fee waivers are offered to participants who are KTU/Panevezys faculty. The In-Country

Director estimates that not only will there be a growing percentage of funds from non-USAID sources but also that these fee and tuition generated funds will cover the operational expenses of the programs. Since the beginning of the training programs, the Center has accumulated 40,000 litai (\$10,000) from fee-based revenues and 20,000 litai (\$5,000) contributions in-kind from a local business.

*Plans for developing independent sources of revenue are taking shape.* MTEEP is fortunate to have been chosen as a recipient of a Peace Corps volunteer for a two year period, commencing August 1996. The volunteer has an MBA with a concentration in finance, a very needed skill to enhance COMTEPA's financial planning. One of his main tasks during this period will be to assist COMTEPA in developing strategies for securing independent sources of income.

#### **E. Program Management**

*Local program management is stable.* There have been no staffing changes at TAMIU or at USAID/Lithuania since the last site visit. COMTEPA continues to build up its administrative staff to support growing program and office activities.

*The relationship between the U.S. and the local institution has deteriorated.* The relationship between TAMIU and KTU/Panevezys is strained. The latter has complained to the USAID Project Manager that TAMIU does not consult with nor inform the KTU/P administration of the relevant developments pertaining to the revision of the cooperative agreement. At the same time, TAMIU's In-Country staff has maintained a close cooperative relationship with the Lithuanian partner.

TAMIU's relationship with USAID/Lithuania also has not been very cooperative. This was very clearly communicated to the evaluation team during the site visit.

### **IV. RESULTS IN BRIEF**

#### **A. Program Reach: July 1 - December 31, 1996**

TAMIU/KTU/P activities are primarily focused on short term training, with some business counseling.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
Seminars (1 day max)	2	4	40	55	65	120
Workshops (multiple days)	8	8	120	120	107	227
Business * Counseling	16	16	50	51	22	73
Other (specify)	-	2	60	24	50	74

## B. Summary of Findings Based on Indicators

### B.1. INDICATORS OF PROGRAM IMPACT

Numerous participants have provided information regarding changes in their organizations as a result of participating in MTEEP Programs.

Impact Level	Indicator	Summary of Findings
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Based on interview data, students are successfully mastering subject matter.
	Enrollment reflects regional reach of program	Yes, students come from the region as well as from cities outside the region.
	Enrollments reflect equitable gender distribution	Site visit observations suggest that gender equity in enrollment is being attained.
	Target enrollments are reached for entering class	Targets are being exceeded.
Satisfaction	Students positively rate their experience	Interviews found students very positive about their experience.
	Faculty and staff positively rate their experience	U.S. consultants were impressed with the dedication of the staff and students.
	There is a high demand for the program	Yes. There is also tremendous interest in "follow-on" programs.
	Program retains faculty and students	Students, yes. Faculty: too early to tell.
	Program is responsive to students' and faculty's needs	Students commented that U.S. consultants have been very generous with their time outside of programs to discuss individual issues.
	Cross marketing occurs	Many of the students in the Entrepreneurship Training Program (ETP) are repeaters.
Utilization	Participants can demonstrate that they have applied information to their work	Present and past participants when interviewed discussed the immediate application skills.
	COMTEPA is seen as a resource by employers	Employers interviewed stated that they are looking forward to developing specialized training via COMTEPA.

<b>Change</b>	# or % of assisted businesses indicating improvement in performance	There are numerous success stories which address creation of jobs, increase in turnover, profitability. In addition, there has been a programmatic change at institutions of higher education as well as at some high schools.
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## B.2. INDICATORS OF SUSTAINABILITY

The impact of reduced funding and grant implementation time on sustainability is unknown.

Sustainability Level	Indicators	Summary of Findings
<b>Programmatic</b>	Visiting faculty effectively adapt courses to local needs	Students commented that faculty are aware of local needs.
	Necessary space, computers, library equipment and support staff are available	Yes. KTU has been extremely supportive in this regard.
	Increase in number of training events	Yes. Other events are planned for
	Training and/or counseling conducted by qualified Lithuanian staff	Training is currently provided by U.S. consultants, not from TAMIU, who are training future trainers from the region. These U.S. consultants appear qualified and dedicated. Local trainers will participate in future events.
<b>Organizational</b>	Increasing percentage of local staff with administrative authority and responsibility	Yes, except for the In-Country Director, the program is run by local staff.
	Recruitment and Mission's processes result in an equitable selection of targeted numbers of high quality participants	Yes, the ETP had an excellent pool from which to select.
	Self-evaluation mechanisms are in place; findings are applied to operations	Too early to tell.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	These are being revised, and they need to be applied in an accelerated manner.
	Legal status of center is established	As part of KTU, COMTEPA's status is secure.
<b>Financial</b>	Satisfactory administrative support systems exist	Program has hired additional staff.
	Fee collection and other alternate funding in place (where permitted)	These are in place. 44% of funds come from tuition and fees.
	Increasing percentage and sources of institution/program funds from non-USAID sources	Too early to tell.

**C. Summary of Financial Status**

This program receives significant funding from non-U.S. sources.

Funding Source	% of Total Funds; 12/31/96
USAID Grant	46
U.S. Institution	1
Local Institution	9
Tuition and fees	44
<b>TOTAL</b>	<b>100%</b>

**V. CONCLUSIONS AND RECOMMENDATIONS**

Despite the sizable cuts in funding TAMIU and KTU/P have successfully continued to develop their programmatic and institutional base. By all accounts, the training offered so far has been effective and COMTEPA is increasingly recognized in the region as a valuable resource for management training. The impact of a possible shortened project implementation time on long-term sustainability is a concern.

*RECOMMENDATIONS*

- TAMIU, USAID/Washington and USAID/Lithuania should as quickly as possible come to an agreement regarding the scope of the revised proposal.
- Despite the cuts in funding, TAMIU should continue to carefully document the 'success stories' of the project participants.

UNIVERSITY OF MARYLAND AT COLLEGE PARK

I. COUNTRY CONTEXT

In September 1993, when the reformed successors of the socialist and peasant parties that had been in power in 1989 won the absolute majority in the parliamentary elections, there was a relatively widespread concern with the progress and continued transformation of the Polish economy. These fears have been put to rest by the highly impressive performance of the Polish economy, the best among the transition economies to date. Under the three governments which have ruled Poland since September 1993, the economic growth, which was barely resumed in 1992, reached 7% in 1995, the highest percent in both Eastern and Western Europe. It is estimated that growth will be 6% in 1996. Poland is so far the only transition economy to recover and overtake its 1989 national income level.

Although still in double digits, inflation has been decreasing to 22% at the end of 1995, and is expected to reach 17% in 1996. The last two to three years saw a significant restructuring of the productive capacity of the Polish economy. This is reflected by the following three indicators: industrial output has been growing faster than income; empirical studies indicate that output has been growing fastest in those sectors where labor productivity is either higher or has increased; labor productivity growth (17% in 1994) far exceeds rates which can be attributed to technical progress alone. Despite such restructuring, labor unemployment continues to fall from 17% in 1993 to 14.6% in 1995. This trend has been most likely facilitated by an impressive acceleration in investment growth over the past three year period.

The private sector continues to grow steadily and will receive an additional boost by the current mass privatization program which involves privatization of 514 companies through transfer of shares to 15 National Investment Funds. Whereas a year ago, only one in ten Poles said they would claim vouchers, as of the end of November 1996, 95% of those eligible have claimed a total of 25,675,090 privatization vouchers. The private sector, which is represented by over 2 million private enterprises of which over 200,000 are engaged in trade in the international market, contributed nearly 65% of GDP in 1996. By mid-1996, the Warsaw Stock Exchange included approximately 70 companies with market capitalization corresponding to over 7% of GDP.

Deputy Prime Minister Grzegorz Kolodko called 1996 "the Polish economy's best year ever" but the National Bank of Poland (NBP) and Central Statistical Office (GUS) officials warned that the economy is overheating and point to Poland's ballooning trade deficit as a sign that the consumption boom is unsustainable. As a countermeasure, the NBP may raise interest rates in 1997.

On the political side, the two parties of Poland's ruling coalition, Democratic Left Alliance (SLD) and Polish Peasant Party (PSL), reached an understanding in division of ministerial posts. The smaller of the two parties, PSL, prevailed in securing nomination of its current deputy prime minister and director of the Central Planning Office, Miroslaw Pietrewicz, as the minister of privatization,

the post currently held by SLD. This appointment would give the PSL direct control over privatization and management of thousands of state enterprises. The coalition also agreed to support another SLD nominee as economics minister. However, this victory appears to have been neutralized by the proposed reform of central administration which was inaugurated in October.

The reform involves abolition of the Privatization Ministry and take over by the Treasury Ministry of 204 of the largest "strategic" state enterprises (power plants, coal mines, and vodka distilleries). While ownership of 1,168 firms is being transferred to local governments. The Treasury Ministry will also own all state equity still held in partly privatized firms, including banks, insurance companies, and Lot Polish Airways. The ministries of Foreign Economic Affairs, Industry and Trade, and the Antimonopoly Office have been abolished and replaced by the Committee on European integration. On December 5, the Polish Peasant Party threatened to quit Poland's ruling coalition if the government goes ahead with the planned reform of the administration. The PSL's withdrawal would almost certainly result in early elections.

## II. PROJECT DESCRIPTION

The University of Maryland, College Park (UMCP) project was formally approved by USAID in September, 1994, funds were transferred to the project in February 1995, and the In-Country Director for the partner University of Lodz, Poland was recruited in May 1995. The chronology of these events suggests the delays this project has encountered on its way to full implementation. The termination of this grant is in 1998 and USAID expects to withdraw its support of Poland in the year 2000.

The Polish-American Management (PAM) Center was created as an independent unit of the Faculty of Management to provide an institutional base for activities of the MTEEP project within the University of Lodz. This Center of Excellence in Management is now well established in Lodz and is recognized as a presence in this region of Poland.

The office of the Polish-American Management Center is organized and functioning well, considering the short time it has been in existence and the obstacles it had to overcome. The office is well situated in a building with rooms for workshops, a restaurant and catering facilities, and parking. Future renovations are planned for recently acquired two computer training rooms, and a major renovation of a nearby biology department building, which includes conference space, is in the process.

The cornerstone of the Center's activities is devoted to developing and implementing a Lodz Executive MBA program (LEMBA). This program enrolled its first cohort in the fall.

MTEEP also aims at restructuring the undergraduate management training offered at the university. This is a slow process and, most likely, will be introduced through a 'trickle-down effect' by the faculty participating in LEMBA.

In its short-cycle course, the PAM Center targets large multi-national organizations and small and medium enterprises which are involved in the process of privatization and restructuring. The Center provides two types of programs: (1) Open enrollment programs targeting usually the senior executives and conducted in small groups of 10 to 12; and (2) Customized programs developed on the basis of need assessment for a particular client. These programs usually emphasize management skills such as leadership, communication, negotiation, team building, finance, and other topics as needed.

In addition, the PAM Center started development of Long Distance Learning Program (LDLP) which target the local, regional and national audiences. The Media Center, where the work on LDLP is carried out, is housed close to the PAM Center, which enhances the dynamism and accessibility of the programs.

The Fall 1996 site visit was the second in a series of monitoring visits. The first visit took place in November 1995, one month after the opening of the PAM Center. Since the program was running behind schedule, due to difficulties mentioned above, the second monitoring visit emphasized documenting the progress made during the past year.

### III. PRINCIPAL FINDINGS

#### A. Status vs. Previous Recommendations

The following recommendations were made in the MTEEP 1996 Annual Report. The actions taken to date follow.

*Once the core UL faculty for the LEMBA program is established, the program, must address the ways in which this core will stay current with their fields of expertise.* MTEEP appears to be on schedule with its faculty development activities. In addition to providing training in the specific areas of expertise, the program arranged for a general teaching methodology training emphasizing interactive methods. This training is scheduled to take place in February and will be carried out by a professor from Boston College. It is hoped that many participants attending these sessions will adopt these methods in their classrooms.

*The PAM Center's public courses could benefit from some local needs assessments.* PAM Center staff conducted needs assessments during the consulting sessions in large companies requesting their services. The results of these assessments formed the backbone of the training program, which was tailor-made for the company's purpose. The Center's ability to develop needs assessments has significantly improved and is validated by the improved quality of training interventions.

*UMCP/PAM Center reports should be submitted on time.* UMCP/PAM Center continues to have difficulty getting its reports in to the monitoring team on time. There is however, some improvement in the punctuality of reporting.

## B. United States Agency of International Development

*USAID is supportive of the MTEEP programs.* Poland receives the largest share of the U.S. assistance in the region. The strategic plan for Poland was revised at the U.S. Assistance Working Group held in October, 1995. The revised strategy shifted away from broad sectoral projects and instead concentrates resources on specific strategic objectives which aim at strengthening sustainable institutions and systems able to support and ensure the continuation to the reform process.

USAID/Poland's new strategic plan aims at strengthening institutions and systems that will remain in place and will support Poland's transition to market economy, participatory democracy, and public-private initiatives at the local level, as well as promote long term U.S.-Polish institutional relationships.

The institutions and relationships to be developed fall under three strategic objectives: S.O. 1.3 - The private sector is stimulated at the firm level; S.O. 1.4 - A competitive, market oriented private financial sector is developed; and S.O. 2.3 - Local government is effective, responsive and accountable. MTEEP has been placed under S.O. 1.3 and I.R. 3 - Improved profitability of small and medium enterprises. I.R. 3 is supported by I.R. 3.1 and 3.2 - Sustainable indigenous organizations provide technical assistance and training to enterprises; improving planning, management, marketing and production capacity of enterprises, respectively.

USAID/Poland closely monitors the progress of MTEE programs. In addition to meeting regularly with the in-country staff, the Project Officer coordinates regular monthly meetings of all projects conducting management training in the country. These meetings greatly facilitate communication among, the participants and, no doubt, contribute to the success of the projects.

A new Project Officer took over the oversight of MTEEP in the fall of 1996.

## C. Program Impact

*LEMBA is off to a solid start.* The Lodz Executive Masters of Business (LEMBA) started in October 1996 and results appear to be positive. Recruitment of admissions for the LEMBA was completed in September and the orientation for 26 people took place in October. One attendee has left the program because of change in employment status. The participant plans to resolve this issue and attend the 1997 program. The curriculum was designed and instructors named. After three weeks of class, everyone involved seemed pleased with the Executive MBA program as indicated by comments from staff and participants.

*LEMBA participants are utilizing learnings after only one month.* The evaluation team had the opportunity to interview three participants of the Lodz Executive MBA course which began in October 1996. These participants were very enthusiastic in their praise of the course after only one month. All three participants were using the new knowledge and skills in their work places, i.e.

reading and creating budgets, taking full responsibility of the management of the office while the boss was at a branch office, and taking part in strategic planning sessions. They greatly appreciated the new interactive methods used by the American professors but were also very pleased to see the Polish professors trying to adapt the same methods. There will be more opportunities to gather the comments from these participants on the quarterly evaluation forms.

*More attention needs to be paid to reforming full-time management training courses.* Although the University of Lodz is keenly aware of the need to restructure full-time management training and expressed interest in accomplishing this as quickly as possible, this aspect of MTEEP has been slow in implementation. Of the proposed four courses to be restructured during the first year, only one has been formally approved, an accounting course via distance learning. Unfortunately, the University of Maryland's arrangements with the trainer of accounting fell through with no sign of reinstatement.

The University of Lodz expresses particular interest in introducing new courses in the area of international trade, enterprise, finances, environmental management, and business ethics.

*Short cycle training participants reported satisfaction with short term workshops.* The PAM Center provides two types of one and two-day programs. "Open" programs target senior executives and generally focus on leadership and marketing. "Customized" programs are developed based the needs of a particular client and focus on a broad range of management skills.

In October, the PAM Center conducted a two-day seminar on "Leadership - how to build teams". The proposals as well as the materials for these training sessions are well prepared and very professionally and attractively presented. This kind of approach in proposal writing and training documentation is novel to the Polish market and in and of itself is an important contribution in developing Polish business interaction. Interviewed participants offered strong praise for the program.

*PAM Center is successful in expanding its training programs to large firms in the region.* The Dutch firm Makro Cash and Carry is a large, retail, discount chain, with 10 stores in all parts of Poland. The company sells household commodities, clothing, cosmetics, appliances and light machinery. Since the company's philosophy embraces continuous training, the Human Resource Manager came to the PAM Center with some urgency, looking for training programs for all levels of the Makro staff in Lodz. The Center designed training targeting department directors, department heads, and middle managers.

Training started in April with the course for middle managers. Two day sessions were given every month, with time between each session regarded as "the window of change". Changes were suggested, steps for change were outlined and changes were tried. Six months later an evaluation was administered to evaluate the effectiveness of introduced changes and to determine where gaps still existed. The training delivered so far was highly regarded, and the Directors sent a spontaneous

"Thank You" letter. Copies of the collated and analyzed results of the evaluation are to be sent to the evaluators in December, 1996.

The PAM Center hopes to become a training facility for Makro and implement training at the different levels of management. The Center plans to develop a comprehensive training program for the entire Makro firm and to expand its management consulting to five other large companies including Marriott and Lee Wrangler.

***Long Distance Learning Program will extend reach of the Center's program but startup may be delayed.*** The Ministry of Education telecast a documentary on national television during the summer about long distance learning to promote the PAM Center's Long Distance Learning Program (LDLP). University of Maryland trainers developed this promotional documentary in cooperation with the University of Lodz Media Coordinator and associates who visited UMCP's media center earlier in the year. The implementation of the work plan for the Long Distance Learning Program is behind schedule for a February start-up. Every effort is being made by the PAM Center to speed up these delays.

#### **D. Partner/Program Sustainability**

***Faculty development will be enhanced by closer collaboration between the two universities.*** A member of the Supervisory Board thought that the University of Maryland could give the PAM Center more support in the area of faculty training. He felt that the Faculty of Management needed more professional input from U.S. colleagues including cooperation for developing course materials.

***Successful implementation of the LDLP requires technical renovation.*** The acquisition of new equipment and the laying of a connecting cable from the PAM Center to city and national networks has not occurred as yet. Negotiations with the Vice Rector and Deans of the University were underway to lay the cable and make connections needed for reception and telecast. MTEEP and the University of Lodz have agreed to share the cost of the laying of the fiber optic cable with the hope that when the physical work and technical adjustments are complete other issues can be solved quickly.

***Advisors for the LDLP will form a Steering Committee.*** A Steering Committee is being established for the LDLP or working group. One of the first things on the Committee's agenda will be the system of payment the users of this program will remit either by way of cable fees or purchase of a specific study program. Method of payment for the printed material mailed out for pre-viewing reading will also have to be planned. There are still many issues to be resolved before the LDLP becomes functional and the foundation for sustainability made a reality.

***Short cycle training programs stress sustainability.*** The PAM Center is successful in assessing training needs in the region and developing effective training programs. The PAM Center has concentrated its efforts in developing short cycle training programs and becoming a training center

for large Polish and international firms in the Lodz area. The most prominent of these large companies include: Lee Wrangler, Gillette, Coca-Cola and Makro Cash and Carry. The Center decided to target these firms rather than the public sector because they not only provide a consistent source of income but also are better positioned for developing a long-term training relationship and therefore, making planning and delivery of programs more effective.

The PAM Center has already carried out training in Makro Cash and Carry and submitted a proposal for similar training for their executives and lower management. Another proposal awaiting final approval involves a Training Program for Corporate Electives for VF Manufacturing Polska, a producer of denim garments which aspires to capture a larger share of the Polish market.

The operations of the PAM Center within the University of Lodz are progressing well. A procedures and operations manual has been created and office personnel have been trained in office effectiveness and management. Plans are progressing for expansion into two adjoining rooms when the renovation is completed. Negotiations with the Vice Rector and other administrative staff are to take place in December 1996 to approve the future space and renovation needs of this program.

*The Center has two boards to advise and direct the procedures of the program.* The Center's Supervisory Board provides guidance and oversight for all the PAM Center's activities. It is composed of five University of Lodz faculty members and the UMCP Project Director.

The PAM Center is managed by an Executive Director nominated by the UMCP Project Director and the Rector of the University of Lodz and approved by the Center's Supervisory Board. The Director is responsible to this Board.

In addition to this formal governing body, an External Advisory Board consisting of senior executives of local and national companies, government officials and prominent academics has also been established. This is a consultative body more often dealt with through one-on-one contacts than through formal meetings.

*In order to promote financial sustainability, the PAM Center needs to reach an agreement with UL regarding overhead charges.* Charges for overhead of the PAM Center is an issue which is scheduled to be negotiated in December 1996 with the Vice Rector and the Dean of the Faculty of Management. The Rector and Vice Rector understand the importance of providing an adequate financial base for the development of the Center's programs at the initial stage of activity. It appears that there is some flexibility on the part of the University administration to compromise on this issue.

#### **E. Program Management**

*MTEEP overcame the initial difficulties in establishing bank accounts.* The grant management was slow and difficult to implement. Establishing bank accounts became a seven month wait in the Polish banking system at Lodz. This delay held up many of the payments necessary for construction

work and delivery of services needed to complete installation of equipment and furniture. The system is now functioning efficiently.

*PAM Center management is stretched thin.* The Director of the PAM Center seems to be overworked. His responsibilities currently seem to be more than one person should handle.

#### IV. RESULTS IN BRIEF

##### A. Program Reach: July 1 - December 31, 1996

The following chart shows the extent of the PAM Center's reach during the current reporting period.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
MBA	1 Cohort	1 Cohort	30	20	6	26
Seminars (1 day max)	7	7	92	58	34	92
Workshops (multiple days)	8	7	160	60	48	108

##### B. Summary of Findings Based on Indicators

###### B.1. EVIDENCE OF PROGRAM IMPACT

Because the UMCP/PAM Center program is relatively new, little impact information is available at the utilization and change level.

Level of Impact	Indicator	Summary of Findings
Acquisition	Students and Participants acquire skills, knowledge and confidence in subject matter	<ul style="list-style-type: none"> <li>■ LEMBA program started 10/4/96.</li> <li>■ Interviews with PAM past participants suggest that they find the information useful and relevant.</li> </ul>
	Enrollment reflects regional reach of program	<ul style="list-style-type: none"> <li>■ LEMBA Applications reflect population from Lodz region.</li> <li>■ The PAM program targets Lodz businesses and 5 adjacent voivodships, and is drawing from that group.</li> </ul>
	Enrollments reflect equitable gender distribution	<ul style="list-style-type: none"> <li>■ 6 of 26 LEMBA enrolled students are female.</li> <li>■ 10 - 15% of PAM participants were women. This is said to reflect their rate in business.</li> </ul>

	Target enrollments are reached for entering class and workshops	<ul style="list-style-type: none"> <li>■ The LEMBA target of 26 was reached with this cohort.</li> <li>■ PAM Center Workshops enrollments are meeting targets. Enrollments are deliberately capped and will not exceed targets, therefore.</li> </ul>
<b>Satisfaction</b>	Students and participants positively rate their experience	<ul style="list-style-type: none"> <li>■ LEMBA participants give high praise to program after two months.</li> <li>■ UMCP reports 95% satisfaction rates on PAM Center workshop questionnaires. Interviews during the site visit suggest that participants are pleased with the program.</li> </ul>
	Faculty and staff positively rate their experience	<ul style="list-style-type: none"> <li>■ Based on 2 months of operation, faculty and staff are pleased with the LEMBA.</li> <li>■ Interviews indicate that satisfaction levels of PAM Center Workshops remain high.</li> </ul>
<b>Utilization</b>	There is a high demand for the program (LEMBA)	Enrollments are meeting expectations.
	Program retains faculty and students (PAM)	Still too early to tell.
	Program responsive to students' and faculty's needs (PAM)	Workshops offered so far are meeting needs, based on needs assessments and evaluation questionnaires.
	Cross marketing occurs	Still too early to tell.
	Graduates acquire benefit from having completed program	Still too early to tell about LEMBA, but short cycle participants were using the new knowledge and skills in their workplaces. Others were taking greater responsibility and initiative.
<b>Change</b>	Short cycle participants can demonstrate that they have applied course information to their work	Interviews with past participants provided examples of immediate application of information from workshops. One was promoted as a result.
	Local government and businesses use LEMBA and PAM Center as a resource	Still too early to judge for LEMBA.

**B.2. EVIDENCE OF SUSTAINABILITY**

UMCP is addressing all aspects of sustainability and making significant headway in the area of financial sustainability.

Level of Sustainability	Indicator	Summary of Findings
<b>Programmatic</b>	Permanent faculty is well trained and its teaching is well received	Local faculty are being exposed to modern management teaching efforts and are team teaching with UMCPA personnel in some modules. Local staff will teach independently when the second time a course is offered, as planned in 1997.
	Visiting faculty effectively adapt their courses to local issues and needs	Participants reported that Management faculty are utilizing the new methods and program content with greater regularity and comfort.
	Necessary space, computers, library materials and support staff are available	The space has been provided and is currently being renovated as promised by the University of Lodz. The first shipment of computers have arrived, are installed and in use in the Faculty of Management.
	Curriculum is approved by the degree-granting institution	The program was approved by the Lodz Academic Senate in April, 1996. An increase in applications was observed.
<b>Organizational</b>	External advisory board membership has a balance of U.S. and Polish representation	The Project Director convened the first meeting of this board in June, 1996. Usually it is more practical for the board to meet one on one at board members' convenience.
	Increasing percentage of local staff with administrative authority and responsibility	All administrative staff, but the In-Country Director are local. UL has appointed a director for the LEMBA program from its faculty. The Long Distance Learning Program has appointed a local Coordinator. A committee is searching for a local Enhancement Coordinator for the Faculty of Management.
	Recruitment and administrative processes result in an equitable selection of targeted numbers of high quality students	Recruitment and enrollment of women in all programs needs to improve. LEMBA provided financial assistance to qualified women enrolled.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	The application of findings from self-evaluation mechanisms to planning and implementation is progressing.

<b>Financial</b>	<p>Long range strategic plans for funding and program development are developed, implementing, evaluation and revised when necessary.</p> <p>Tuition policies, fee collection, and other alternate funding mechanisms are established and operating</p> <p>Increased percentage and source of institution/program funds from non-USAID sources</p>	<p>The planning has occurred and the implementing by the local partner is progressing.</p> <p>Program development has been fully funded by the grant. Tuition payments will fully cover costs of course presentation. The short courses are approximately 60% self-sufficient. Estimated 60-70% of LEMBA costs are covered by tuition.</p> <p>Several sources are being pursued. Short cycle courses are paid on a fee for service basis.</p>
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**C. Summary of Financial Status**

For a relatively young program, a significant percentage of funding is coming from tuition and fees.

Funding Source	% of Total Funds; 12/31/96
USAID Grant	63
U.S. Institution	8
Local Institution	8
Tuition and fees	21
Other Sources	0
<b>TOTAL</b>	<b>100%</b>

**V. CONCLUSIONS AND RECOMMENDATIONS**

Because of developments beyond their control, the University of Maryland and the PAM Center were slow to start their activities and had to overcome major obstacles and challenges. Now the project is developing with well thought out implementation plans moving toward obtainable results. However, the Long Distance Learning Program implementation is behind schedule; in addition, the reforming of the full-time management courses is also behind schedule. In-Country program management is being stretched by the level of work required.

*RECOMMENDATIONS*

- MTEEP management should consider hiring an assistant director to relieve the Center Director of some of the stress and pressure this role has created. Project implementation would profit from such an addition.
- The Long Distance Learning Program has many questions and project management should endeavor to clarify unresolved issues in a timely fashion.
- UMCP needs to pay more attention to reforming full-time management training courses at the Faculty of Management. For example the establishment of a liaison function between the Faculty of Management and the PAM Center could provide stronger direction and support for restructuring courses, content and methods of instruction during the current year. Impact of such restructuring would be considerable since approximately 900 students graduate each year from the Faculty of Management.
- UMCP and the PAM Center should improve quarterly report timeliness.

## UNIVERSITY OF MINNESOTA AND OLSZTYN UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

### I. COUNTRY CONTEXT

This information is provided at the beginning of the Poland section on the University of Maryland in this report.

### II. PROJECT DESCRIPTION

The current collaboration between the University of Minnesota (UMN) and Olsztyn University of Agriculture and Technology (OUAT) builds on the MTEE project started four years ago. The Polish-American Center of Agriculture Marketing and Agribusiness (PACAMAM) was established in 1993 within the University of Olsztyn and serves as the institutional base for MTEEP-related activities. These activities are aimed at achieving three goals by the end of the grant period in 1998:

- To develop a cadre of executives and managers with knowledge and skills in the management of private enterprises in a market economy.
- To train business managers and entrepreneurs in management and economic subjects essential for operating in a market economy.
- To develop institutional capabilities of the partner institution to offer high quality academic programs in management.

The Executive Master of Rural Industries Management (EMRIM) was designed to achieve the first goal. This two-year program is designed specifically for the needs of the current and future executives, managers and entrepreneurs working in rural and agricultural industries, primarily in small to medium size enterprises.

The one-year Post-Diploma Certificate Program (PDCP), with emphases on applied management and economic education, was designed to provide comprehensive short courses for managers of private and state farms and cooperatives, managers of small businesses, farmers, and former employees of state enterprises.

For some time PACAMAM has been a driving force behind the broad curriculum reform which was inaugurated in 1991. The Center developed close collaboration with the College of Management established in the Fall of 1995 and continues to play an important role in developing management curriculum for the full-time programs.

### III. PRINCIPAL FINDINGS

#### A. Status vs. Previous Recommendations

The following are recommendations made in the 1996 Annual Report and our assessment of progress made toward them during this reporting period.

*OUAT could become a regional (third-country) center for management training.* PACAMAM is strategically situated to offer management training with emphasis on agribusiness to Poland's eastern neighbors - Belarus, Ukraine, Lithuania, and even Russia. OUAT and PACAMAM are very much interested in developing such linkages and have made several exploratory contacts. Increased cooperation in program delivery with the Warsaw School of Economics (WSE) is considered by the university leadership as an important step in this direction. At the same time, there has been growing interest on the part of numerous institutions from the above countries to establish such cooperation. The main obstacle to the implementation of such third-country training activities has been the inability of the potential trainees to pay for the training. It is hoped that it will become possible to utilize some of the USAID NIS aid for this purpose. USAID/Poland is also supportive of developing third-country training centers in Poland.

*Given the depressed nature of the region, it is imperative that the program develop some financial aid mechanisms.* PACAMAM is still struggling to create appropriate procedures for determining the need for financial aid. This is a difficult undertaking in a context in which there are no stable tax laws and legal procedures and a social culture of under-reporting income. At the same time, the programs have been in such demand that this issue has lost some of its urgency, at least temporarily.

*In an effort to develop financial independence from this grant, UMN should assist OUAT in the cultivation of its alumni/ae for program promotion, cross marketing, and fund-raising activities.* Although there is as yet no official Alumni Association, PACAMAM maintains close ties with its past participants, many of whom attend short-cycle seminars and other Center-sponsored functions. During the fall site visit the evaluation team interviewed several past participants, some of whom came from quite a distance during their work hours. This attitude of continued concern and interest bodes well for developing an active alumni network.

#### B. United States Agency for International Development

This information is presented at the beginning of the Poland section on the University of Maryland in this report.

#### C. Program Impact

*Demand for EMRIM and PDCP continues to be high.* EMRIM will graduate its first cohort in June, 1997, and has successfully enrolled the second cohort consisting of 32 participants (as

compared to 23 for the first class). PDCP, which was started under the previous grant, aimed to graduate four cohorts during the current grant period. However, this fall the demand for the training and qualifications of the applicants was so high that PACAMAM decided to offer two parallel programs. The total enrollment for this year's cohort is 67.

***Representation of women for both programs remains strong and has increased since the previous year.*** Women account for 30% of participants in the two EMRIM cohorts. The first cohort included 22% of women. Although these figures are lower than USAID/Washington's target of 50%, they are nevertheless impressive considering the specific location and the historical and social limits placed on the candidate pool.

Because of its shorter length of study and emphasis on practical applications, PDCP has attracted larger numbers of women participants. In last year's cohort, women accounted for 36% and this year they represent 45%. This is a very encouraging trend attesting to the increasingly active role women play in the region's economic development.

***Past and present participants positively rate their training experience.*** The evaluation team interviewed several past and present participants from EMRIM, PDCP and short-cycle seminars. The overall response to the question as to whether the training was helpful was very positive. Some of the earlier graduates of the PDCP commented that the training could be improved by decreasing emphasis on issues related specifically to agribusiness and making the course more general with more interactive and discussion sessions. With each successive edition, PACAMAM tried to incorporate lessons learned from the preceding course. The most recent graduates specifically underscored the effort to present a balanced program with active student participation.

***MTEEP participants utilize the newly acquired skills and knowledge in their workplace.*** The evaluation team found not a single instance in which a participant considered the training not helpful. On the contrary, most provided numerous examples of how they use the new skills and knowledge. The most frequently mentioned application of skills include: learning to negotiate with clients, problem-solving, developing a marketing plan, choosing profitable products, developing brand names for products, optimizing production, calculating project feasibility costs, networking, and creating professional organizations.

***In numerous cases MTEEP training has led to improved employment opportunities.*** Almost every participant interviewed commented on how experience with PDCP and EMRIM has translated to professional advancement. In some cases unemployed participants were able to secure a job in management or marketing as a result of completing the training. In other cases, those already working have been promoted within the company, often leading to head of marketing or management departments.

***MTEEP graduates transfer their training to other employees within the company.*** There have been numerous instances of training being organized for other employees and some employees being

designated to attend future training (usually PDCP), particularly in cases where the past participants hold executive positions. At the same time, some PDCP and short-cycle program graduates and participants are considering continue their education by enrolling in other programs.

*Through its close collaboration with the College of Management PACAMAM continues to be a catalyst in curriculum restructuring and development.* PACAMAM's director is chairman of the College of Management Curriculum Development Committee. The faculty who now teach at PACAMAM and who developed their teaching capabilities through MTEEP are transferring these new skills to their undergraduate classes. The Dean of the College openly acknowledges that the College owes its existence to the MTEEP program - by providing technical assistance, training faculty, and curriculum development. The curriculum is continuously reevaluated and adjusted whenever necessary. For example, all first year students must take English. This newly developed curriculum was presented at a National Conference of Departments of Management, and was very well received. As a result, other institutions also might introduce similar changes. PACAMAM's other valuable contribution to curricular reform involves introducing new teaching methodology.

PACAMAM is also seen as the moving force behind the process of upgrading OUAT's academic standing. The newly elected Rector would like to transform the Agricultural and Technological Academy into a full fledged university. This would require restructuring some departments and making others more responsive to the needs of the market. When Poland joins the European Union, which is expected in the next few years, the agricultural sector will shrink even further. Therefore, there is a very urgent need to create new jobs outside of the agricultural sector in support of it. The Rector's goal is to show that the school is capable of delivering a good level of economic and management training.

#### **D. Partner/Program Sustainability**

*MTEEP continues to make good progress toward developing a stable base of faculty for its programs.* Participants interviewed spoke highly of the quality of instruction delivered by the Polish faculty trained through MTEEP. Training of the local faculty takes place during the scheduled visits by the UMN professors. Teaching takes place on weekends and faculty training during the week. The U.S. instructors come for periods of 10 to 4 days. At present, PDCP could be run entirely by the local faculty but EMRIM is not yet at this point.

Preparing joint case studies using Polish companies is an integral part of this collaboration. In the future, PACAMAM also hopes to develop stable collaboration on research projects. A good example of such collaboration is the conference on "Competitiveness of Polish Agribusiness and Agriculture Sector" held in September 1996. The proceedings of this conference were published under the auspices of the Center.

*PACAMAM has a well developed institutional base and administrative structure.* The Center is run entirely by the local staff. Considering the volume of activities and the number of initiatives of the Center, the staff is clearly well qualified and effective in carrying out individual responsibilities.

PACAMAM is an independent unit within OUAT and answers directly to the Rector. Its finances are administered through a joint account with the UMN. The current understanding is that when the MTEEP ends this account will revert to the Center. There are still some issues regarding the legal status of the Center which need to be formalized or clarified and addressed in the Center's strategic plan. PACAMAM also has a Board of Advisors which includes representatives from the Rector's office, College of Management, and from the business community. So far, the activities of the Board have been limited, most likely due to the very busy schedules of the Board members as well as an unclear understanding of what the functions of a board should be. The Center's director is planning to conduct an open meeting to discuss a variety of issues related to the needs of the center.

Both EMRIM and PDCP are officially recognized by the university. The certificate is awarded by the College of Management and PACAMAM and must be approved by the Faculty Senate.

*PACAMAM fills an important niche in providing managerial training for the region.* Both EMRIM and PDCP represent a departure from the existing practice of post-graduate training in that the programs provide training to graduates from fields other than management. EMRIM builds on the graduates of OUAT from the departments of agriculture, food science, and animal husbandry. PDCP is not restricted in its admissions only to OUAT graduates. The Rector sees PACAMAM as an effective instrument for training business owners in the region because the Center has the flexibility to offer various types of programs. The Dean of the College of Management, on the other hand, sees the Center as a bridge to provide future internships in business to the college students.

*PACAMAM continues to explore various venues for achieving financial sustainability.* The Center has well established tuition policies and fee collection mechanisms. The tuition for PDCP is based on full cost coverage, which at present is \$700 for 10 months. EMRIM, on the other hand, cannot be fully commercialized because as an academic program it is overseen by the university, which in turn receives educational subsidies from the government. EMRIM's tuition has to be approved by the University Senate. The present tuition level is set at \$1200 for the entire program. If the EMRIM tuition continues to be set below program costs PACAMAM will need to either obtain some sort of subsidy from the university in order to cover the difference in program delivery costs or develop other services which would bring in enough proceeds to support the program.

PACAMAM is planning to expand its array of services to include consulting to the business community. Another possibility would be to offer classes in Business English. There is a definite need for such training, as was demonstrated by responses from the past participants. At the same time, the management of the Center is very careful in introducing new training and services so as not to spread the Center's resources too thin, a practice which could lead to deterioration of program delivery.

In order to broaden its appeal, PACAMAM is entertaining the notion of shifting emphasis from agricultural management to management in general and in the future changing its name to something like The International School of Marketing and Management. This consideration came about as a result of numerous discussions with the business community in the region, during which comments were made that a reference to agriculture in the name of the Center was interpreted as too restrictive and led some of the respondents to look for other management training programs.

### E. Program Management

*PACAMAM is well managed and enjoys the support of USAID/Poland.* MTEEP has profited from a well organized and efficient management team brought together by the OUAT. The Center has a clearly articulated organizational structure with assigned tasks and responsibilities. There have been no changes among the administrative personnel of the Center. Just as its counterpart at WSE, the project enjoys strong support from USAID/Poland.

## IV. RESULTS IN BRIEF

### A. Program Reach: July 1 - December 31, 1996

The UMN-OUAT program is focused primarily on academic and post diploma (certificate) programs.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
MBA (by cohort)	2	2	60	39	17	56
Certificates (by type)	1	1	67	37	30	67
Seminars (1 day max)	1	1	25	13	8	21

### B. Summary of Findings Based on Indicators

#### B.1. EVIDENCE OF PROGRAM IMPACT

The academic and post-diploma (certificate) programs have not yet graduated any participants. There are therefore few results at the utilization and change levels.

Impact Level	Indicator	Summary of Findings
Acquisition	Participants acquire skills, knowledge and confidence in subject matter	Participants have demonstrated immediate application of material.
	Enrollment reflects regional reach of program	Students come from the Olsztyn region, meeting program objectives.

	Enrollments reflect equitable gender distribution	<ul style="list-style-type: none"> <li>• In EMRIM, 30% are women. This is less than USAID/Washington's target of 50%, however, the percentage has increased from 22% six months ago.</li> <li>▶ In PDCP, 45 % are women. The increase in female participants is up from 36%.</li> </ul>
	Target enrollments are reached for entering class	<ul style="list-style-type: none"> <li>▶ In EMRIM, 2 cohorts are in process, one graduates in June 1997, the other in June 1998.</li> <li>▶ For PDS, 2 classes have started, 33 and 34 participants are enrolled.</li> </ul>
<b>Satisfaction</b>	Students positively rate their experience	Formal ratings are not yet complete as the term was continuing beyond the production date for this report. Interviewees rate all the programs highly.
	Faculty and staff positively rate their experience	Faculty and staff rate the programs highly.
	There is a high demand for the program	Demand exceeds capacity, two - three participants for one place.
	Program retains faculty and students	<ul style="list-style-type: none"> <li>▶ All students and faculty are continuing in the EMRIM program.</li> <li>▶ All faculty are continuing in the PDCP program. Retention rate is high.</li> </ul>
	Program is responsive to students' and faculty's needs	Program questionnaires are completed and administered in Polish and English. Interviewees suggest that most are satisfied.
<b>Utilization</b>	Graduates acquire benefit from having completed program	<ul style="list-style-type: none"> <li>▶ Interviewees tell of successful transfer of EMRIM skills and knowledge.</li> <li>▶ PDS participants demonstrated applications (marketing and business plan creation, choosing profitable products, networking, organizing NGOs) to evaluators during site visit.</li> </ul>
	Cross marketing occurs	No specific evidence of cross marketing this time.
<b>Change</b>	EMRIM and PACAMAM are seen and used as a resource by employers (EMRIM)	Past participants (employers) continue to seek assistance from PACAMAM.
	Local government is aware of and makes use of resources available through PACAMAM (EMRIM)	Still not able to tell.

## B.2. EVIDENCE OF SUSTAINABILITY

Indicators of sustainability are generally quite positive and fees are expected to support most programs after the faculty is developed.

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received	Local faculty are team teaching in each module. Some are teaching on their own, now.
	Visiting faculty effectively adapt their courses to local issues and needs	Several interviewees expressed pleasure in the methods of teaching used which allowed them to concentrate on topics of their choice and their specific application.
	Necessary space computers, library materials and support staff are available	Space and computer facilities are good.
	Curriculum is approved by the degree-granting institution	This has been accomplished.
Organizational	Executive Supervisory committee has balance of U.S. and Polish representation	The committee has a balance of U.S. and Polish representation but they have not met as yet.
	Increasing percentage of local staff with administrative authority and responsibility	The program is run entirely by the local staff.
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Based on the first and second cohort, the students are of high quality.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	The administration has created a self-correcting environment by immediately applying the feedback from questionnaires to the program.
	Long range and strategic plans for funding and program development are developed, implemented evaluated and revised when needed	Many ideas and plans are discussed but not formalized as yet.
Financial	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Ways of managing a fair scholarship program has yet to be created.
	Increasing percentage and sources of institutional/program funds from non-USAID sources	Alternatives, including fund raising, are being considered. Fees alone will support most programs after the faculty is developed and the materials created.

**C. Summary of Financial Status**

Dependence upon USAID funding is relatively low, representing less than half of the total, while the contribution of the local institution is fairly high at 34%.

Funding Source	% of Total Funds; 12/31/96
USAID Grant + U.S. Institution	43%
Local Institution	34%
Tuition and fees	13%
Other Sources	10%
<b>TOTAL</b>	<b>100%</b>

**V. CONCLUSIONS AND RECOMMENDATIONS**

MTEEP is making good progress toward achieving organizational, programmatic and financial sustainability. PACAMAM benefits from strong support of the university and a well qualified and dedicated administrative and academic staff which enables the Center to deliver high quality programs. The Center must develop a strategic plan, including clarifying and legalizing institutional and financial arrangements with the university, to assure that it develops to its fullest capacity. The Center and the university are in a good position to become a regional management training center for Poland's eastern neighbors. The university's progress in this area bodes well for the future of such activities.

- UMN should assist PACAMAM in improving the participation of the Center's Advisory Board. This might be accomplished by holding a meeting (perhaps open to a wider audience) to explain the responsibilities of the Board and discuss the contributions it could make toward improving operations of the Center.
- PACAMAM should explore the feasibility of offering classes in Business English. There appears to be a strong need for such training among the present and past participants as well as in the region generally. PACAMAM might also consider making such a course a part of EMRIM and PDCP offering, provided it would be financially feasible.

**UNIVERSITY of MINNESOTA and WARSAW SCHOOL of ECONOMICS****I. COUNTRY CONTEXT**

This is covered in the discussion of the University of Maryland found earlier in this section on Poland.

**II. PROJECT DESCRIPTION**

The cooperation between the University of Minnesota (UMN) and Warsaw School of Economics (WSE) started under the previous grant, in 1991. That grant established a Polish-American Center for Economic and Management (PACEM) as a center of the current project's management training activities. The program is scheduled to end in 1998.

WSE is a leading national institution in economics training and management known for providing expertise to the various government agencies. PACEM's main activities center around an executive MBA (WEMBA), executive workshops, round table seminars, and research driven publications. The goal of these programs is to develop a cadre of executives and managers with appropriate skills to operate efficiently in a market economy. The main target group for WEMBA is top and middle management in large Polish, joint-venture or international firms. Executive Workshops are designed for the needs of experts in selected fields, whereas Round Table Seminars address concerns of the employees of local governments and central and local agencies of the state administration.

The issue of primary concern on the minds of both PACEM administrators and WEMBA participants is to negotiate an agreement between WSE and UMN to award a joint WSE-UMN MBA degree as opposed to the present agreement of a WSE degree and a UMN MBA certificate.

**III. PRINCIPAL FINDINGS****A. Status vs Previous Recommendations**

Several recommendations were made in the 1996 MTEEP Annual Report. They are presented below along with the actions taken in response.

*WEMBA should consider enhancing its faculty development opportunities.* Retaining highly qualified faculty remains a continuing challenge for WEMBA. So far this problem has not been acute because WEMBA provides a lot of visibility and professional opportunities for the participating professors. At the same time, the project administration is actively searching for ways to provide rewarding professional opportunities for its faculty.

*To prevent a migration of potential students into the Canadian program, serious research efforts need to be launched.* The issue of competition for students and faculty between the U.S. and

Canadian programs was discussed with both parties during the fall site visit. Up till now, the two programs cooperated in the area of student referral and did not encounter the problem of losing faculty to the detriment of one's own program. It appears, however, that unless WSE can adequately resolve the issue of awarding a joint UMN-WSE degree, the Canadian program could become more of a threat in terms of attracting students away from WEMBA, particularly in the near future. This issue is currently under discussion at the UMN/Carlson School of Management.

*Short-cycle programs should target various levels of government employees.* MTEEP leadership continues to think that it is very important to provide appropriate training for the municipal government employees. The round table seminars have been specifically designed for this purpose. At the same time, USAID/Poland has placed the MTEE project under the Strategic Objective 1.3 - Private sector development at the firm level - which de-emphasizes municipal government programs. PACEM with its MBA program addressing issues of public sector management, is ideally positioned to offer effective training for government institutions.

#### **B. United States Agency for International Development**

This information is presented at the beginning of the section on Poland under the discussion of the UMCP Program.

#### **C. Program Impact**

*MTEEP programs reach their target audiences and meet enrollment targets.* The three MTEEP training activities - WEMBA, Executive Workshops, and Round Table Seminars - target top and middle management in large Polish, joint-venture or international firms, experts in selected fields, and employees of local governments and central and local agencies of the state administration, respectively. The participants in the short-cycle programs come from all over Poland. The continuing high demand for this type of training is a strong indication of WSE's recognition and the high quality of the programs. All of these activities not only met the enrollment targets but had a good pool of applicants to chose from. For example, the second cohort of WEMBA accepted 39 candidates out of 60 applicants.

All interviewed participants found the training material relevant to their work environment and are actively applying the new information in appropriate situations.

*Women continue to have strong representation in most of the programs.* The information available for 1995/96 shows a stable distribution pattern of women participants in the three categories of training activities. It could be posited that representation of women in these programs varies according to both the specific issue area chosen for training and the target group, such as top versus middle executives. WEMBA has the lowest participation rate of women, 26% and 20% respectively for WEMBA I and II. The target group for this program is top and middle management of large

Polish and international firms where, traditionally, particularly in the former group, one does not find many women.

Representation of women in Executive Workshops ranges between 30% and 44%. One workshop on "Strategic Management of Information Technology" stands out with 88% women participation. Another small workshop, organized specifically for a select group of Albanian banking officials, had 50% women participation and, therefore, is not considered as representative. The highest rate of participation of women is shown by the Round Table Seminars (42%-45%) which target the local government employees and other state agencies, which have been known to employ a higher percentage of women.

*Executive Workshops and Round Table Seminars receive high ratings from participants.* PACEM (jointly with PACAMAM) delivered six Executive Workshops and three Round Table Seminars during the 1995-96. The overall evaluations reflect a high degree of satisfaction with the program content and delivery. It is particularly worth noting that on one occasion when the organizers had an opportunity to offer the same seminar within a short period of time, participant evaluation scores have significantly improved. The lessons learned from the first delivery were quickly incorporated into the second presentation.

*WEMBA participants are generally satisfied with the quality of instruction.* All those interviewed, particularly the WEMBA I students, are satisfied with the program delivery by both U.S. and Polish instructors. A few participants commented on incorporating additional examples from Polish experience into the classroom presentations. WEMBA administration recognizes this need which is common to all management programs in Central and East European countries, and creation of case studies is one of the main efforts of on-going program development.

Although no official information is available for the WEMBA participants, it appears that several of them have been promoted, at least in part, due to their advanced training.

*Other university programs benefit from the MTEEP-trained faculty.* The executive MBA program has had an important impact on curriculum development at WSE's day-time programs. Most of the professors who have undergone training at UMN have introduced new material and teaching approaches to their regular classes. It has been the general observation of the PACEM affiliated professors that students prefer to attend classes taught by U.S.-trained professors.

*WSE faculty provides a highly qualified consultant pool for the national and international companies.* Although exact numbers are not available, an increasing number of MTEEP-trained faculty regularly engages in consulting activities. These activities bring an important contribution to the improvement of program delivery. From the inception of the program, one of the main challenges facing PACEM administration was to prevent the highly skilled faculty from leaving the academic environment. It would appear, that the market for academic consultations has stabilized and the opportunity cost for remaining in academia has greatly diminished.

#### D. Partner/Program Sustainability

*PACEM has built a broad base of highly trained instructors.* Since 1993, when the UMN-WSE cooperation started, over forty Polish faculty members have been trained in the U.S. This constitutes a broad enough faculty base which allows for effective design and implementation of a wide range of programs. The experience of the participation of Polish professors in WEMBA during the previous year demonstrated that some of the professors still require additional training in order to maintain high academic standards of the program. Presently, the Polish/U.S. participation in teaching of the program is 40% and 60% respectively. The goal for the near future is to increase Polish participation to 50%. Securing qualified trainers remains one of the priorities in development programs sustainability. Two WEMBA instructors had been trained at the UMN during FY 1995-96 and six more visits are planned for the first semester of the FY 1996-97.

Participant interviews indicate that most of the U.S. professors have effectively adapted their courses to reflect local issues, whenever appropriate. Participants also stress that participation of the U.S. faculty in program delivery greatly contributes to the attractiveness of this program and was one of the main reasons for choosing WEMBA as opposed to other management training programs.

*PACEM has been successful at expanding its scope of activities.* During the past year, PACEM developed two programs - a one year Post-Diploma Program in management of information systems and another, a one year Post-Diploma Studies in Management for the Main Institute of Mining in Katowice. Both of these programs have been approved by the UMN and the Main Mining Institute, respectively, and the instruction began in the fall.

The PDS in Katowice attracted 50 participants. The Main Mining Institute recognizes that the Upper Silesia region faces a serious problem with its educational institutions and as a countermeasure decided to engage in a general project of restructuring education. WSE, with active PACEM participation, is engaged in exploring possibilities to expand training activities in the region by offering customized workshops and seminars.

PACEM (in collaboration with PACAMAM) is preparing a Round table Seminar on urban planning. These seminars are targeted at the public sector which is struggling with the issues of budgetary management and urban planning.

In collaboration with PIET/Warsaw, PACEM organized a week-long session for Government of Ukraine (GOU) officials dealing with social protection reform in Poland.

PACEM continues to be active in research and publication activities. WSE and UMN professors continue to collaborate on joint case studies which will provide the badly needed and highly relevant instructional material for the various PACEM-sponsored training activities. PACEM's new publication **Lessons Learned** is based on the conference materials "USAID Assistance in Transformation of Economic and Managerial Education in Poland Over the Years 1990-1995."

Another manuscript is being prepared for publication - teaching materials for operations management. This will be the first publications on this topic at WSE and perhaps even in Poland. Perhaps the most important publication activity undertaken by PACEM staff is the preparation for publication of "Case Studies" based on examples from the Polish market. This publication will be used in WEMBA as well as in Executive Workshops, Round Table Seminars and Post Diploma Studies.

*WEMBA's ability to attract high quality participants from major national and international firms may be undermined if the issue of the joint WSE-UMN degree is not resolved soon.* When the WEMBA program was conceived, it envisioned awarding an MA in Management from the WSE and an MBA Certificate from UMN- Carlson School of Management. Over the course of the past year, the WEMBA I students began, at first, inquiring and, then, lobbying the UMN authorities for a joint degree. WEMBA is modeled on the UMN MBA and is the most expensive such program in Poland. The program has attracted well qualified mid-level managers from some of the most prominent companies in Warsaw, primarily because of the high prestige of WSE and the U.S. component of the training. The participants represent a very upward mobile group and feel that a certificate will not help them much in their future career advancement since the Polish social culture (and European in general) is very degree/diploma oriented.

In interviews with the evaluation team, the WEMBA I students were, on the one hand, very adamant about pressing this issue and, on the other hand, puzzled by the lack of clear response from the UMN administration. The central issue appeared to be lack of clear understanding of the decision making structure on the U.S. side - which university institution has the authority to render a decision about degree granting. Part of this confusion was due to the fact that UMN was in the process of administrative restructuring which specifically addressed the issue of authority to award degrees. As a result of this restructuring, Carlson School of Management now has this authority (prior to that all graduate degrees were approved by the Graduate School). The issue of awarding a joint degree is being currently discussed by the representatives of both schools.

In the meantime, however, PACEM management faces an immediate challenge of advertising WEMBA and recruiting the next cohort. WSE wants to maintain the very high quality of the program which justifies its high cost. At the same time, if the views of WEMBA I students are an indication of things to come, PACEM leadership fears that the program may not be able to continue attracting similar quality of students either because they will opt for other type of training or may not be able or willing to pay such high tuition. A possible alternative to prospective WEMBA applicants, at least for the next few years, could become the Canadian MBA program offered at WSE which grants a Canadian diploma from either University of Calgary or University of Montreal and is scheduled to continue until Fall 1998. This program is 15 months-long and costs \$6,000.

*Securing good quality classrooms for WEMBA remains an on-going challenge.* Providing adequate classroom space continues to be an university-wide issue. As a result of an administrative mix-up (the outgoing vice rector did not make the appropriate reservations), WEMBA I did not

receive the facilities promised earlier and during the first semester have to use a classroom which has very bad acoustics. However, starting next semester, WEMBA I will have the appropriate facilities. In contrast, the classroom occupied by WEMBA II is a very good one. At the same time, another classroom needs to be upgraded for the use by WEMBA II. This space is currently occupied by a PDS program. The PACEM Director is actively working on resolving these issues with the university administration.

***PACEM continues to update its computer facilities.*** In addition to purchasing new computers for the office, PACEM was able to modernize its computer lab equipment thanks to a contribution from WSE. These changes allow PACEM to provide better services to the WSE students as well as to organize additional computer training activities.

***PACEM has a well trained and dedicated staff.*** All of PACEM's staff is local and very competent. One staff member has completed training at the UNM and another is enrolled in WEMBA I. PACEM director appears to be very supportive of his staff and encourages them to pursue additional professional development.

***Recruitment and admissions processes are well in place and meet enrollment targets.*** Both WEMBA I and II have met their enrollment targets and Round table Seminars and Executive Workshops continue to be in high demand.

***In order to assure effective programmatic and institutional development in the future, PACEM has to achieve a clearly defined legal status within WSE.*** Although PACEM enjoys strong support from WSE, from the legal stand point, the relationship is complicated. PACEM's space allocation and access to university resources is approved by the Rector. Considering that this is an elected position, such an arrangement does not provide a best solution for long-term organizational stability. As it stands, PACEM is a legal non-entity. It is part of an university but does not have an independent status elaborated through by-laws and, therefore, cannot have even a sub-account within the general financial structure of the university. At present, it is assumed that revenue generated through PACEM activities belongs to the university. As a newly created institution, PACEM profits from the support of and association with the university but at the same time needs to have control over its resources in order to proceed with long term plans for program development. On the other hand, it needs to know the nature of financial obligations, such as the level of overhead costs, to the university.

***PACEM is exploring options for institutional development.*** During the next two years, PACEM plans to establish a new institutional structure which would ensure the Center's sustainability. One option being discussed is establishing a non-profit foundation which would be a 'joint-venture' or a partnership between WSE and UMN. Such an organization would be in a better position to serve the Polish private sector because it would have control over its financial resources and have the flexibility to quickly respond to the changing needs of the business community. These discussions

are only at a beginning stage and much remains yet to be explored, particularly the institutional relationship and affiliation between the new organization and WSE.

*Tuition and fee structures are well in place.* PACEM's financial policy has focused on generating funding which would allow to continue effective program delivery beyond the time frame of the USAID assistance. PACEM's activities are financed by three sources: USAID grant, revenue generated from services, and contributions of the university and other organizations. The USAID grant covers programmatic and organizational costs of program preparation and market development for PACEM services. The fee-generated revenue is put aside for future program delivery needs. According to initial estimates, by the end of the FY 1996-97, PACEM will have generated from its past and on-going activities approximately \$550,000.

Current WEMBA tuition (\$6500-7000 for two years) covers approximately 50% of the costs. Executive Workshops cover 70%-80% of costs, and Round Table Seminars only 10%. The present level of WEMBA tuition would cover 90% of future WEMBA delivery expenses, after graduating from USAID assistance. At that time the tuition will be set at a level to provide cost coverage in excess of 100%. To expand its current revenue generating potential, PACEM increased the number of Executive Workshops to be offered from four to five, and decreased the number of Round Table Seminars from four to three. The latter, which target the public sector, continues to be offered because there is an overwhelming consensus that this kind of training is badly needed. It is hoped that in the future programs for which there is a broad need but which cannot be financed solely from the generated fees, will be subsidized by revenue from other more profitable activities and services.

#### **E. Program Management**

*The new university leadership continues to show support for MTEEP.* The Rector of WSE, who is a strong supporter of the MTEE project, was reelected for another term in the Spring. A new Vice Rector for External Relations has been elected who also appears to support the project. The relationship with the Faculty of Management continues to be good. There are no staffing changes at PACEM.

The relationship between the U.S. -based staff and PACEM staff is very cooperative and collegial. Likewise, the U.S. and in-country staff maintain close cooperation and collaboration with the USAID mission.

#### **IV. RESULTS IN BRIEF**

##### **A. Program Reach: July 1 - December 31, 1996**

The UMN/WSE program is focused primarily on academic and post diploma (certificate) programs.

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
MBA (by cohort)	2	2	74	56	18	74
Certificate (by type)	1	1	51	40	11	51
Workshops (multiple days)	1	Canceled	30	2	0	2
Business * Counseling	0	1	N/A	1	0	1
Other (specify)	Public Lecture	1	N/A	N/A	N/A	20

## B. Summary of Findings Based on Indicators

### B.1. INDICATORS OF PROGRAM IMPACT

Current WSE program emphasis is on academic programs. As the first graduates will come in 1997, impact data is limited.

Impact Level	Indicator	Summary of Findings
Acquisition	Students acquire skills, knowledge and confidence in subject matter	<ul style="list-style-type: none"> <li>▶ WEMBA students have demonstrated immediate application of material even before the program is concluded.</li> <li>▶ Short-cycle programs' participants rate highly the content and presentation of programs, noting that they plan on applying material.</li> </ul>
	Enrollment reflects regional reach of program	<ul style="list-style-type: none"> <li>▶ Most WEMBA students hold executive positions with Polish and international companies operating in the Warsaw area; this meets the planners' goal.</li> <li>▶ Short-cycle programs reflect diversity of occupational and regional groups, meeting their goals.</li> </ul>
	Enrollments reflect equitable gender distribution	<ul style="list-style-type: none"> <li>▶ WEMBA I and II have 26% and 20% women participation, respectively. This is less than USAID target of 50%, but is consistent with the pool from which the candidates come.</li> <li>▶ Short-cycle program participation rate of women is generally higher, ranging from 30% - 80% of all programs.</li> </ul>
	Target enrollments are reached for entering class	<ul style="list-style-type: none"> <li>▶ 39 are enrolled for WEMBA, exceeding the target of 30.</li> <li>▶ Short-cycle program enrollments met or exceeded target enrollments.</li> </ul>

<b>Satisfaction</b>	Participants, faculty, staff & students positively rate their experience	<ul style="list-style-type: none"> <li>▶ Formal ratings for WEMBA are not yet complete as the term was continuing beyond the production date for this report. Interview data suggest that the students, faculty &amp; staff will rate the experience highly.</li> <li>▶ Majority of short-cycle participants rate programs highly. For the lowest rated program, "Supply Chain Management," it was rated good to very good by 50% of participants the first time offered and good to very good by 86% the second time it was offered.</li> </ul>
	There is a high demand for the programs & services	<ul style="list-style-type: none"> <li>▶ WEMBA enrollments exceeded expectations. The candidate pool for WEMBA II was 60.</li> <li>▶ As short-cycle programs are meeting enrollment targets, demand is sufficiently high.</li> </ul>
	Programs retain faculty and students (WEMBA)	<ul style="list-style-type: none"> <li>▶ All students are continuing in the program. A few faculty have or are considering dropping out to pursue consulting opportunities.</li> </ul>
	Programs are responsive to students' and faculty's needs	<ul style="list-style-type: none"> <li>▶ WEMBA program questionnaires have not yet been completed, however interviews suggest that most are satisfied.</li> <li>▶ Based on ratings and attendance, short-cycle programs appear responsive.</li> </ul>
<b>Utilization</b>	Graduates acquire benefit from having completed program	<ul style="list-style-type: none"> <li>▶ Too early to tell for WEMBA.</li> <li>▶ Information not yet available for short-cycle programs.</li> </ul>
	Cross marketing occurs (programs)	Yes for the short programs.
<b>Change</b>	WSE WEMBA is seen and used as a resource by employers	Increasing numbers of faculty engage in consulting activities with these firms.
	Polish ministry and local government are aware of and make use of resources available through PACEM (WEMBA)	Information not available.

## *B.2. INDICATORS OF SUSTAINABILITY*

Significant progress has been made in most areas. What degree is to be offered is a critical unresolved issue.

Sustainability Level	Indicator	Summary of Findings
<b>Programmatic</b>	Permanent faculty is well trained and its teaching is well received (WEMBA)	Local faculty are team teaching with UMN faculty in each module. They will take over the next time a course is offered. Although the faculty is skilled, some could still benefit from additional preparation to meet the requirements of an executive program with an international focus.
	Visiting faculty effectively adapt their courses to local issues and needs	The student questionnaires have not been completed, however interviews suggest that this is happening satisfactorily.
	Necessary space computers, library materials and support staff are available	Computer facilities have been updated and are well suited for the needs of the program. In the fall quarter, some space allocation problems were experienced.
	Curriculum is approved by the degree-granting institution	This has been accomplished.
<b>Organizational</b>	Executive Supervisory committee has balance of U.S. and Polish representation	Information not available.
	Increasing percentage of local staff with administrative authority and responsibility	The program is run entirely by the local staff.
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Both WEMBA cohorts have students who are of high quality.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	A program retreat was instituted and program evaluation issues were explored. Both WEMBA and short-cycle programs are being evaluated and changes incorporated into new course offerings.
<b>Financial</b>	Long range and strategic plans for funding and program development are developed, implemented evaluated and revised when needed	These are being discussed and will have to be finalized in the near future.
	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Tuition for the second cohort has been modified not only to reflect growing costs, but also to drive the program towards self-sustainability. WEMBA covers 50% of the costs, Executive Workshops 70%-80%, and Round Table Seminars 10%.
	Increasing percentage and sources of institutional/program funds from non-USAID sources	20% of funding comes from tuition and fees.

### C. Summary of Financial Status

Tuition and fees, while just 20% of current project funding cover a much higher percentage of recurring costs.

Funding Source	% of Total Funds; 12/31/96
USAID Grant	59
U.S. Institution	7
Local Institution	14
Other Sources	20
<b>TOTAL</b>	<b>100%</b>

### V. CONCLUSIONS AND RECOMMENDATIONS

MTEEP is making good progress in attaining programmatic sustainability - an already strong faculty base continues to be developed, and the scope of training activities is increasing and reaches ever broader regional audiences. Program evaluation mechanisms appear to be functioning effectively and lessons learned are quickly incorporated into new program delivery. Retention of well trained faculty also does not appear to present a major problem. This is probably due to several market factors such as achieving market equilibrium for academic consulting (the opportunities are not as numerous as a few years ago), relatively competitive level of compensation for participation in MTEE programs, and attractive professional opportunities for international collaboration.

Having achieved secure programmatic base, PACEM's next biggest challenge is to develop a viable organization. The sooner this issue is seriously addressed the stronger will be PACEM's position in the negotiation process with the UMN. An organizationally and financially viable institution would be able to address such issue as program quality control which holds a central spot in considerations of instituting a joint degree.

#### *RECOMMENDATIONS*

- PACEM should redouble efforts to clarify its legal status
- UMN and WSE should as quickly as possible reach an understanding on the possibility of awarding a joint degree.

## I. COUNTRY CONTEXT

Romania, the most populous Eastern European country after Poland, is at a turning point. On Sunday November 17, 1996, Romanians went to the polls in a run-off election to choose a President. Opposition party candidate Emil Constantinescu defeated President Ion Iliescu, ousting the remnants of the communist party apparatus that had controlled Romania for the last 50 years. In parliamentary elections two weeks before voters had given the center-right opposition parties under the umbrella of the Romanian Democratic Convention (CDR) a victory of more than 70% over the ruling Party of Social Democracy (PDSR). The new President Emil Constantinescu is a former university rector with little political experience, whereas Iliescu of the PDSR represented the successor to the National Salvation Front of former dictator Nicolae Ceausescu. Many Romanians say that this election constituted the "real revolution," in reference to the internal coup that brought down dictator Nicolae Ceausescu in 1989. They are hopeful that the new government will speed up the implementation of policies to free up the private sector.

The CDR is an umbrella group of parties which had received only 16% of the votes in the 1992 elections compared to 34% for the ruling PDSR. Both parties have coherent economic policies. The CRD stands for clearing the way for private enterprise by reducing bureaucracy and taxation and by liberalizing legislation to attract foreign investment. For its part, the ruling PDSR won the 1992 elections by promising gradual reforms. But under its administration reforms have come slowly and Romania continues to lag behind other countries in the region. From 1989 to 1993 industrial output fell by more than 50% while unemployment and inflation rose.

Modest progress has been achieved in privatization, with the share of the private sector in the Gross Domestic Product rising from 39% in 1994 to 45% in 1995. But the process of privatization has been slower than hoped for when it was begun in 1991. Despite the voucher system designed to allow employees to "buy out" their company, the transfer of ownership has frequently meant that the majority of shares go to a few individuals within the company. A high rate of inflation has undermined the voucher system.

## II. PROJECT DESCRIPTION

Washington State University (WSU) entered into a grant agreement in Romania under MTEEP in 1991. WSU began by developing a working relationship with the Polytechnic University of Bucharest (PUB) - Universitatea Politehnica din Bucuresti, the Academy of Economic Studies, and various Romanian government agencies including the National Agency for Privatization to establish a network of Centers for Business Excellence (CBEs) providing business management consulting and training to small business owners. The program was eventually expanded to include other activities. In addition to those two institutions, today the CBE Network consists of Centers at the University of Craiova in Craiova, the Chamber of Commerce in Timisoara, and Ovidius University in Constanta.

The WSU program is essentially on schedule. The Centers for Business Excellence (CBEs) are operating in association with each other and were having an impact commensurate with the size and scope of the effort. A program of training business counselors is well established and there is a core of Romanian counselors who have completed a Master of Business Counselor (MBC) or Professional Business Counseling (PBC) certification. They are university faculty members, and Centers are typically housed on a university campus. Program sustainability has become of primary importance to WSU. Of particular concern to Washington State is USAID's reengineering process and the fact that WSU's MTEEP activities need to be located within the Mission's new Strategic Plan.

### III. PRINCIPAL FINDINGS

Washington State University is succeeding to a large extent in achieving the objectives of its grant agreement. The Center of Business Excellence (CBE) Network is well established and is composed of experienced Romanian professionals with a strong sense of ownership in their Centers which have created a "managerial culture" promoting entrepreneurship and encouraging communication among the all the business centers in Romania. The Mission's strategic planning process has direct implications for the WSU program. It is therefore crucial for WSU and its partner institutions to be attuned to this on-going process of re-engineering.

#### A. Status vs. Previous Recommendations

The WSU program was designed with four primary components:

- Small and Medium Enterprise (SME) Counseling and counselor training in four business counseling centers (Centers for Business Excellence)
- Management Training for Privatization (MTP). Continuing education in management training with emphasis on selected personnel in firms being privatized through the MTP program.
- Human Resource Management and Job Placement through a pilot Office of Human Resource Management at the Polytechnic CBE
- Technical information in support of business counseling, and management training through the CBE research department

The following are observations from the 1996 Annual Report, with comment on the status at the end of the year:

*The four Centers for Business Excellence (CBEs) have been fully functioning within the Network since mid-1995.* These included the Polytechnic University and the Academy for Economic Studies in Bucharest, the University of Craiova, and the Chamber of Commerce in Timisoara. All four Centers had established the Professional Business Counselor (PBC) certification program. There was also a core of Romanian counselors, most of them university faculty members, who had received the

Master Business Counselor (MBC) certificate which qualified them to train PBCs. The DATEX report urged WSU to establish time lines for reaching benchmarks for self-sustainability of the Centers.

Each of the Centers within the Network has developed a business plan, including projections for sustainability and is now charging fees for counselor services and seminars, for which there is a market demand. The latest WSU quarterly report (September 1996) includes a presentation of fee schedules for the CBE Network and projections for income generation through 1998. The CBE Network is continuing to develop relationships with NGOs and government agencies in order to lobby for SME development center support. Active competition for revenue-producing training and consulting contracts is now the norm for all the CBE Centers.

*WSU should work with the business center managements and their sponsoring organizations to develop agreed upon center identities.* By the time of the site visit in November, the Center for Business Excellence Network (CBEN) had established itself as the focal point in the field of SME management counselor training and privatization assistance. Each Center has a somewhat unique identity even though they all belong to the Network. Progress has been made in developing the capacity of the Centers within the Network to conduct programs in business and management training. Representatives of the Network had met in two annual conferences to review the organization's progress and plan activities for the coming year. Recommendations were sent to the Ministry of Education suggesting areas of mutual concern and proposing policy reforms. By the end of 1996, The CBE Network was recognized in Romania as a successful pilot program of business development centers and was collaborating with centers developed under other auspices such as the United National Development Program.

*The MTP program reaches few businesses but requires intensive time and effort.* The Management Training for Privatization program (MTP) objective is to improve the likelihood of survival of privatized companies and to reduce job loss. At the time of the 1996 Annual Report, three MTP programs had been offered by a mix of WSU and Romanian experts. A total of 27 firms had participated in these programs, although only one firm reported having implemented its improvement project developed during the program. By the end of 1996 the MTP was being entirely organized by Romanian consultants with MBC certificates for the first time. It consists of 27 hours of classroom training and on-site counseling within the company. The MTP program still reaches relatively few companies and requires considerable CBE staff time and resources.

The 1996 Annual Report recommended that WSU give special attention to the MTP program in the second half of 1996 in order to determine whether pilot efforts should be continued. WSU planned and conducted another MTP program in the Fall of 1996 which was a key element of the sustainability plan for the program. Six companies were selected to participate in the latest round of the MTP, and each of them designated a minimum of three senior level managers. Drawing upon resources from the CBE, the Polytechnic Management Department and the Ovidius University MTP was for the first time wholly organized and delivered by Romanian consultants with MBC

certificates. This was also the first time that fees were charged for participation in an MTP program, bringing in a total of \$4,000 in revenue.

## **B. United States Agency for International Development**

*WSU relations with the USAID Mission will be critical to the continuation of its program in Romania.* In the 1994-95 USAID/Romania Country Strategy, the WSU program had fit under the objective to stimulate the development of private sector enterprises. The related indicator of progress for the mission was an increase in sales of the companies assisted by the program. In this regard, the DATEX report of July 1996 indicated that there had been a 140% increase in average monthly sales (adjusted for inflation) of firms sampled. The USAID Office in Bucharest had spent the first quarter of 1996 involved in re-engineering efforts in which the WSU expatriate and Romanian staff participated to a limited extent.

In May 1996, USAID/Bucharest produced its Results Review and Resources Request (R-4) for FY 97 and 98. Its strategic framework included this shared mission statement: "Together with our partners and customers we create a democratic political system and free market economy which protects the interests of individuals." The Mission saw its basic role as assisting Romania in its transition to a market economy. Its strategy consists of seven strategic objectives and three special initiatives. Strategic Objective 1.3 is the development of the growth of private enterprise from 1993 to 2002 which included Intermediate Results (IRs) related to improved management practices adopted by enterprises, access to business services, and strengthened business support service organizations. WSU project activities could be located under this S.O 1.3. Other IRs under this S.O. included reducing state control of industries and improving the policy and regulatory framework for private enterprise.

However, there has been little communication between the Mission and WSU regarding the results of the R-4 exercise since the publication of the document in May. Only portions of it have been made available to WSU.

## **C. Program Impact**

*The Human Resource Management component is now fully operational.* By the Fall of 1996, the Human Resource Services Department had established a database to match job and internship opportunities with qualified students. This component was to be a major focus in 1996. During the year WSU set up a Human Resource Services Department within the Polytechnic University of Bucharest which surveyed multinational firms in Romania to identify employment and internship opportunities for Polytechnic and other university students. The department also conducted a series of seminars in early 1996.

The database established in the Department was tested by a U.S. student intern and is now fully operational. Although this sort of placement service is quite new in Romania, there is clearly a

market demand for it. For example, the General Manager of McDonald's in Romania has expressed an interest in being able to tap university graduates as managers and or franchise owners of its expanding chain of restaurants. However, the USAID Private Sector Development Officer observed that the student placement aspect of WSU's MTEEP activities was not of particular interest or importance to Mission objectives.

*The CBE Research Department is well established.* Secondary business research has been a component of WSU's MTEE Project in Romania from the outset, although it was initially left to individual counselors to conduct on behalf of their clients. By the Fall of 1996, the research function had been formalized to include a Research Coordinator. WSU faculty spent considerable time reorganizing the research function within the CBE at the Polytechnic. Although secondary research represented the bulk of the department's activities, it developed the capability of conducting limited primary research in support of the other CBE Centers. The department is currently staffed by a counselor and student interns from both the Polytechnic and ASE, all selected competitively. The university was one of the first Internet servers in the country beginning in the Spring of 1994. Student interns work 24 hours a week in the department and are able to respond to requests on research topics within ten days. Using CD ROMs, for example, they search the National Trade Data Bank database for potential export markets for a given product. The Timisoara Center also has the same capability. All CBE Centers except Craiova now have Internet connectivity and all are able to access trade data on CD ROM. Craiova has obtained e-mail access and is working to obtain Internet access in the near future.

*Indicators of impact remain a significant issue.* As in other MTEEP countries, the effects of USAID's reengineering program are making themselves felt on grantees and contractors in Romania. This in turn has occasioned an ongoing discussion as to the most relevant indicators of program impact. WSU and DATEX worked together with the USAID Mission to establish indicators of MTEEP progress. Each party to the project recognized the importance of achieving concrete results from project activities. In light of the current re-engineering effort, WSU is anxious to reach consensus on what other indicators might reflect project outcomes. WSU contends that its real life case studies in the classroom and hands-on training initiatives will lead to fundamental change in Romanian society.

Ultimate impact indicators are to be found at the firm level, reflected in the overall growth of the private sector. WSU is tracking the increase in sales of the companies which its Centers serve, which is the measure required by the Mission. In addition, it is maintaining data on jobs created and investment. Other indicators might merit consideration as well, such as number of clients who have obtained financing with CBE assistance and the percentage of sales reaching export markets. In institution building terms, the WSU program is far along in establishing a CBE Network of Centers capable of training business counselors and providing counseling and consultancy services to small and medium enterprise owners. WSU has been a pioneer in this regard, making a substantial contribution to the creation of a nationwide system of business centers, some funded by the UNDP

and other organizations. The number of hours of counseling/consultancy has been used as a basic measure of impact at the institutional level, but this is not by itself sufficient.

***The MTP is a combination of class room training and on-site consulting with individual companies to improve operations.*** Some aspects of the MTP program still tend to be too academic and not practical enough. The one-on-one counseling appears to be more effective in helping companies to confront their individual problems. A somewhat intangible but equally important measure is the fostering of a "managerial culture" in which business owners, university faculty, and business associations can learn from each other's successes and failures. The Centers have served as a catalyst in bringing together various organizations and individuals within the community with an interest in promoting business. Furthermore, quite a few of the participants interviewed seemed to value the CBEs as a place to go regularly for its nurturing and supportive environment.

***The WSU target audience is mainly small and medium sized enterprises (SMEs).*** The process of privatization concerns both state-owned enterprises that are being privatized and small start-up initiatives. The vast majority of WSU program beneficiaries have been and continue to be small and medium enterprise (SME) owners and managers. This is the sector where there is the greatest possibility of MTEEP impact. In employment generation alone, public sector enterprises have registered a sharp decline in the number of employees since 1990 while private enterprises with fewer than 50 employees have grown rapidly. The growth of the private sector is directly related to newly registered companies, and these constitute the bulk of the clients in WSU programs.

***Client profiles of past participants interviewed indicate primary interest in start-up support.*** The typical client of the Centers is fairly young, between 28 and 40 years old, with some as old as 50. Half of them are women. They include presidents, general managers, and directors of marketing; some were owners of their businesses while others were employees. Frequently the business is a wife/husband operation, sometimes father-son. Nearly all have worked for state-owned companies until the "revolution" of 1989 and continued working there while setting up their own business. Many had degrees in engineering or economics. Most businesses had been started between 1992 and 1994 and had grown from a handful of employees to between 10 and 100 today. They had been registered before approaching the Center for assistance. The business owners interviewed represented a wide range of enterprises such as food processing and packaging, furniture and clothing design and manufacturing, import-export trade, and electronic equipment. Most of them began with no bank financing, although several had foreign partners (mostly German) who contributed capital or equipment. Typically, they approached the Center for assistance in preparing a business plan for submission to secure a loan or grant. Half of them had obtained some type of funding, usually a PHARE matching grant for purchase of equipment or machinery. They were almost universal in acknowledging the critical role of the Centers in helping their business to grow. Profiles of successful CBE clients are included in each issue of the CBE Bulletin: Newsletter of the Center for Business Excellence Network in Romania.

*The Timisoara Center provides a model of an effective business development center.* The most effective CBEs are those that not only provide business consulting and training, but also serve as a catalyst for other business interests. In Timisoara, the Center is housed in the Chamber of Commerce, the oldest and one of the most dynamic in the country. The Chamber has been officially designated as the locus of the Trade Registry where every business is obliged to register. It acts as a one-stop facility for information regarding legal matters, trade information, and export promotion. In addition, the Chamber has a dues-paying membership of 760 companies and maintains a full range of program services for the members including trade missions and expositions. The Chamber works directly with the University in Timisoara and draws upon its faculty to staff the Center. As in other Centers, assistance to businesses often begin with the elaboration of the firm's business plan to obtain financing. Several of the Center training staff have themselves become involved in businesses, either serving on the board of directors or taking an equity share in them. The Chamber is promoting the establishment of a local commercial bank that would serve the business needs of the community.

#### **D. Partner/Program Sustainability**

*Four Centers of Business Excellence are fully functioning and a fifth has joined the Network in an informal capacity.* Although it receives no funding from the MTEEP grant a fifth center has joined the Network. All of these partners have demonstrated commitment to participation in the Network and each has developed a business plan including targets for achieving sustainability. It is clear that the Centers are becoming more attuned to demand for their services in an increasingly competitive market. There has been a marked increase in the percentage of funds accounted for by fees and tuition during this reporting period. However, if the CBE Network's target market continues to be only the SME sector, then it will not likely survive without external support. Sources of support could be from international donors such as PHARE, Romanian government funding, universities, or private foundations and companies. In any case, a combination of all of these would be preferable.

*A Network Membership Directory has been published.* By November 1996, the publication of a Network Membership Directory was nearing completion. It listed ten CBE Network staff members with MBC certificates and 17 with PBC certificates. Another dozen or so were in PBC training. All ten staff had also previously obtained a PBC certificate previous to their MBC certification. In addition, through a cooperative agreement between the CBE Network and Ovidius University, a new Business and Management Counseling Center was opened in the port city of Constanta in September. Ovidius is beginning one-on-one counseling of small business owners in the Fall of 1996. With no financial support from WSU, Ovidius has undertaken several activities, including a one-week entrepreneurial studies course, training for Professional Business Counselors, and a series of seminars to promote a partnership with McDonald's in Constanta.

## E. Project Management

*The WSU MTEE Project is well managed.* WSU currently has three full time expatriate staff in county, two in Bucharest and one in Timisoara. The former Chief of Party returned to the U.S. and a staff member was promoted to COP in September 1996. A second WSU staff member is into her second year in Romania as a business development specialist. A former Peace Corps Volunteer in Romania was recently hired as a business development specialist to work at Timisoara. All three are well qualified for their positions and dedicated; one has exceptionally good Romanian language skills. A WSU intern is responsible for publishing the quarterly *CBE Bulletin* which provides an excellent review of project activities. The directors of the CBE Centers are all enthusiastic supporters of WSU and committed to the sustainability of their programs. They in turn enjoy strong support of the Center within their respective institutions. Several have been on study tours to Washington State and have close ties there. Patterned after the Washington State system of Small Business Development Centers, the business counseling certification program is fully operational.

## IV. RESULTS IN BRIEF

The majority of WSU's program activities are involve business counseling and related firm-level services and short term training. There is also a certificate program in business counseling.

### A. Program Reach: July 1 - December 31, 1996

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
Certificate (by type)	4 MBC 6 PBC	3 MBC 4 PBC	10	3 MBC 3 PBC	1 PBC	7
Seminars (1 day max)	50	54	500	402	352	754
Business * Counseling	600	781	600	503	215	818
Special * Company Interventions	5 MTP	5	20	NA	NA	20
Resource Centers (by type activity)	120	103**		NA	NA	103

NOTES: \* 20 representatives of six companies undergoing privatization.  
\*\* research requests responded to: 86 actual through 11/30/96, 17 estimated for December.

### B. Summary of Findings Based on Indicators

#### B.1. EVIDENCE OF PROGRAM IMPACT

There is considerable evidence of program impact, with a growing number of female participants and strong indications of satisfaction and utilization of training in the business.

Impact Level	Indicator	Summary of Findings
Acquisition	Counselors, clients acquire skills, knowledge and confidence in subject matter (counseling, MPT)	<ul style="list-style-type: none"> <li>754 seminar/workshop participants (Jul-Dec 1996); 718 business clients counseled</li> <li>4 additional PBC counselors certified; 3 MBCs; clients surveyed able to identify new skills and knowledge gained</li> </ul>
	Participation reflects equitable gender distribution	<ul style="list-style-type: none"> <li>34% of counseling clients and 50% of training, seminar, and contact hours were female (July-Dec 96)</li> <li>20% of MTP participants female.</li> </ul>
	Target participation numbers are reached for clients/businesses (counseling, MPT)	Yes, generally.
Satisfaction	Clients positively rate their experience	Clients surveyed in site visit indicated high satisfaction; spoke of Centers as very supportive of them.
	Counselors and staff positively rate their experience	Yes, they tend to be very loyal and proud of their affiliation with CBE.
	There is a high demand for the program	Program demand remains high, and new Center has been added to CBE Network.
	Program is responsive to clients'/businesses' needs (availability of library resources, workshops of interest, computer resources, etc.)	Yes, after several false starts. Research service to counselors and clients makes CBE more effective.
Utilization	# of assisted businesses still working and/or receiving financing within 6 months of intervention (counseling)	<ul style="list-style-type: none"> <li>Several CBE clients have utilized business plans for loan application to PHARE &amp; Romanian government.</li> <li>businesses have generally increased profits and employees.</li> </ul>
	Clients can demonstrate that they have applied information to their work (counseling)	
	# of assisted businesses implementing programs in-house (MPT) Change in student demand (HRM)	6 companies participated in MTP II with 20 managers attending training. Interest continues to increase. difficult to assess yet.
	Change in # inquiries (IR)	Number of inquiries continued to increase (estimated 300%) after Feb 1996 start-up Subcenters are doing their own research.

<b>Change</b>	# or % of businesses indicating improvement in performance (MPT)	Six businesses are participating in the MTP and express satisfaction with the training.
	% if students placed (HRM) CBEs seen and used as a resource by employers; change in sales of assisted firms (counseling)	Too early to assess. Yes, those interviewed stated that CBEs were useful source of information and expertise for their specific concerns.

## B.2. INDICATORS OF SUSTAINABILITY

Efforts to attain sustainability are evidenced in the business plans elaborated by each of the centers in the Network.

Sustainability Level	Indicator	Summary of Findings
<b>Programmatic:</b> general support is sufficient for high quality program delivery	Demand for counseling and services is high	Yes, and continues to increase in areas of Human Resource Management and MTP.
	Increase in number and percent of counseling hours #/% Romanian staff/experts/ certified counselors implementing program	Yes, but fluctuates according to loan programs and government initiatives. <ul style="list-style-type: none"> <li>All counseling is conducted by Romanian counselors who write and teach their own case studies</li> <li>Currently total of ten MBCs and 17 PBCs certified by CBE Network.</li> <li>MTP II mostly by Romanian experts</li> </ul>
	Necessary space, computers, library materials and support staff are available	<ul style="list-style-type: none"> <li>Yes; example: ASE donated 10 commuters to Center; generally-space is not problem; Timisoara looking for larger office.</li> </ul>
<b>Organizational:</b> All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative/management authority and responsibility	Yes, WSU staff serves advisory role; and is beginning to phase out day to day operations. Centers managed by Romanian staff.
	Legal status of centers; administrative & support systems in place	All centers under control of local sponsoring organization (university or chamber of commerce) where they are officially recognized units.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Weak evaluation forms are in place, but more sophisticated data can be gathered on client reporting system.

Sustainability Level	Indicator	Summary of Findings
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Draft sustainability plans for all 4 centers were included in Quarterly Report of September 1996 and are still being revised.
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	<p>Fee collection and other alternate funding mechanisms explored and established and operating.</p> <p>Increasing percentage and sources of institution/program funds from non-USAID sources. (See chart summarizing financial status below).</p>	<p>Yes, Centers have implemented a fee schedule for a range of services.</p> <ul style="list-style-type: none"> <li>• 19% of income of centers from fees, an increase of 14% over last period; local institutions now providing 28%; Craiova Center now line item in university budget.</li> <li>• only 41% is from USAID funding.</li> </ul>

### C. Summary of Financial Status

This period has shown a marked increase in the percentage of funds obtained from fees and tuition and a corresponding decline in the portion dependent upon USAID funding.

Funding Source	% of Total Funds; 12/31/96
USAID Grant	41
U.S. Institution	12
Local Institution	28
Tuition and fees	19
Other Sources	0
<b>TOTAL</b>	<b>100%</b>

### V. CONCLUSIONS AND RECOMMENDATIONS

The WSU program is essentially on schedule. The Centers for Business Excellence Network (CBEN) consists of four formal Center members (three universities and a chamber of commerce) operating in association with each other, and a fifth member that has recently joined in an informal capacity. The program of training business counselors is well established and there is a core of Romanian counselors, mainly faculty members, who have completed a Master of Business Counselor (MBC) or Professional Business Counseling (PBC) certification. Program sustainability has become the primary concern of WSU. Each Center has developed a plan for sustainability and is consciously working toward identified targets.

Two years ago WSU began to recognize the need to determine the impact of its activities, and developed its own questionnaire for this purpose with the terms of its grant agreement in mind. Together with DATEX and the Mission, WSU developed a set of measures for determining impact on MTEEP activities. USAID/ Romania developed measures related to business development under its Strategic Objective exercise which included MTEEP.

After five years of operation, it is time to focus on the impact of Washington State University MTEEP activities in Romania. Measuring impact is increasingly important, now that the program is reaching maturity. Unlike most other MTEE programs in the Eastern European region, WSU has not sought to establish an academic MBA degree program. Its activities have rather been focused on practical business consulting and counseling through a network of business centers patterned after the Small Business Development Centers in the state of Washington. Compared with other MTEEP projects in the region, the WSU program has reached a fairly high level of maturity in which large numbers of Romanians feel that they have a stake in the operation of the Centers. They clearly recognize that sustainability depends upon their efforts to generate sufficient revenue to cover the costs of their Center activities. Furthermore, Washington State University staff are dedicated professionals and have earned the respect of their Romanian colleagues.

#### *RECOMMENDATIONS:*

- USAID/Romania should involve WSU staff and partner institutions in the SO review process so that they have a stake in identifying measures of project impact.
- WSU should take the lead in collaborating with PVOs and NGOs involved in business consulting and training services in discussing common measures of impact.
- WSU should share its lessons learned in establishing its business consultancy network with other MTEEP grantees in the region that are still struggling to do so.
- The CBE Network should make a concerted effort to explore alternative sources of funding in addition to its revenues from fees to assure institutional sustainability.

# THE SLOVAK REPUBLIC: UNIVERSITY OF PITTSBURGH

## **I. COUNTRY CONTEXT**

The Velvet Revolution which eventuated in the separation of the Czech and Slovak Republics in 1993 represented a watershed event in the Slovak Republic's transition movement. After the fall of Communism in 1989, Slovak Republic was spurred to rapid economic changes under the Czechoslovakian union. However, the Slovaks feared the massive downsizing of their heavy industries that would accompany the aggressive privatization envisaged for their region of the union. With independence from the Czech Republic on January 1, 1993, the new Slovak government slowed down economic reform and turned back the clock on many of the transition programs begun after 1989, particularly privatization.

Into this environment, the MTEE Project in the Slovak Republic was introduced at a crucial time. Its objectives are meant to address the critical issues of capacity of Slovak leaders to analyze economic programs, design transition strategies, and choose among options for the economic good of the country as a member of the larger international community. This capacity is needed more than ever.

Even though the economic growth picture for the country for 1996 has been encouraging (positive growth in GDP, export successes and a trade surplus, decreasing inflation and unemployment), many of these positive growth factors are due to successful moves on the part of a few very large firms who are now nearing capacity on production. While macroeconomic aggregates are improving, much more work needs to be done on restructuring and strengthening privatized enterprises, encouraging small and medium enterprise development, and democracy-building. There is a strong risk that the economic choices that are currently being made by economic planners and policy makers will not be sustainable. Unsound practices, as excessive manipulation of exchange rates and balance of payments, and the continued state subsidies to large inefficient public companies illustrate a need for a more informed understanding of the economic consequences of policies.

These policies are cause for concern within the international donor community, as well as some of the Slovak Republic's neighbors who are pushing forward on reforms more aggressively.

## **II. PROJECT DESCRIPTION**

The University of Pittsburgh (UPitt) signed its cooperative agreement with USAID/Slovakia in October 1995, with a completion date of December 31, 1998. Under the terms of the agreement, UPitt proposed to enter into partnership with the Economics University of Bratislava (EUB). The original proposal organized the project under a proposed umbrella organization, the Slovak Institute for Post Doctoral and Post Graduate Studies (SIPPS), and was scheduled to offer an executive, 3-year week-end MBA program (WEMBA); a full time, one year MBA program; and a post-doctoral, post graduate program in Advanced Economics (AE). The WEMBA program was scheduled to begin in January 1996, the AE program in February 1996, and the start date for the full-

time MBA was targeted for September 1997. As of November 1996, all three components of the partnership were experiencing problems. Only the WEMBA program was functioning successfully from a programmatic standpoint, although its financial management had not been satisfactory.

The Economics University of Bratislava began as the School of Economics in 1940, and in 1992 was transformed into the University of Economics. Currently with an enrollment of approximately 10,000 students and 450 faculty, EUB is the main tertiary education institution in the Slovak Republic focusing on economics education. An affiliated institution, the Center for Continuing Education, has been housing the weekend MBA (WEMBA) program at an off-campus site in downtown Bratislava.

Under the UPitt grant, a full-time in-country coordinator is based in Bratislava, a U.S.-based Project Director is at UPitt's Katz School of Business, the WEMBA program has been housed at EUB's Center for Continuing Education and managed by the Center's and UPitt's in-country staff, and WEMBA courses are co-taught by EUB and UPitt faculty. Advanced Economics courses are taught exclusively by UPitt professors except for one course taught by a Slovak professor. The Advanced Economics seminar program is offered at EUB to faculty and advanced doctoral students. The full-time one-year MBA program was originally scheduled to begin in September of 1997 at the main faculty of EUB and to be taught by the full-time faculty there.

The effectiveness of the working relationship between UPitt and EUB deteriorated during the second half of 1996 to the extent that the In-Country Director began to explore alternative institutional partners. As of the end of December 1996, following the visit of UPitt officials to Bratislava, UPitt had decided to dissolve its relationship with EUB and has moved out of its EUB office. It was anticipated that the WEMBA program would continue regardless of the change of institutional partners.

### **III. PRINCIPAL FINDINGS**

At the end of 1996, the MTEEP cooperative agreement between UPitt and EUB in Slovak Republic was not on target to meet the anticipated results. Relations between UPitt and EUB continued to deteriorate. UPitt documented what it considered to be a serious misuse of funds by EUB officials which called into question the partnership. (EUB submitted five different, conflicting, sets of financial statements.) EUB wanted to use funds for business training activities other than those specified under the MTEEP cooperative agreement. This and other non-performance issues caused the UPitt team to begin exploring other institutional partners in the Slovak Republic. For their part, EUB officials contended that UPitt did not understand the university's system of accounting, and that there were internal university issues that impinged on their will to comply with the project agreement and meet the targets and expectations of the initial agreement.

In early December 1996 the decision was made to dissolve the current partnership and to establish a new partnership with Comenius University, also located in Bratislava, effective in January 1997.

Discussions with Comenius had been initiated several months previously, before the DATEX evaluation team visit. There were several reasons for exploring this relationship. UPitt already had a 15-year relationship/linkage with Comenius, which has many courses in English and numerous faculty speak English. It currently has a program modeled on the U.S. Management/Business Education system. Cornell University has been involved in Comenius faculty development in the areas of management and business and some faculty have visited the UPitt campus.

UPitt anticipates moving into Comenius University facilities in February 1997, once signatures from two Deans and the Rector-elect have been secured in order for the relationship between UPitt and Comenius to become formal. This change will also require approval of the USAID Office of Procurement. At Comenius, UPitt's MTEE Program will have access to more office space, computers, and communication. A second WEMBA class is to commence in Spring 1997, and will be relocated to Comenius. Plans are for the full-time MBA to begin in September 1998. UPitt also expects to accelerate the number of faculty going to UPitt from the new partner to acquire teaching experience from the MBA course. By the time of their return, the first WEMBA cohort will be finished, and the second and third cohorts will be underway. UPitt may ask USAID/Slovak Republic for a one-year, no-cost extension to its grant agreement, with the scope of work and deliverables remaining the same.

#### **A. Status vs. Previous Recommendations**

UPitt's partnership with EUB was to consist of three components: an executive, 3-year MBA program (WEMBA); a full time, one year MBA program; and a post-doctoral, post graduate program in advanced economics. In the 1996 Annual Report, the DATEX evaluation team reported on a number of outstanding issues concerning the program in Slovak Republic. They concerned the Weekend MBA (WEMBA) program, the Advanced Economics program, and SIPPS.

*The WEMBA Program is being successfully implemented.* Even though the WEMBA program was going fairly smoothly in June of 1996, two sets of issues cast doubt even on its likely success from the outset. First, WEMBA faculty consisted of UPitt's Katz School of Business professors and EUB faculty who were originally meant to co-teach the courses. The Slovak faculty were brought to UPitt to undergo specialized training in economics and English to enable them to progressively take over more teaching duties for the WEMBA during its second year, and eventually teach the full-time MBA courses. However, due to the EUB faculty's limited English proficiency and lack of professional business experience, UPitt was not able to rely upon EUB faculty to fulfill this role. Therefore, UPitt faculty had to continue their active involvement in the WEMBA to keep the program operating. One effect of this situation was to delay the start-up time for the full-time MBA since it was predicated on the availability of a sufficient number of trained Slovak faculty to teach the courses.

Second, issues surrounding the financial management of the WEMBA program by EUB consumed a large portion of the time and energy of UPitt's In-Country Director, and loomed ever larger as

major impediments to the continued partnership between UPitt and EUB. In preliminary discussions as early as 1993, before the grant proposal was submitted to USAID and on numerous occasions thereafter, the issue of how to handle the revenue of the WEMBA program was addressed. UPitt repeatedly stressed the need to create a separate WEMBA account where course revenues would be kept, interest would be accrued, and from which costs could be reimbursed for the expenses of running the program. The difference between these costs and the revenue and interest ('course profit') was to be used to finance three important areas of the grant which focused on faculty professional development, retention, and salary enhancement.

Throughout 1996, the UPitt In-Country Director continually drew attention to the need for separate WEMBA accounting at EUB to assure that no co-mingling with the overall EUB accounts occurred. This issue was never resolved between the partners, and placed the continued partnership on tenuous grounds. USAID/Bratislava was kept abreast of the problem, and was generally sympathetic to UPitt's concerns.

*The WEMBA project staff needs to recruit a director for the program.* Due to the lack of performance of EUB in the WEMBA program, UPitt was obliged to increase the involvement of its staff. The office in Pittsburgh began the process of identifying a member of the Katz School of Business to act as the director of the Slovak Republic MBA programs, with the continued involvement of an Economics faculty member for the Advanced Economics courses. It was hoped that this approach would provide the proper academic guidance for both the WEMBA and the full-time MBA programs.

As with the WEMBA program, the plan for the full-time MBA included faculty consisting of Katz School of Business professors and EUB faculty also experienced difficulties. Due to the limited English proficiency and lack of professional business experience of EUB faculty, UPitt could not rely on them to actively co-teach the WEMBA courses. This threw into doubt the ability of EUB faculty to begin teaching the full-time MBA program in the Fall of 1997.

*The Advanced Economics program suffers from a lack of commitment by the Economics University.* Issues surrounding the Advanced Economics (AE) component of the program raised by DATEX evaluators during the Spring 1996 visit remained unresolved in the fall. Only five faculty were participating and the faculty release time issue was not resolved, even though there was sufficient space in the new EUB campus. Qualified faculty could not receive sufficient time off without pay from their respective Deans, no arrangements were reached on salary augmentation incentives, and the Rector was ineffectual in resolving this issue. Even though 22 interested parties (mostly faculty) applied for the seminars in September 1996, the four to six students who were actually attending the seminars tended to either lack sufficient background in the highly mathematical areas of economics, or the English skills to follow the lectures. Added to all this was the fact that there were insufficient numbers of participants enrolled in the program to warrant its continued operation. Those who did participate were either older professors with little or no teaching load, or young inexperienced graduate students.

EUB asked that UPitt faculty be used to teach graduate students. Since faculty development through the Advanced Economics program was one of the centerpieces of the partnership, UPitt's continued frustrations in trying to attract and keep EUB faculty was a constant cause of concern, with no resolution in sight.

*SIPPS does not exist, either physically or formally.* In fact, the Slovak Institute of Post Doctoral and Post Graduate Studies (SIPPS) never came into existence. The plan which was for the creation of a new entity within the university that would house the MBA and AE programs never became operational, and it by the end of 1996 it was questionable whether EUB would be able to find a qualified Director for this program. The UPitt In-Country Director doubted whether anyone would accept the position, as it would have been compromised by EUB's lack of ability to isolate the accounting function and avoid co-mingling of funds, or allow academic independence to SIPPS to manage the new MBA program. Statutes were drawn up for the creation of SIPPS by the Rector, but the issue of whether or not it would enjoy a truly independent status from EUB made recruitment of a Director very difficult.

#### **B. United States Agency for International Development**

*The University of Pittsburgh program falls within the Mission's Strategic Plan and USAID/Slovak Republic has been generally supportive of its efforts.* The USAID/Slovak Republic program focuses one of its Strategic Objectives (SOs) on the accelerated development and growth of private enterprises. An intermediate result of this SO is to strengthen the ability of local institutions to provide business training and assistance. USAID considers it essential that the Slovak Republic develop the indigenous capacity to train future generations of managers to carry on the kind of enterprise turnaround and strategic planning that is currently being provided through outside sources. It is here that the partnership between UPitt and its partner institution focuses on enhancing the skills of faculty and managers who can profit from modern training in management and economics. The USAID Mission has been quite supportive of the University of Pittsburgh throughout its struggle to start up the MBA and advanced economics programs in the Slovak Republic.

#### **C. Program Impact**

*Due to the problems outlined above, program impact has been severely limited.* The foregoing discussion of the dissolution of the partnership between UPitt and EUB illustrates the great difficulty in achieving impact under the original agreement between the two institutions. The one tangible result of the MTEE Project in the Slovak Republic thus far has been the WEMBA program which currently has an enrollment of about fifteen students, most of them drawn from senior management of the major private and public companies in the country. It remains to be seen whether this cohort will be able to complete the program, given the transition now under way. The Advanced Economics program has been a disappointment to both UPitt faculty and Slovak students alike. It will continue with Comenius University although the format will change. Comenius faculty will be sent for graduate study at Pittsburgh rather than being trained in Bratislava.

**D. Partner/Program Sustainability**

*Sustainability will be seriously tested in the year to come.* The issue of sustainability is at the heart of UPitt's decision to sever its ties with EUB. In assessing the likelihood of building a sustainable program with EUB before the end of the grant period, UPitt chose to minimize its losses and begin with a new partner deemed to have much more intrinsic institutional capabilities upon which to build an MBA program. The year 1997 will thus be one of establishing new partnerships and intensive capacity-building.

**E. Program Management**

*The UPitt program has been generally well managed despite program issues.* Despite serious difficulties in dealing with the partner institution, the UPitt in-country Director has managed to get the WEMBA program up and running. He is most conscientious and has highest regard for efficiency and results. His duties have covered a wide range of activities: coordinating with UPITT to access the right faculty for the program needs, both in the U.S. and the Slovak Republic; recruiting, training and managing an in-country support team; managing on a day-to-day basis the relationship with the local partner; recruiting participants for the in-country and U.S.-based training programs; monitoring the success of the program; meeting and reporting to USAID/Slovak Republic on a regular basis.

It is likely that UPitt will ask the In-Country Director to continue managing the Advanced Economics program at Comenius University in the Slovak Republic while devoting half time to overseeing part of its program in the Czech Republic. At the same time, another UPitt faculty member from the Katz School of Business has agreed to commit half time to getting the new MBA programs with Comenius up and running.

**IV. RESULTS IN BRIEF**

The WEMBA program currently has 18 students enrolled and the Advanced Economics program had five at the end of the reporting period.

**A. Program Reach: July 1 - December 31, 1996**

Program Type	# Events Planned	# Events Actual	# Participants Planned	# Participants Actual - Male	# Participants Actual - Female	# Participants Actual - Total
MBA (by cohort)	28	28	19	18	0	18
Certificate	84	84	15	3	2	5
Seminars* (1 day max)	1	1	15	6	0	6

NOTES: \* Events defined as program course meetings or sessions.

## B. Summary of Findings Based on Indicators

### B.1. EVIDENCE OF PROGRAM IMPACT

Problems within each of the following categories led to the critical decision to terminate the program with the Economics University of Bratislava.

Impact Level	Indicator	Summary of Findings
Acquisition	Students acquire skills, knowledge and confidence in subject matter	WEMBA students have been able to apply practical knowledge from courses to their businesses. AE students have not done as well.
	Target participation numbers are reached in terms of capacity, gender distribution & regional reach	All 15 of the WEMBA participants currently are male, drawn from the senior management ranks of large and mid-sized firms, mostly in the Bratislava area but including regional towns.
Satisfaction	Students, faculty & staff positively rate their experience	Students in the AE programs complained that the courses were too difficult and that they did not have sufficient background in economics. UPITT faculty were disappointed in the performance of the students.
	There is a high demand for the program	Demand is higher than the capacity of EUB to meet. Hopefully this will change with a new institutional partner.
	Program retains faculty and students	Both the WEMBA and AE programs had difficulty in recruiting faculty from EUB.
Utilization	Program is responsive to students' and faculty's needs	Evidence is that the WEMBA program is quite responsive to participant needs and those of their respective firms.
	Graduates acquire benefit from having completed program	There are no graduates as yet.
Change	Slovak ministry staff and local businesses are aware of and make use of resources available through students and faculty in SIPPS programs	It is too early to judge.

### B.2. EVIDENCE OF SUSTAINABILITY

With the pending change in partners, these findings will change.

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received	There is a question as to whether EUB faculty will be able to continue to teach in the WEMBA program when it transfers to another institution.
	Visiting faculty effectively adapt their courses to local issues and needs	UPITT faculty generally use U.S. case studies and attempt to adapt them to Slovak conditions. More case studies of local enterprises would be helpful.
	Necessary space computers, library materials and support staff are available	Office space and computers was a major issue at EUB, although WEMBA classroom space was quite adequate. EUB claimed that permanent MBA space would also be available.
	Curriculum is approved by the degree-granting institution	This has become a moot point with EUB since it will not be granting a degree under MTEEP.
Organizational	Advisory Committee membership has a balance of U.S. and Slovak representation	The SIPPS never became operational and thus the anticipated Advisory Committee has not functioned.
	Increasing percentage of local staff with administrative authority and responsibility	Local faculty remained a serious issues in the Advanced Economics program and to a lesser extent in the WEMBA. Slovaks were employed in the administration of both programs, but WEMBA administration was a critical issue.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	This needs to be further developed in collaboration with the new partner institution.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	With the new partnership arrangement, strategic planning will be of critical importance from the outset. A greater involvement of the partner institution will be needed.
Financial	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	The WEMBA program continued to generate revenues, but the allocation of those funds within EUB was a major issue.
	Increasing percentage and sources of institutional/program funds from non-USAID sources	WEMBA was becoming self-sustaining. Its ability to pay for itself will be all the more important now.

**C. Summary of Financial Status**

There have been no appreciable changes in the sources of funding for MTEEP activities in the Slovak Republic during this reporting period.

<b>Funding Source</b>	<b>% of Total Funds; 12/31/96</b>
USAID Grant	62.8
U.S. Institution	25.1
Local Institution(s)	1.7
Tuition and fees	7.0
Other Sources	3.3
<b>TOTAL</b>	<b>100%</b>

**V. CONCLUSIONS AND RECOMMENDATIONS**

The DATEX evaluation team left a set of recommendations with UPitt and the Mission at the end of its site visit in October. However, given the current transition, it would serve no purpose in providing guidance for the fine-tuning of the three areas of USAID/Slovak Republic's MTEEP cooperative agreement with UPitt. UPitt assessed its chances of achieving its objectives as stated in the cooperative agreement as being poor with EUB and has chosen a high-risk high-gain path with a new institutional partner. Three elements combined to make the EUB partnership a no-win situation:

- Financial management issues surrounding WEMBA revenues
- Low enrollments in the Advanced Economics Program due to faculty unavailability
- The possibility of the MBA program not starting in the Fall of 1997

Weighing all these problems against the possibility of achieving the desired impact, UPitt approached USAID/Washington's Office of Procurement to ascertain whether there would be any contractual obstacles to a change in partners, as long as there was no change in the Scope of Work. The response was that there would not be. With this assurance, UPitt made the decision to terminate its relationship with EUB and devote full attention to establishing the new relationship with Comenius University. *USAID/Slovak Republic made it clear that the issue of changing partners was entirely in the hands of UPITT so long as it would improve the prospects of meeting the terms of its grant agreement with USAID.* In retrospect, it seems likely that if UPitt had its choice in the selection of a partner institution, it would have picked Comenius University, based on its historic relationship with that university and its western-style business program.

*RECOMMENDATIONS*

- UPitt must assure that all of the weaknesses in the partnership with EUB be clearly addressed in defining its relationship with Comenius University, including standards for the recruitment of faculty.
- Specific guidelines for avoiding the co-mingling of funds must be agreed upon in defining the relationship.
- UPitt should be more conscientious in the reporting of MTEEP activities to USAID and DATEX.
- The case for requesting a no-cost extension to the UPitt MTEEP grant should be anticipated and addressed in a timely fashion.

## OVERALL PROGRAM RESULTS

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### A. INTRODUCTION

Now, at the end of six years of project activity, it is time to step back and look at what USAID's Management Training and Economics Education Project (MTEEP) was designed to do and what impact it has had. MTEEP (Project No. 180-0029), managed by the USAID Bureau for Europe and Newly Independent States, Office of Democracy/Governance/Social Reform, Human Resources Development/Social Reform Division (ENI/DGSR/HRDSRD), was approved in 1990 and continues until June 30, 1999. MTEEP activities were to be targeted to building the skills required for the emergence of a market economy in economics education and management. MTEEP was expected to use institution-to-institution linkages between U.S. universities and those in the region to undertake short term, high impact management training while upgrading long term business and economics education. Through FY 1993, the project expended \$17 million a year for a total of \$50 million, while the period from FY 1994 to 1996 was expected to expend \$34 million more.

Each grantee institution entered into a grant agreement with USAID which specified its own set of objectives and anticipated results. There was no logical framework for the MTEE Project that identified outputs and indicators. The initial focus of MTEEP was on the quick delivery of training programs; only in recent years has attention has been given to measuring impact at the utilization and change levels. Even the 1996 MTEEP Annual Report (DATEX, 1996) in July 1996 was able to provide only very limited impact data. The current phase of MTEEP also emphasizes the sustainability of programs and institutions developed or strengthened through the program.

Now more definitive observations regarding the quantitative and qualitative results of MTEEP activities can be made. This chapter, Overall Program Results, summarizes and assesses MTEEP activities as a whole.

Program impact is reviewed in terms of overall reach (numbers of people directly affected by MTEEP activities in the last six months - July-December 1996), as well as examples of utilization of new information and skills gained by program participants and resulting changes at the individual or organizational level.

Program sustainability is reviewed by looking at common elements in program status with regards to programmatic sustainability, institutional sustainability, and financial sustainability. The results from the most recent semi-annual survey of Project Directors and Local Partners also address primarily sustainability issues.

Finally, several critical issues that have been identified as relevant across most or all MTEE programs are discussed. These include topics especially relevant to academic programs, and others relevant to non-academic programs. Based upon the above discussions, several program-wide recommendations for MTEEP are made.

**B. Overall MTEEP Impact**

The overall MTEEP objective is to contribute to the growth of a market economy in Central and Eastern Europe. All MTEE programs should therefore be assessed in terms of their impact on this objective. MTEE programs have had two primary targets of change - the market economy culture and the business culture. And, within the business culture, both large and smaller enterprises have been targeted.

As is summarized in Table 2, MTEEP Implementation Strategy - Impact, the various approaches taken by MTEEP grantees to achieve the overall program objective reflect the audiences targeted and the primary type of change - to the market economy or business culture - emphasized.

While the decision process for adopting an activity mix within individual projects may or may not have been based on a framework as definitive as the table, retrospectively the logic of choices becomes clear. It is within this framework that the effect of changes in target audiences within individual USAID Missions becomes more apparent.

**Table 2: MTEEP Implementation Strategy - Impact**

MTEEP Target for Change:	Market Economy Culture	Business Culture	
		Large Firms Management	SMEs & Entrepreneurs
<b>Process:</b>	Educate govt. policy makers	Educate CEOs	Educate small and medium enterprise managers/entrepr.
	Transform business-related education	Educate managers/Human Resource Officers	Provide technical resources for entrepreneurs
	Public Awareness		
<b>Key Actors:</b>	Ministers (fin./educ.)	CEOs, Managers, HROs	Owners, managers
	Regional Government	Faculty/Trainers	Faculty/Trainers
	CEOs to exert Corporate influence		
	Faculty/Rectors		
<b>Mechanisms:</b>	Ph.D. Programs	MBA/EMBA Programs	Short Cycle Programs
	MBA/EMBA Programs	Short Cycle Programs	Business Advising
	Short Cycle Programs	Business Advising	Resource Centers
	Resource Centers	Resource Centers	Certificate Programs
	Conferences	Certificate Programs	
	Media Campaigns		

Indicators for measuring impact have been established at four levels, consistent with the generally accepted measures of training activity impact. These levels consist of: acquisition of knowledge and skills (including the number of participants reached by an activity), satisfaction with that acquisition, utilization of the knowledge and skills, and change in results at the individual, institutional and national levels.

Table 3, Program Reach Summary Data, presents the results of MTEE programs over the period from July 1 to December 31, 1996, in quantitative terms. Grantee institutions are involved in a variety of service delivery programs in two general areas: academic and certificate programs, and non-academic programs. Within the academic category, economics education has in fact accounted for a very modest portion (a little more than one percent of participants) of MTEEP activities. These consist of a Ph.D. program in two countries and economics certificate programs two others. The majority of the academic programs are executive and full time MBA programs in six countries (data are not available for the Czech Republic). Certificate programs include several post-diploma studies such as in Poland and the Master and Professional Business Counseling certificates in Romania. Most of the MTEEP participants have been in non-academic training and counseling areas. For the purposes of this report we have divided the non-academic programs further into short term training seminars, business counseling, and other firm-level interventions.

Table 3: Program Reach Summary Data, July - December 1996\*

Program Type	Country	Inst	# Particip Actual - Male	# Particip Actual - Female	Percent Female	Total Participants
Ph.D.	Czech R.	UPitt-CERGE ST	44 44	6 6	3% 3%	50 50
MBA	Albania Hungary Latvia Poland Slovakia	UNL SUNY SUNY-B UMN/OUAT UMN/WSE UMCP UPitt ST	9 63 68 39 56 20 18 273	21 7 77 17 18 6 0 146	68% 17% 53% 30% 24% 23% 0% 35%	30 70 145 56 74 26 15 419
Certificate	Bulgaria Poland Romania Slovakia	UD UMN/OUAT UMN/WSE WSU UPitt ST	3 37 40 6 3 89	5 30 11 1 2 49	62% 45% 27% 14% 40% 36%	8 67 51 7 5 138

**OVERALL PROGRAM RESULTS**

Seminars (1 day max)	Albania	UNL	222		183	45%	405
	Bulgaria	UD	66		42	43%	108
	Czech R.	UPitt-CERGE	22		3	12%	25
	Hungary	IU	278		156	36%	434
		SUNY	37		12	24%	49
	Lithuania	TAMIU	55		65	54%	120
	Poland	UMN/OUAT	13		8	38%	21
		UMCP	58		34	37%	92
	Romania	WSU	402		352	47%	754
	Slovakia	UPitt	6		0	0%	6
		ST	1159		855	42%	2014
Workshops (multiple days)	Albania	UNL	165		182	52%	347
	Bulgaria	UD	13		3	19%	16
	Czech R.	UPitt-CERGE	5		18	78%	23
	Hungary	IU	486		317	39%	803
		SUNY	212		70	25%	282
	Latvia	SUNY-B	233		313	57%	546
	Lithuania	TAMIU	120		107	47%	227
	Poland	UMCP	60		48	44%	108
		ST	1294		1058	45%	2352
Business Counseling	Albania	UNL	96		92	49%	188
	Bulgaria	UD	--		--	--	(14 companies)
	Lithuania	TAMIU	51		22	30%	73
	Romania	WSU	503		215	30%	718
		ST	650		329	34%	979
Special Company Interventions	Bulgaria	UD	180		120	40%	300
	Romania	WSU	unk	180**	unk	unk	20
		ST		120**		40%	320**
<b>TOTALS</b>			<b>3689**</b>		<b>2563**</b>	<b>41%</b>	<b>6272**</b>

**NOTES:**

\* No data from UPitt/CMC in Czech Republic

\*\* Grand total 20 persons greater than total of Male and Female columns

Categories one to three in the Program Reach table (Ph.D., MBA, certificate) constitute academic and certificate programs, four and five are short term training for general audiences, while six and seven are business counseling and related firm-level special interventions. At the time of this report no data were available for one grantee, UPitt/CMC in the Czech Republic. The chart indicates that a total of 6,272 participants have been involved in MTEEP activities during this current reporting period. The academic area accounts for approximately 10% of all MTEEP participants, 70% are in short term training and 20% are in business counseling and other targeted company interventions. With respect to gender, fully 41% of MTEEP participants are women (compared to 38% in July), ranging from 34% to 45% within the program areas, except for the Ph.D. program (12%). Short term training courses tended to have the highest participation of women.

The following is a summary of the quantitative impact of MTEEP activities in the three categories described above and a brief description of representative results within each category:

## ACADEMIC AND CERTIFICATE PROGRAMS

**Economics Ph.D., MBA, and certificate training programs.** Academic programs lead to the MBA and Ph.D. degrees, whereas certificate programs may be academic or practical. The MTEEP 1996 Annual Report indicated that there were 86 students enrolled in Ph.D. economics programs. Two had graduated and were teaching locally in the Czech Republic. At the end of 1996 there a total of 50 Ph.D. students enrolled, all of them at CERGE-EI (Czech Republic). Of these, only 12% were women. Within the past six months two additional students have completed the Ph.D. program at CERGE-EI. In addition, there were 13 students (seven women) enrolled in the advanced economics certificate training program in Bulgaria and the Slovak Republic.

MBA degrees are now being offered in seven universities in six countries (Albania, Czech Republic, Hungary, Latvia, Poland, Slovak Republic). Excluding CMC/Czech Republic for which there are no figures, there are currently a total of 416 MBA students enrolled, compared with 325 in July 1996. All of these include executive (part-time or weekend) MBA programs. UPitt/Slovak Republic is planning to begin a full time MBA program in 1997. Since the beginning of MTEEP a total of 34 students have completed MBA degrees, 20 of them in Latvia and 14 at CMC/Czech Republic. By far the highest current MBA student enrollment is the SUNY-Buffalo program in Latvia, with 145 MBA students. Thirty-five percent of all MBA students enrolled are women; Albania has the highest percentage of women with 68%.

The graduates of the SUNY-B/RBS program in Latvia are finding significant opportunities, such as directors in major firms. In the UNL/Albania MBA program, 24 of the 30 students are on target and indicate a high level of satisfaction. The Masters in Engineering Management at the Technical University of Budapest - drawing upon SUNY's Total Quality Management approach - became the most recent Masters program when it began in September 1996. Student demand was much greater than program capacity. In Poland, the first cohort of EMRIM students from OUAT is expected to graduate in June 1997 and evaluations indicate a high level of satisfaction with the program.

**Certificate Programs.** Certificate programs are being offered by eight MTEEP grantees including UD in Bulgaria, UMN/OUAT and WSE in Poland, and WSU in Romania. Some are essentially academic, such as the UMN/OUAT and WSE post-diploma certificates. In Bulgaria, the University of Delaware has just completed certificate training in Advanced Economics and Management and continues to support a small business certificate program. Other certificate programs are more practically oriented, such as WSU's which certifies business counselors who undergo extensive training patterned after the Washington State Small Business Development Center (SBDC) system. WSU has awarded 26 certificates in business Counseling (Masters and Professional) to date.

Academic and certificate programs provide the most extended experience of MTEEP activities. Their ultimate impact is to be measured in the post-diploma experience of the graduates of Ph.D., MBA and certificate programs. Individual country reports provide additional useful information on these programs, some of them with profiles of past participants.

## *NON-ACADEMIC PROGRAMS*

**Short Term Training.** Short term training, generally consisting of one to multiple-day seminars and workshops, is by far the largest component of MTEEP program activities in terms of the number of participants reached. These activities are taking place in all MTEEP countries, are usually open to the public, and may involve such topics as writing a business plan or marketing. In July 1996 it was reported that 4,000 persons were participating in short term training; by the end of the year the number increased slightly to 4,366. Just over 2,000 participants attended one-day seminars while about 2,400 attended day workshops. WSU/Romania had over 750 participants in one-day seminars, while UNL/Albania and IU/Hungary had just over 400. IU/Hungary had the highest number of participants in multiple-day workshops with 803, followed by SUNY-B/ Latvia (546) and UNL/Albania (347).

SUNY/CPED in Hungary has been offering TQM seminars in several secondary cities in collaboration with local universities and chambers of commerce. Indiana/Hungary organized a successful series of seminars for women entrepreneurs in March which were well attended and then held follow-up seminars in the fall. Its target now is to offer similar seminars and workshops in towns outside of Budapest. SUNY-B/Latvia manages an English Language Center which is aimed at pre-MBA students while also offering general English and translator training for targeted organizations.

There is now considerable competition in the marketplace for this kind of activity, making recruitment and marketing all the more important. It is also the area of least participant contact, since many of the activities consist of seminars and workshops of only one to three day duration. Furthermore, the impact of this short term training is bound to be quite limited unless it is followed up by more targeted or customized training. Impact of this type of training is to be found at the firm level, among enterprise owners and managers. Proposed administration of lengthy questionnaires to participants of short term training courses to determine program impact has become an issue in Hungary.

**Business counseling and related firm-level interventions.** The third category of MTEEP activities consists of practical training and counseling for business owners and managers. This differs from short term training in that it involves one-on-one counseling of business owners, both at small business development centers and at the business site. Activities in this category typically are offered under the auspices of a Center of Excellence or Small Business Development Center, usually located within a university setting but also within chambers of commerce. These centers may be organized in a network, as in the case of the Centers of Business Excellence Network in Romania.

The centers often contain business resource libraries and online computerized access to international trade and local market information. Four program have some type of resource center: UD/Bulgaria, UNL/Albania, SUNY-CPED/Hungary, and WSU/Romania. UNL in Albania is working with four

universities in building a business resource service now utilized heavily by students and faculty alike.

During this reporting period there have been nearly 1,000 participants reached in four countries (Albania, Bulgaria, Lithuania, and Romania). By far the largest program of this type is WSU/Romania, which reported 718 business owners and managers counseled/trained. UNL/Albania reported 188 for this period. The University of Delaware in Bulgaria reported 300 firm-level interventions.

Under the sub-category of special company interventions, WSU/Romania is training managers from privatized firms in its Management Training for Privatization program which is now generating income from fees.

The impact of business centers and direct company interventions has been quite positive. Many of the business owners and managers interviewed who had been counseled reported success in obtaining loans, increasing the number of their employees, as well as increased profits. It is at this level that the most systematic attempts to measure impact have been urged by some Missions during this period.

### C. Partner/Program Sustainability

As most of the MTEE Projects enter their last year or two of grant support, achieving independence from USAID funds has become the primary concern of the Project Directors and local USAID Missions alike. Sustainability of the projects is evaluated and measured across three areas -- programmatic, organizational, and financial.

- The **programmatic** category addresses issues of faculty development and retention, curriculum development and restructuring, and securing adequate space and technical support for program delivery.
- The **organizational** category deals with the relationship of the programs/centers with the sponsoring local universities, securing administrative support staff, developing recruitment and admissions procedures, self evaluation mechanisms, and long-range strategic development plans.
- The **financial** category concentrates on implementation of tuition policies, fee collection, and developing strategies for securing outside funding.

All three components of sustainability are intrinsically connected and support each other.

*Changes in USAID Mission objectives have had a diverse effect on the performance of MTEE program.* In addition to the challenges of achieving sustainability, internal to each project, an

important external component has been added over the past two years, namely, re-evaluation by USAID of its approaches to assistance in CEE and resulting changes and/or shifts of strategic objectives. For some projects these changes have not presented much of a challenge in terms of finding a fit between their original program design and the new strategic goals emphasized by the Mission. Some Missions (the Czech Republic, Latvia, Poland) recognized from the beginning that increased emphasis on stimulating private sector growth at the firm level is consistent with academic programs which provide broader technical expertise through stable educational programs for years to come, and may only marginally affect SME development for the duration of the grant. Other Missions (Bulgaria, Hungary) opted for a different approach which requires the MTEEP grantees to alter their initial plans of institutional and program development.

The consequences of this choice for achieving program and/or institutional sustainability are not trivial. From the programmatic point of view, drastically shifting direction midway through the grant period may not provide adequate time for the required program development. As a corollary, the existing or planned institutional structure may not provide the most effective mechanism for delivery of the revised programs. In either case, the sustainability of these programs is being seriously handicapped, if not undermined. The end result may well be that although these programs are able to contribute to the revised Mission objectives, they may not be able to create a sustainable institutional base for the future.

*The diversity of MTEE Projects necessitates viewing sustainability in context-specific terms.* MTEE projects offer diverse training programs ranging from Ph.D., MBA and post-diploma certificate studies to workshops and seminars, customized training, and business counseling. These programs are delivered through centers (often called 'Centers of Excellence') which were created as part of the MTEEP. In most cases (with the exception of CMC/Czech Republic) the Centers are connected with a local educational institution which provides the legal parameters for their operation. Although the sustainability criteria outlined above apply to all programs, those whose main activities center around delivery of degree programs must also address issues of university approval and integration into the standard curricula, and eventually, accreditation. At the same time, as with some consulting services or workshops, these programs have to conform to university or ministries of education guidelines for charging fees.

It is crucial to remember that the meaning of "sustainability" is defined by the context in which a specific project operates. For example, for degree-granting and certificate programs sustainability involves an on-going ability to deliver a clearly defined type of training. By contrast, for programs and institutions emphasizing counseling and short-cycle training, sustainability involves the ability to effectively adjust course offerings in response to the changing market demand. Specifically targeted training such as assistance in the privatization of enterprises is expected to end when the goal has been achieved. Then the emphasis shifts from the ability to deliver training to sustaining the general process of privatization. In sum, sustainability of consulting program has to do with flexibility of training, whereas that of academic programs is determined by the stability of program content.

In discussing sustainability it might be helpful to consider the remaining grant period length as a transition during which the programs can develop the necessary programmatic, organizational and financial components to ensure viable program delivery in the future. From that point of view, some activities offered during the grant period may be discontinued or curtailed after the USAID funds are terminated but this may not necessarily indicate program or organizational malaise. The new organizations which are being formed are in the process of elaborating their mission statements and corresponding strategic plans to support them. This process will inevitably involve some adjustments to reflect market demand which may not always parallel the USAID guidelines.

### *PROGRAMMATIC SUSTAINABILITY*

Developing a well grounded program curriculum and securing an adequate pool of local faculty and trainers to deliver programs lies at the center of the sustainability process for both academic and non-academic programs. The experience of MTEEP indicates that the most successful programs in terms of developing a local instructional base directed their efforts to faculty training followed by the partnering (co-teaching) of a U.S.-based instructor with the local faculty/trainers from the initial stage of program delivery. It appears that the co-teaching component remains more important for academic programs which emphasize and/or require proficiency in English than, for example, for many of the business counseling centers whose clients come from small and medium size firms. Most of the MTEE programs are well on the way to securing the necessary instructional pool. The UMCP program in Poland, as one of the newest additions to the MTEEP, is understandably only at the beginning of this process. Due to serious budget cuts and possible early termination of the activity, the TAMIU program in Lithuania may experience difficulties in delivering the originally planned array of programs. The UNL program in Albania is also behind schedule due to earlier program difficulties and may be unable to complete the planned faculty development within the current grant period. Important issues regarding programmatic sustainability follow.

***Ensuring an appropriate mix between local and foreign faculty in program delivery after grant termination remains an issue for many of the academic program.*** This is particularly true of MBA programs which target the indigenous, joint-venture and foreign firms as pools for student recruitment. This aspect of the program delivery appears to be closely linked, at least for the immediate future, to the ability and/or feasibility of both attracting the high-level participants and to setting high fees in order to attain financial sustainability (SUNY-B, UMN, CMC). There is a consensus among the U.S. and local programs administrators and participants that, at least for the next few years, MBA programs (and executive workshops and seminars) will greatly profit by retaining a level of foreign instructors. This conclusion is based on the evaluation of the management needs of the field as these countries prepare to join the European Union.

***Retaining the most qualified faculty after they complete training in the U.S. is the second most important challenge for the MTEE programs.*** One can always expect some faculty attrition, just as in the U.S., when faculty either leaves the academic environment for industry related jobs or takes a leave of absence. As the transition to market economy has gained speed, the market demand for

academic based consulting services seems to have leveled off, at least in those countries which have completed the first stages of political and economic transition and achieved a certain level of stability and growth (Poland, Hungary, Czech Republic). However, regardless of the market demand for consulting services, there will always remain a need to develop an attractive enough employment package for retaining the most effective professors. Such packages would most likely include competitive salaries (although not at the same level as outside academe), opportunities for consulting, collaborative research and publications, and attending international professional conferences. Some of the more mature programs show considerable successes in retaining good faculty (UMN, UPitt/CERGE). The WSU/Romania program has developed an ongoing, locally-based business counselor certificate program to assure availability of trained counselors. For the non-academic programs the retention of the best qualified trainers needs to address the issue of providing opportunities for consulting within the CBE environment with commensurate remuneration.

***The type of degree awarded is an important issue.*** Another key issue which many of the MTEE academic programs have to address deals with what kind of a degree will be awarded after the grant-supported collaboration with U.S. institutions comes to an end. While this is already an issue, it is likely to become even more so in the future. Most of the MBA programs offer a 'Magister' (which roughly corresponds to MA/MS in the U.S.) degree from the local institution and an MBA Certificate from the U.S. university. Such an arrangement might be difficult to maintain after grant termination, primarily due to issues connected with quality control which the U.S. institution would have to maintain in order to be able to continue awarding certificates. Students in some programs fear that taking this official Western component out of the program might negatively affect the perceived prestige of some programs and consequently their marketability.

A different approach is represented by Riga Business School (SUNY-B) which offers a degree only from the local affiliate university (Riga Technical University). The challenge there, however, is to overcome the perception among some of the students, both present and potential, that a Latvian MBA is less marketable on the European market. RBS and SUNY-B both believe that this issue will become resolved over the course of time when the graduates of the program start their professional careers and employers show recognition for the relevancy of the training.

***The legal status of the MBA degree may pose challenges to program sustainability.*** During the past few years the MBA degree has increasingly gained recognition on the European market (with the exception of France and Germany) as the degree of choice among management professionals. However, the degree as such does not fit into the existing structure of higher education in CEE countries. As a result, those programs which want to continue to offer an MBA degree (and most do) need to secure an official recognition of the degree from the respective ministries of education or other bodies charged with licensing and accreditation responsibilities. The process involved varies from country to country and is not always transparent. Some universities, for example in Poland, have claimed that because of their status as independent institutions (determined by the number of full professors) they have the legal right to design and confer new degrees. Furthermore, since the MBA is considered to be a professional degree (unlike the Masters), the Ministry of Education may

indeed have only an advisory role. The ultimate test of sustainability for the MBA programs will be the employment record of their graduates. However, considering the weight that a degree (as opposed to a certificate) carries in the CEE context, all MBA programs which face the above dilemma will profit from a timely clarification of the legal situation in their respective countries.

***Sustainability of non-degree programs depends on the relationship with local partner institutions (e.g., universities and chambers of commerce).*** Achieving program sustainability for institutions (CBEs) which do not offer degrees centers largely on the relationship these centers have with the existing university programs as part of the continuing education process and on creating and maintaining links with the main recipients of training (e.g., SUNY-B in Hungary and WSU in Romania). In the case of the programs which are closely linked with the regular university training, the content has to provide a bridge between the university training and evolving demands of the given professions. Placing such programs in the management centers affords an excellent opportunity for establishing contact with the industrial milieu and providing channels of communication for inputs from the end users of training, thus assuring the continued relevance and demand of the programs. To facilitate this process many of the centers either are in the process or have already established advisory boards which include members of the business community.

***Programs of specialized training must establish a stable relationship with clients.*** For programs designed around specialized or customized training and technical assistance, it appears that the main challenge will be to develop good needs assessment mechanisms and to establish a stable relationship with clients. MTEEP experience indicates that so far this approach has been the most successful with large local or foreign firms (UMCP in Poland, IU and SUNY in Hungary) because these firms have a large employee base involved in management and have the financial resources to devote to management training on a regular basis. At the same time, the USAID revised objectives in many missions de-emphasize this kind of training. Some of the so called 'medium sized' firms are also good candidates for developing a steady collaborative process since they often employ over 200 people. SUNY in Hungary provides a good example of reaching various sized enterprises through a program which addresses issues of quality management and at the same time cuts across the issue of size. The UD/Bulgaria program, as it has evolved through the FLAG consortium, is providing another model of directed company interventions with primarily short term training.

### **ORGANIZATIONAL SUSTAINABILITY**

***The central issue for organizational sustainability is securing the legal status of the new centers.*** As the programs mature, the central issue for organizational sustainability becomes securing the legal status of the newly created institutions (Centers) within the university structure. The legal status of the centers becomes particularly germane when one considers the issue of financial control over the revenue generated by the various center activities. In most cases, university regulations do not allow for setting up autonomous or semi-autonomous accounts for the centers. Some of the MTEEP grantees are either in the process of negotiating legal agreements outlining the responsibilities and rights of both institutions (charters, statutes and by-laws) with partner

universities or have already done so. Such agreements are also crucial for securing the long-term use of the present facilities which, in all instances have been renovated either entirely with the project money or with significant contributions from the grants. Clearly elaborated and well implemented admissions procedures are effective instruments of identifying quality participants.

The most advanced projects have developed and implemented recruitment and admissions procedures and have been successful in attracting a competitive pool of applicants. One project (SUNY-B/Latvia) has a pre-MBA one-year training program which also serves as a selection mechanism for future MBA participants. This mechanism has proven very effective at the present stage of the training in weeding out those who could not cope with the demands of the program. Other programs have introduced entrance tests and interviews as the standard component of the admission process (UMN, UMCP, UNL).

*The implementation of self evaluation initiatives leads to more effective program delivery.* During the past year many of the projects have developed and begun implementing self-evaluation mechanisms (e.g., UMN and SUNY-B) for all of their programs, but particularly for the MBA and executive workshops. As a result, some aspects of the programs have been altered and these changes have been validated by more positive participant evaluations. Other projects which emphasize business consulting services also have improved their market needs-assessment mechanisms and have translated these new findings into more effective program delivery. The experience of MTEEP once again validated the crucial role played by well trained administrative support staff in operations of the centers and their future sustainability. The best run programs have either fully or predominantly local staff which has been trained over the duration of the project (TAMU, UMN, SUNY-B, WSU) and also developed proprietary interest in the institution. The corollary to this success has been an important role played by the in-country project director. Without exception, the most successful projects have a full-time in-country presence (either U.S. or local) with the appropriate authority to represent the projects vis-a-vis the host institution and to undertake the necessary administrative activities. These transition activities have prepared the ground for a solid administrative support for the future. It is worth noting that one of the crucial attributes of this training has been inculcation of western approaches to business interaction and business culture.

### *FINANCIAL SUSTAINABILITY*

*Financial stability is directly related to the legal status of the institution.* As mentioned above, the financial sustainability of the various programs and institutions (centers) is intrinsically related to the legal status of these institutions in the future. Of course, there are several advantages of receiving university and/or government subsidies, but such subsidies also are linked to greater control over the activities of the centers. At present the trend appears to be toward as much financial independence from the university as possible within the legal structure. This trend is validated by the demonstrated ability of many of the programs to generate sufficient funds to cover a significant portion of their operational expenses. This has been particularly true for the projects operating in the most advanced CEE countries -- Poland, Czech Republic, and Hungary but also in Latvia and Lithuania. Projects

in Romania have also recently introduced fees for services and are exploring the market fungibility. As can be seen in Table 4: Summary Of Financial Status, December 1996, mature MTEE programs have contributions from local institutions of around 30%, with tuition/fees and other non-USAID and U.S. university sources of funds contributing another 20% to 30%. One exception is CMC in the Czech Republic where non-U.S. sources provide over 90% of the funding. CMC will cease to receive USAID funding in September 1997.

*Table 4: Summary Of Financial Status: December 1996*

COUNTRY/University	% USAID	% U.S. Inst	% Local Inst	% Tuition/Fees	% Other
ALBANIA/UNL	55	40	4	1	0
BULGARIA/UD	N.A.	N.A.	N.A.	N.A.	N.A.
CZ REP/UPITT-CERGE	29	26	28	0	17
CZ REP/UPITT-CMC	7	0	0	85	8
HUNGARY/IU	40	25	15	20	0
HUNGARY/SUNY	58	19	4	11	8
LATVIA/SUNY-B	34	9	26	15	16
LITHUANIA/TAMIU	46	1	9	44	0
POLAND/UMCP	63	8	8	21	0
POLAND/UMN-OUAT	43	Included in USAID	34	13	10
POLAND/UMN-WSE	59	7	14	20	0
ROMANIA/WSU	41	12	28	19	0
SLOVAKIA/UPITT	63	25	2	7	3
<b>Average %</b>	<b>44</b>	<b>16</b>	<b>14</b>	<b>21</b>	<b>5</b>

*Program mix may be an important element of financial sustainability.* As the financial sustainability of the newly created institutions becomes a focal issue, it may raise a question of program mix which would assure the financial health of the new institutions/centers. In other words, if the basic assumption is that all centers have to generate financial resources to cover their operating expenses, some programs which are considered necessary for the economic transformation of the economy may not necessarily be the ones that can generate the required revenues. For example, many of the training programs designed for the public sector have so far been heavily subsidized. At the same time, the overall consensus among the U.S. and local leadership is that reaching this sector of the economy is and will remain for the foreseeable future an important aspect of the transformation process.

At the same time, some USAID Missions have either completely eliminated or greatly de-emphasized focus on larger firms, including those undergoing privatization, which typically can and do pay significant fees for services they receive. Other services which generate sufficient income for centers include Business English classes, computer training classes, test administration services, and information services. The centers will have to decide to the mix of non-profitable and money generating programs in their programs. Another aspect of this dilemma is that fees for courses offered in underdeveloped and/or depressed regions of the country have to be set at much lower rates in order to make the training affordable to the targeted group (Olsztyn, Poland; Romania). This presents a much greater challenge for the centers because they may not be able to raise the fees to accommodate the costs of administration and faculty/trainer retention.

#### **D. PROGRAM MANAGEMENT**

A key element in the success of the MTEEP Program is the management capabilities of the partners, the U.S. institution as well as the CEE university. One means of understanding these capabilities has been through the biannual distribution of two survey questionnaires.

The first of these concerns the U.S. Project Director's or U.S. In-Country Director's Evaluation of MTEEP Local Partner(s), which asks both U.S. and in-country-based MTEEP coordinators to assess each of their CEE partners in terms of cooperation, current ability and progress, commitment, and potential. Several questions are also asked about the status of the overall program as well (see Appendix).

The other questionnaire, Evaluation by Local Partner of USAID MTEEP Program, asks each local partner representative to address such categories as relevance of the MTEEP Program, program management by the U.S. partner, program content and impact, self-assessment of their own ability, and several general questions about the overall program (see Appendix).

This current report provides an analysis of the third set of responses to these questionnaires. The number of responses has increased each time, with the initial survey in December 1995 conducted only with a sample of potential respondents. For the current analysis, there were 14 responses for U.S.-based directors, 20 responses for In-Country Directors, and 19 responses from local partner representatives.

Three summary assessments are presented. The first is an assessment over time of the U.S. and In-Country Project Directors of their local partners. The second is an assessment over time of the local partner representatives of the MTEEP Program at their institution. The third is a comparison, for the most recent survey period, of the responses of the U.S. Project Directors', In-Country Coordinators, and local partner representatives focused on the perceived ability of the local institution in carrying out the MTEEP Program.

### *D.1. PROJECT DIRECTORS' ASSESSMENT*

Over the year during which the Project Directors' questionnaire has been utilized, most of the responses have not changed a great deal. There is only one average response that is below "adequate," and that is the assessment of potential for financial stability (2.9). Most responses average 3.5 or above, indicating an assessment of more than satisfactory performance. Average responses below 3.5 indicate relative weakness of partners. Changes in average responses from May to December of 0.5 or more indicate areas to be reviewed to understand why the significant change in perceived strength. For these as well as for average responses under 3.5, it will be important to understand the responses the U.S. grantee and the local partner are taking to improve.

Project Directors believe their partners to have relative strength (average responses of 3.8 or higher) in their commitment to the development of market economies as well as to the USAID programs. In addition, they recognize strength of the partners in attracting and retaining clients in the programs. The Project Directors indicate that partners show strength in determining local needs as well as cooperating in developing course curricula. Finally, partners are seen as adjusting well to changes in politics and the economy.

However, Project Directors indicate several areas where they believe their partners show relative weakness. With all past assessments, Project Directors have indicated a weakness of partners in their potential for financial stability (2.9 average in December 1996). In addition, Project Directors have indicated over time that they believe the long range strategic planning and marketing abilities of their partners could be strengthened (3.4 and 3.2 averages respectively); they have also indicated that partners could improve their ability to conduct self-evaluations and apply the findings (3.2 average).

There are two areas where Project Directors' assessments have gone down significantly over the last six months. One is in the area of staff retention. There are three questions that relate to this issue. In all three, the responses between May and December 1996 have weakened. Project Director assessment of partners' ability to retain staff has decreased from 4.1 to 3.5; their estimate of whether faculty/staff turnover is the same or less than similar programs has been reduced from 100% in May (e.g. that MTEEP faculty turnover is at least as good as other programs) to 57%. Finally, there is increasing concern that local faculty/staff would leave if offered a better paying position outside education (18% in May to 57% in December).

Table 5: Analysis of Project Director Questionnaire Responses

Item: Partners'...	12/95 Average Response (N=28)	5/96 Average Response (N=19)	12/96 Average Response (N=34)
Cooperation in developing curricula	3.1	3.8	3.8
Cooperation in acquiring and housing equipment	3.8	4.1	3.5
Cooperation in providing space for program	4.0	4.6	3.7
Cooperation in cutting red tape for program	3.8	4.1	3.4
Ability to maintain qualified staff	3.7	4.1	3.6
Ability to retain qualified staff	--	4.1	3.5
Ability to attract clients	3.6	3.9	3.9
Ability to retain clients	--	3.8	3.8
Ability to adjust to changing politics	4.1	3.9	3.8
Ability to adjust to changing economics	4.0	3.9	3.8
Ability to provide quality service	3.9	3.9	3.7
Ability to determine local needs	--	3.9	3.8
Ability to develop new programs	3.9	3.6	3.6
Ability to engage in effective long range strategic planning	--	3.4	3.4
Ability to self-evaluate and effectively apply findings	--	3.3	3.2
Ability to effectively market programs	--	3.6	3.4
Commitment to free market reforms	4.4	--	4.4
Commitment to USAID program	4.3	--	4.1
Commitment to leading reforms	4.1	--	3.6
Commitment to the people leading reforms	4.1	--	3.7
Potential to administer the program during change	3.7	3.9	3.5
Potential to provide leadership for the program	3.9	3.9	3.3
Potential to provide innovation for the program*	3.8	4.3	3.3
Potential to lead strategic planning for program	3.5	3.6	3.5
Potential financial stability	--	3.3	2.9
Faculty/staff turnover similar to other programs*	--	100%	57%Y
Staff would leave for better paying positions*	--	18%Y	57%Y

NOTES: Responses - 2 = poor; 3 = adequate; 4 = good; 5 = excellent; Y = Yes  
 \* Indicates a statistically significant difference

## *D.2. LOCAL PARTNER'S ASSESSMENT*

The Local Partner's questionnaire has been issued widely only two times - in May and December 1996. There has been little change in the responses over this six month time period, with average responses ranging between 4.3 - 4.5. In general, the responses tend to be about 0.5 point higher than the responses of the project directors. As with the project directors, Local Partners feel MTEEP programs are generally in good shape. With these questionnaires, it is felt that a response of 4.1 or under indicates relative weaknesses and responses above 4.7 indicate a relative strength. Changes in responses of 0.3 or more from May to December is considered significant.

Local Partners indicate two areas of relative strength of their U.S. partners: U.S. staff qualifications and the effective use of translation. In two other areas, their average responses increased significantly. Partners assess their ability to retain clients as having strengthened (from 4.0 in May to 4.3 in December). Partners also believe that their ability to adjust to changing economic conditions is stronger (3.9 to 4.3 average response).

Even with the generally higher responses by Local Partners throughout, there are three themes of relative concern that emerge. These are in the areas of program quality and impact, sustainability, and U.S. partner support.

There are three questions related to program quality and impact where the average responses went down between May and December. The assessment of program content matching the abilities of participants lowered from 4.6 in May to 4.2 in December. Likewise, the assessment of programs being well planned and appropriate was reduced from 4.6 to 4.3. Finally, Local Partners indicated that they were less sure that demand equals or exceeds capacity (100% -yes in May; 67% in December).

Concern over sustainability was likewise noted in the responses to three questions where responses were 4.0 - 4.1. These concerned the partners' ability to retain faculty; their ability to adjust to changing political circumstances; and their ability to engage in meaningful long range, strategic planning.

The concerns expressed in program quality and sustainability relate to the relatively low average assessments for three areas of U.S. partner support: good use of examples, length of stay of U.S. staff sufficient, and provides sufficient technical assistance. One could conclude that these areas of lower responses would indicate that local partners are looking to their U.S. collaborators to provide directed assistance to overcome the programmatic weaknesses identified earlier.

**Table 6: Local Partners Questionnaire Analysis**

Item: MTEEP Program...	5/96 Average Response (N=20)	12/96 Average Response (N=19)
Relevance to needs of participants	5.0	4.6
Recognizes economic situation	4.3	4.3
Makes good use of local examples	4.0	4.0
Places right balance between theory and practical application	4.4	4.4
Most participants are satisfied	4.7	4.5
Materials developed can be applied	4.5	4.4
U.S. staff sufficiently qualified	4.7	4.8
U.S. staff respond to needs	4.6	4.5
Program properly administered	4.5	4.5
Length of stay of U.S. staff sufficient	4.1	4.0
U.S. partner meets financial commitments in timely manner	4.2	4.2
Current ability to attract qualified staff/faculty	4.4	4.2
** to retain staff/faculty	4.0	4.0
** to attract clients/students	4.8	4.6
** to retain clients/students to program completion	4.0	4.3
** to adjust to changing political circumstances	3.8	4.0
** to adjust to changing economic circumstances	3.9	4.3
** to provide quality services	4.7	4.6
** to determine local needs	4.0	4.2
** to develop programs for local needs	4.1	4.2
** to engage in meaningful long range, strategic planning	4.0	4.1
** to self-evaluate and effectively apply findings	4.2	4.2
** to effectively market programs	4.0	4.3
In last 6 months, changes in faculty ability	4.6	4.4
** , permanent changes in course offerings	4.4	4.4
** , participants applying what they have learned	4.6	4.5
Program content matches ability of participants	4.6	4.2
Provides sufficient technical assistance	4.2	4.1
Programs well planned and appropriate	4.6	4.3

External staff well trained/organized	4.8	4.6
Sufficient training for staff	4.2	4.4
Translation appropriate and effective	4.8	4.8
Program charges fair price	90%Y	100%Y
Demand equals or exceeds capacity	100%Y	67%Y
Faculty/staff turnover lower or same as other programs	100%Y	75%Y
In last 6 months, emerging competition	6%Y	35%Y

NOTE: Responses - 2 = poor; 3 = adequate; 4 = good; 5 = excellent; Y = Yes

**D.3. COMPARATIVE ASSESSMENT AMONG RESPONDENTS**

This is the second comparison among respondents (May and December 1996) which is focused on the ability of the local partners to manage the MTEEP program. This analysis separates the responses of the U.S.-based Project Directors from the In-Country Directors for the U.S. grantees so that there is a three-way comparison of responses. If the 0.5 typical difference in assessment between local partner and Project Director is taken into account, there is significant agreement about issues. Responses from In-Country and U.S. Directors above 3.8 and local partners above 4.7 denote relative strength. Responses from the in-country directors or U.S. directors under 3.5 and those of local partners under 4.1 seem to indicate areas of relative weakness and concern.

There are two primary areas of agreed upon strength. These include attracting clients (4.6 - local partner; 4.0 - in-country director; 3.8 - U.S. director) and providing a quality service (4.6, 3.8, 3.8). While this latter comparison is shown as having a statistically significant difference among respondents, it is believed that it is due primarily to the overall higher response average for local partners.

There are two other areas where there is a statistically different response among respondents. One is the ability to self-evaluate and effectively apply findings (4.2, 3.0, 3.5); this also appeared as statistically different in the May 1996 analysis. The last area of statistically different responses is in the ability to market programs (4.3, 3.2, 3.8). In both cases, it is the response of the in-country directors that is significantly different from the other respondents. However, local partners, if their overall higher average responses are taken into account, indicate a potential weakness in these areas.

In general, all respondents are concerned about sustainability aspects of the MTEEP programs. In the area of program sustainability, the ability to retain quality faculty and staff (4.0, 3.4, 3.8) is a concern. In the area of institutional sustainability, the ability to engage in meaningful long range strategic planning (4.1, 3.6, 3.3) is seen commonly as a weakness. Finally, in the area of financial sustainability, in-country directors express concern over partners' ability to maintain and expand the non-USAID sources of funds (3.2).

**Table 7: Comparison Assessment Among Respondents: December 1996**

Item: Your (for local partner)/Partners'.....	Local Partner Average Response (N= 19)	In-Country Director Average Response (N= 20)	U.S. Director Average Response (N= 14)
Ability to attract qualified faculty/staff	4.2	4.6	3.7
Ability to maintain qualified faculty/staff	4.0	3.4	3.8
Ability to adjust to changing politics	4.0	3.7	4.0
Ability to adjust to changing economics	4.3	3.8	4.0
Ability to provide quality service*	4.6	3.8	3.8
Ability to determine local needs	4.2	3.8	3.8
Ability to self-evaluate and effectively apply findings*	4.2	3.0	3.5
Ability to effectively market programs*	4.3	3.2	3.8
Ability to attract clients	4.6	4.0	3.8
Ability to retain clients	4.3	3.9	3.9
Ability to develop new programs in response to local needs	4.2	3.7	3.5
Ability to engage in meaningful, long range strategic planning	4.1	3.6	3.3
Progress in maintaining or increasing the status of the program	4.4	3.8	3.6
Progress in maintaining or expanding sources of non-USAID funding	--	3.2	3.8
Potential to administer the program during change	--	3.4	3.5

NOTES: Responses - 2 = poor; 3 = adequate; 4 = good; 5 = excellent  
 \*Indicates a statistically significant difference

**E. PROGRAM-WIDE ISSUES**

Some of the following themes were identified in the DATEX Annual Report of July 1996 while others were elaborated by the DATEX team in the Fall of 1996 after the site visits. Some, such as reengineering, have taken on critical proportions in recent months.

### E.1. GENERAL CROSS-PROJECT THEMES

**USAID Reengineering.** USAID's reengineering has come to have a major impact on MTEEP grantee institutions and their partners. Under the SEED Program, the initial definition of MTEEP goals were common to grant applications for each CEE country and measures which focused on the broadest reach possible for their success were identified. Their scopes of work had common themes under the overall goals of MTEEP. The ENI Bureau (ENI/DGSR/HRSR/TE) and Office of Procurement (OP) in Washington initially managed the MTEE Programs in the region and made contractual decisions.

Practical issues that face grantees and their partners include:

- *Locus of Decision-making.* Financial reporting requirements, as well as programmatic and contractual decision-making under each activity, have multiple clients (e.g., ENI Bureau, Mission SO teams, OP). Grantees have not always received timely information on program and contractual issues and have not always satisfied all their clients.
- *Original Grant vs. Current SOs.* Differences often exist between the terms of the original grant and the expectations of the Missions operating under their current strategic plans.
- *Communications.* Timely decision-making has not always occurred because of poor communications and delays in making reengineering 'virtual teams' operational.
- *ENI Strategic Objective 1.3.* Interpretations of this SO by the ENI Bureau and within the Missions vary. Some focus more on private sector policy reform, others on reaching SMEs, or privatization. SO partners are expected to follow the Mission's lead in these areas.
- *SO Partners:* Reengineering has meant that implementers with little in common are now obliged to collaborate under newly defined SOs. However, in one instance - Bulgaria - the FLAG (Firm Level Assistance Group) approach has brought implementers together under one umbrella to provide integrated assistance targeting SMEs. Ironically, this has meant that the MTEEP grantee, the University of Delaware, is leaving MTEEP but continuing to implement its program under another office within the ENI Bureau in cooperation with USAID/ Bulgaria.

**Sustainability.** The issue of sustainability concerns the extent to which the individual MTEE Programs are progressively achieving independence from USAID financially, programmatically and organizationally, which varies from grantee to grantee. These are some of the common themes:

Financial sustainability often dictates focussing initially on servicing those who can pay adequate fees for these services, such as larger firms, whereas the USAID Mission might require a focus on smaller enterprises.

Local public institutions often cannot charge fees for full-time MBA programs that can adequately compensate the faculty who will be required to teach these courses. Executive MBA programs co-delivered by U.S. and in-country staff, on the other hand, are often very successful financially. However, it is sometimes difficult to isolate revenues and profits from these courses to cover costs and fund faculty development to build the qualifications of local faculty for long-term sustainability.

As is clearly indicated by MTEEP Project Directors and their Local Partner representatives, there is growing concern about the ability of programs to develop and keep quality professors in their programs. Competitive university-based programs and the evolving private sector in the CEE raise the level of competition for the still small number of highly qualified faculty who were developed through MTEEP.

***The use of external advisory boards is increasing: example of Latvia.*** Advisory Boards have the potential to be an important element of institutional sustainability. Although many MTEE Projects have established advisory boards, the structure and functioning of these boards has not yet been codified. However, the experience of the Riga Business School in Latvia is a successful example of the effective functioning of an advisory board. In general, boards can serve several useful functions. Recruited from among influential local professionals and business owners, they provide liaison with the community in which the university is located. They help market the school's program and promote student enrollment. They may also be very effective at fundraising.

***Measuring Impact.*** Partner institutions are struggling with how to go beyond measuring the acquisition and satisfaction factors, to show acquisition of skills and evidence of change. Grantees have questions about how to collect data which is comparable, measures real impact, and doesn't negatively effect the delivery of services. What kind of data will satisfy USAID's requirements for impact measurement is a key question, along with what are the indicators of this impact and at what points should the data be collected. Measures of impact can be hard or soft, and the softer ones are sometimes best conveyed through identifying success stories related to specific activities, and reporting on these successes to the outside world using innovative and interesting approaches.

***Reaching Target Groups: Small and Medium-Size Enterprises (SMEs) are the most common target group within MTEEP.*** MTEEP partners are facing challenges meeting the target groups that USAID Missions have defined under their new SOs, particularly SMEs. What constitutes a small or medium-size firm is not always clear, since there are no agreed-upon size standards in each country. The type of delivery mechanism to use in reaching SMEs varies across countries. Business advisory services, networking, nurturing, short-course training, using local chambers of commerce all are used with varying success. How to reach out to women-owned firms and women managers in general also presents a challenge that only some partners are adequately meeting.

***In-Country Coordinators are the first line for developing successful programs.*** As pointed out in the Annual Report (DATEX, 1996), In-Country Coordinators vary considerably in terms of their qualifications and their performance, as well as the support provided to them. The Report suggested

that it would be helpful for In-Country Directors to develop guidelines for minimum support from both host institutions and the U.S. partner institutions.

During the last six months some MTEEP grantees have experienced critical management situations owing to the weakness (or absence) of in-country representation. The result has been poor data collection and reporting, program development, and relations with USAID Missions. In one instance, the local partner institution has been left entirely on its own without U.S. partner presence in-country. By contrast, in another instance the grantee institution has three full-time U.S.-hire staff in country.

There is solid evidence that a program can be as well managed by local staff as by U.S. expatriates, given the right mix of personnel and home-office support. However, in any every case, what is of basic important is that the grantee institution provide the resources necessary.

Likewise, the support of partner institutions varies greatly. In one instance, a very unsatisfactory partnership has been dissolved in the full realization that building a new partnership will be very difficult. In retrospect, closer screening of the partner institution at the time of selection might have spared the loss of a year's implementation efforts. This case would indicate the absence of minimum support from the local partner in several areas: inability (or refusal) to allow faculty supplemental income from teaching MBA courses, inadequate level of local faculty skills in teaching and English comprehension, and inability to accurately account for allocation of financial resources. In other cases, local partners have embraced the MTEE Program to such an extent they seem prepared to carry on their programs in the face of declining USAID funding, whereas others are less prepared.

## *E.2. ISSUES REGARDING ACADEMIC AND CERTIFICATE PROGRAMS*

*Accreditation is likely to become increasingly important in the future.* The Annual Report noted that several U.S. faculty within MTEEP have been involved in the process of helping with the accrediting process. Because many Executive MBA students desire and expect degrees from American grantee universities, the issue of accreditation for CEE institutions has grown in importance. Accreditation is a complicated matter in several respects. In the first place it is awarded to institutions and not programs. Even in the U.S., only 300 of the 700 to 800 business schools are accredited. The main MBA accrediting association in the U.S. is the American Assembly of Collegiate Schools of Business (AACSB). The Central and East European Management Development Association is engaged in approving accreditation standards in the CEE region.

Accreditation is a very prolonged process and requires a well defined legal institution before it can be initiated, and it is separate from the awarding of degrees. For MTEEP partner institutions, the first decision will probably have to be whether to award an MBA or a Masters in Management degree, which is a more academic diploma. The MBA is awarded by a given School of Business and not, like an academic degree, by the graduate school of the university. Many MTEEP universities already

award a Masters of Management degree, which is not the same as an MBA. How these issues are dealt with in the future will continue to be of importance to the impact of MTEEP.

***There is some continuing anxiety among students and MTEEP staff about the impending transition from U.S. to primarily local faculty.*** In the 1996 Annual Report it was suggested that this issue be addressed through a shift in marketing strategies for programs approaching transition from U.S. to local faculty. The DATEX evaluation teams found that this continued to be an issue, and that those concerned include students as well as MTEEP staff. This issue was somewhat critical, for example, in the decision of UPitt to dissolve its relationship with the Economics University of Bratislava. The local faculty who received training under MTEEP at UPitt and in co-teaching with UPitt professors were not considered sufficiently qualified to teach at the MBA level. Even in more established programs the issue has to do with retaining qualified staff with adequate compensation, opportunities for research, and career development. This suggests that the problem is not just one of marketing but is fundamental to institutional development.

***Certificate programs fill niche for specialized high quality training.*** It is quite possible that the non-degree certificate programs are having at least as great an impact in the region as are the MBA programs. There is evidence from DATEX site visits that certificates for Total Quality Management in Hungary and the Professional Business Counselor in Romania are acquiring degree-like status. They are displayed proudly in the walls of the project or faculty offices and are mentioned invariably in introductions of certificate holders. In the case of Romania, there is now a cohort of ten faculty who have received the Master of Business Counseling which qualifies them to train Professional Business Counselors, thus assuring quality and sustainability beyond MTEE Project life. In Hungary, the TQM program provided the basis for the Masters in Engineering Management degree at the Technical University of Budapest.

### ***E.3. ISSUES RELATING TO NON-ACADEMIC PROGRAMS***

***Short term interventions must be attuned to changing market needs.*** Delivery mechanisms for services to business owners and managers vary widely, including business advisory services, networking, nurturing, and short-course training. They often involve partnerships with local chambers of commerce as well as local universities and institutes. These methods and arrangements are essential for reaching SMEs. There are, however, an increasing number of organizations and private firms offering similar services to this target audience. Some of these are far less subsidized than are MTEEP services and therefore more attuned to the market. Grantee institutions and their partners are obliged to be aware of these trends and to fashion their programs accordingly if they hope for sustainability.

Some MTEEP universities with business centers speak of fostering a "managerial culture" which means that clients are inclined to visit the centers on a frequent basis not only to attend seminars and workshops but to network with other entrepreneurs and catch up on market information. They come to feel as though they have a stake in the center and develop a sense of belonging and a new way of

thinking. Women in particular tend to view the centers as an important support system for developing self reliance and for honing entrepreneurial skills. Some grantees and partner organizations are beginning to form alumni associations of their clients. Those MTEEP universities who have attempted to reach smaller enterprises through these types of activities and have failed claim that small business owners lack disposable income for them. However, the experience of successful programs would indicate that it is a matter of identifying a market niche and focusing on offering services that the Center does best. Strategic alliances with other organizations already involved in providing these kinds of services suggest an alternative approach, especially if its happens to be another MTEEP grantee such as Indiana University and SUNY in Hungary.

*More intense targeted interventions often require high resource investment for a small number of client recipients.* During the Fall 1996 site visits DATEX evaluators observed one such training program that is not only considered successful by the MTEEP institution and its partner but has become replicable and sustainable. This is Indiana University's customized management training for senior and middle level managers of large corporations under its MATCH program. The training package for the giant Hungarian telecommunications company, MATAV, has been presented several times to company employees and eventually modified with MATAV management input. The same approach is being used with other large and medium-sized firms who are quite willing to pay for these services. The issue here is whether this type of activity will continue to fall within the guidelines of USAID/Hungary's program of focusing on the SME sector.

*Local partner "buy ins" to MTEEP efforts can be demonstrated through their provision and maintenance of program facilities and equipment.* The lack of adequate physical infrastructure and equipment can be an overwhelming impediment to program success. At the same time, an abundance of office space and equipment does not guarantee success either. One sure measure of the likelihood of sustainability is the contribution of partner institutions to the project infrastructure. In Romania, for example, one of WSU's local partners purchased and installed several computers for the MTEEP-funded Network Business Center. Another prospective partner institution in Romania has become a member of the Network without receiving any funding at all from MTEEP, providing its own office space, communications, and human resources.

## F. CONCLUSIONS AND RECOMMENDATIONS

Our conclusions for the overall MTEE Program may be summarized on three major issues:

### ■ USAID reengineering process

With the implementation of the reengineering process, program decision-making has started to devolve to CEE Missions. New strategic objectives have been defined by both the ENI Bureau and Missions which require on-going projects to be adapted to these revised objectives. Grantees are being told to conform to Mission-level Strategic Objectives (SOs) and Intermediate Results (IRs) to deliver services and report on progress toward indicators defined at this level. *It is not an*

*exaggeration to suggest that this is the most critical issue facing MTEEP grantees at the end of 1996.*

■ **Measuring of program impact, especially of change at the firm level**

While some quantitative data regarding the impact of MTEEP activities has been presented, there is still room for improvement in measuring change at either the individual or firm level. For example, while some MTEEP participants have completed advanced degrees and are on the job, little is known about what impact their training has had on their jobs. In addition, more attention to firm level impact must be given. While grantees and partners can say how many businesses have been reached through seminars and workshops, little can be said with any certainty on how their businesses have changed as a result of that experience.

What are the most appropriate measures for change at this level? One mission has suggested that average monthly increase in sales is the most useful indicator. Some programs point to the ability of a business to secure a loan after assistance in developing a business plan as an indicator of program impact. If one is to know whether MTEEP is contributing to economic growth one needs to understand such factors as whether the firm has adopted new technology, installed new equipment, created new jobs, increased its asset base, and introduced sustainable management practices as a result of participation in MTEE program activities.

■ **Sustainability of the programs and institutions established through MTEEP support**

The major current sustainability issue has to do with the retention of highly quality local faculty. In addition, in order for MTEE programs to become fully integrated into the local partner institutions, issues facing them include how well the U.S. partner has prepared local managers in program management. Another concern is how effectively an MTEE program achieves its legal and administrative status within its sponsoring local institution. MTEE programs are moving toward independence from U.S. sources of funding. However, concern remains as to whether partners will be able to identify and receive sufficient funding from a variety of other sources in order to maintain quality programs.

**RECOMMENDATIONS**

Some of the following recommendations should be incorporated into the agenda of the MTEEP 1997 Spring meeting. The first one regarding reengineering is sufficiently critical to warrant more immediate action, in light of the fact that some programs are being closed down or threatened by loss of funding in the process.

### Reengineering

Reengineering is the most critical issue facing MTEEP. There are several recommendations related to this process.

- **Missions should clearly define their Strategic Objectives with respect to size of target enterprises.**

This should be done at the time of the strategic planning process which is currently underway in most missions. Enterprise definitions vary from country to country. For example, in Hungary, medium-size is defined by the Ministry of Trade and Industry as having 51 to 250 employees, small from 10 to 50).

- **Grantees should take the initiative in working with USAID Missions to organize firm-level and/or university-level assistance groups in their country.**

This is also directly related to the Strategic Planning process. One example is that developed by USAID/Bulgaria known as FLAG (Firm Level Assistance Group) which involves all contractors and grantees under a Strategic Objective working together in a committee. The University of Delaware assumed leadership in Bulgaria in the coordination of the FLAG consortium under the SO to strengthen private business operations.

- **DATEX should coordinate efforts of grantee universities and their partners to explore the nature and function of the SME sector in their respective countries.**

DATEX MTEEP senior evaluators have already begun to establish linkages with research institutes and scholars in the CEE region that specialize in research on the small and medium enterprise sector. A comparative survey of the SME sector could contribute to a better understanding of the target beneficiaries and constitute a lasting contribution of MTEEP to this field.

### Measuring Impact

USAID and grantees continue to search to identify representative indicators and targets to document the results of their programs at the firm level.

- **Identifying and agreeing upon indicators for measuring impact should be a priority effort for the duration of MTEE project life.**

There should be a panel at the MTEEP Spring Meeting for discussion and debate on this issue, culminating in a revised listing of indicators with general applicability for measuring impact. Programs need to look for indicators of change at the individual and firm level.

DATEX should continue to play a coordinating role in this regard.

- **Grantee institutions should collaborate with Missions that are seeking to find ways of measuring impact.**

The experience of USAID Bulgaria, Hungary and Poland in exploring impact measures should be presented and discussed at the Spring Meeting. Of particular interest would be the use of the most practical survey instruments possible.

### Sustainability

MTEEP grantees and partners have identified a number of sustainability issues of common concern. Some of the following recommendations pertain mainly to academic programs, while others apply to all MTEEP activities. Programs should review current efforts and wherever necessary address the following issues:

#### Program Sustainability

- **Grantee and partner institutions should reach agreement on the elements of a faculty development program and standards of performance.**

This issue should also be the subject of a panel at the Spring Meeting. A monitoring plan should be elaborated and implemented for tracking faculty development and replacing faculty not meeting standards or leaving the program, and a backup program adopted. For example, SUNY-Buffalo employs a rigorous monitoring of all faculty within the Riga Business School in Latvia.

- **Grantee and partner institutions should mutually develop and implement a faculty retention plan that recognizes the need for ongoing faculty research and development.**

Such a plan would envisage competitive salaries and benefits as well as appropriate recognition and status within the overall university system. The plan may require a mix of activities to assure a sufficient level of work and sources of income to encourage faculty to remain within the program.

#### Institutional Sustainability

- **Grantees should develop a more proactive approach to addressing mutually identified partner weaknesses in strategic planning, self-evaluation and application of findings for improved performance.**

These problems have been mentioned over the past year without any progress being noted.

- **Grantee universities should carefully assess and attempt to resolve with their partner institutions the issues regarding the award of MBA degrees.**

In Poland, for example, the Mission has identified the issue of joint degrees as a potential problem of sustainability.

#### Financial Sustainability

- **Grantees and their partner institutions should develop plans and activities to address financial sustainability of programs early on and track them vigorously over time.**

Several grantees and their partners (e.g., Romania and Latvia) have developed business plans which include cash flow projections beyond the USAID grant period. Grantee institutions and their partners should share lessons learned within MTEEP and with others regarding methods of generating program revenue through such activities as extending business services.

**APPENDIX**

## U.S. Project Director's or U.S. In-Country Director's Evaluation of MTEEP Local Partner (s)

Grantee Institution: \_\_\_\_\_ Date: \_\_\_\_\_

Partner To Which Survey Applies: \_\_\_\_\_

Location of Program(s) to which this survey applies: \_\_\_\_\_

Type of program involved in this evaluation (check all that apply):

PhD                       Part-time MBA                       Full time MBA                       Certificate program  
 Non-certificate training                       Business advising/counseling  
 Faculty/trainer training                       Other support activities: \_\_\_\_\_

Name and Title of Person Completing Survey: \_\_\_\_\_

*This questionnaire is intended to reflect your assessment of the status of this partner's progress since the last time this form was completed (prior six months). If you are working with more than one partner, please fill out one form for each partner in the project. Please circle the appropriate response to each item in the column on the right. Feel free to elaborate on any of your choices.*

*Thank You.*

### USE THE FOLLOWING SCALE FOR RATING ITEMS:

- 5 - Excellent
- 4 - Good
- 3 - Adequate
- 2 - Poor/Less than Adequate
- 1 - Unsatisfactory

### Cooperation From this Partner

Please circle your choice.

Please use the space below each question to elaborate on your choice of response.

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. In last 6 months, developing content for program(s)                   | 5 | 4 | 3 | 2 | 1 |
| 2. In last 6 months, acquiring and housing equipment and materials       | 5 | 4 | 3 | 2 | 1 |
| 3. In last 6 months, providing space for USAID programs                  | 5 | 4 | 3 | 2 | 1 |
| 4. In cutting through the red tape of local requirements and regulations | 5 | 4 | 3 | 2 | 1 |

### Partner's Current Ability:

Please circle your choice.

Please use the space below to clarify or comment on answers.

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 5. To attract qualified staff/faculty               | 5 | 4 | 3 | 2 | 1 |
| 6. To retain qualified staff/faculty                | 5 | 4 | 3 | 2 | 1 |
| 7. To attract clients/students                      | 5 | 4 | 3 | 2 | 1 |
| 8. To retain clients/students to program completion | 5 | 4 | 3 | 2 | 1 |
| 9. To adjust to changing political circumstances    | 5 | 4 | 3 | 2 | 1 |
| 10. To adjust to changing economic circumstances    | 5 | 4 | 3 | 2 | 1 |

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<b>Partner's Current Ability:</b>	<b>Please circle your choice.</b>				
11. To provide quality services to its constituents	5	4	3	2	1
12. To determine local needs	5	4	3	2	1
13. To develop programs in response to or in anticipation of local needs	5	4	3	2	1
14. To engage in meaningful long range, strategic planning	5	4	3	2	1
15. To self-evaluate and effectively apply findings	5	4	3	2	1
16. To effectively market programs	5	4	3	2	1

<b>Partner Institution's Commitment</b>	<b>Please Circle your choice.</b>				
(Please use the space to clarify "extreme" answers ("5", "2" or "1"))					
17. To free market economic reforms	5	4	3	2	1
18. To continuing programs established through USAID support	5	4	3	2	1
19. To leading reform movements	5	4	3	2	1
20. To people who are leading reform movements	5	4	3	2	1
21. To expansion of U.S. economics/management programs	5	4	3	2	1

<b>Partner's Progress:</b>	<b>Please circle your choice.</b>				
22. Since the last report, the partner has maintained or increased the stature of the program (e.g. the service/program has been included in a catalogue, has gained recognition by or membership in an association). Example:	5	4	3	2	1
23. Since the last report, the partner has maintained or expanded its sources of funding outside of this USAID grant.	5	4	3	2	1
Estimated current percentage breakdown of sources of funding for this program:					
USAID Grant	_____				
U.S. Partner	_____				
Tuition & Fees	_____				
Local University	_____				
Other (specify)	_____				
<b>TOTAL</b>	<b>100%</b>				

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**Partner's Potential:****Please circle your choice.**

Evaluate your Partner's potential with respect to:

24. Administering program during times of change	5	4	3	2	1
25. Providing leadership	5	4	3	2	1
26. Creating and implementing innovations in program development	5	4	3	2	1
27. Strategic planning and implementation	5	4	3	2	1
28. Financial stability	5	4	3	2	1

**General Questions About this Partner****Please circle your choice.**

(in relation to other local programs)

29. Does the institution charge a fair price for services?	Yes	No	N/A
30. Faculty and staff turnover in this program is lower than or the same as that of similar programs or institutions.	Yes	No	N/A
31. The demand for services in this program meets or exceeds capacity.	Yes	No	N/A
32. Given a better paying position outside of education would, in your opinion, large numbers of faculty/trainers and staff leave? If "yes," for which industries/positions?	Yes	No	N/A
33. Since the last quarter, has the partner developed new collaborative efforts for this project with other service providers? If yes, which ones, and what is your assessment of the effectiveness of that partnership?	Yes	No	N/A
34. Since the last quarter, has any new competition emerged for this program? If "yes," what is your assessment of the impact of the competing service provider on this program?	Yes	No	N/A

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**Additional Comments:**

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## Evaluation by Local Partner of USAID MTEEP Program

Local Partner: \_\_\_\_\_ Date: \_\_\_\_\_

USAID Grantee to which survey applies: \_\_\_\_\_

Location of program(s) to which survey applies: \_\_\_\_\_

Name of Person completing survey: \_\_\_\_\_

Type of program involved (check all that apply):

PhD       Part-time MBA       Full time MBA       Certificate program  
 Non-certificate training       Business advising/counseling  
 Faculty/trainer training       Other support activities: \_\_\_\_\_

*Your opinion is important to United States Agency for International Development (USAID). Please choose responses that reflect your assessment of the USAID program since the last time this form was completed (prior 6 months).*

*Please circle the appropriate response to each item in the column on the right. Please comment on your choices in the available space.*

*Thank You.*

### USE THE FOLLOWING SCALE FOR RATING ITEMS:

- 5 - Strongly Agree
- 4 - Agree
- 3- No opinion
- 2 - Disagree
- 1 - Strongly Disagree
- NA: Does not apply to program

Please rate the following:

Relevance of the MTEEP Program	Please circle your choice.					
1. The program is relevant to the needs of the participants.	5	4	3	2	1	NA
2. The program recognizes our economic situation.	5	4	3	2	1	NA
3. The program makes good use of local examples.	5	4	3	2	1	NA
4. The program places the right balance between theory and practical application.	5	4	3	2	1	NA
5. Most participants are satisfied with the program.	5	4	3	2	1	NA
6. Much material developed through this program can be applied to our country.	5	4	3	2	1	NA

MTEEP Program Management:	Please circle your choice.					
7. The U.S. staff /trainers/faculty seem sufficiently qualified.	5	4	3	2	1	NA
8. The U.S. staff /trainers/faculty have responded to our needs.	5	4	3	2	1	NA
9. The program is properly administered.	5	4	3	2	1	NA
10. The length of stay in this country for U.S. faculty/trainers is sufficient for our needs.	5	4	3	2	1	NA
11. The U.S. partner meets its financial commitments in a timely manner.	5	4	3	2	1	NA

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**Program Ability:****Please circle your choice.**Please assess your program's current ability to:

12.	To attract qualified staff/faculty	5	4	3	2	1
13.	To retain qualified staff/faculty	5	4	3	2	1
14.	To attract clients/students	5	4	3	2	1
15.	To retain clients/students to program completion	5	4	3	2	1
16.	To adjust to changing political circumstances	5	4	3	2	1
17.	To adjust to changing economic circumstances	5	4	3	2	1
18.	To provide quality services to its constituents	5	4	3	2	1
19.	To determine local needs	5	4	3	2	1
20.	To develop programs in response to or in anticipation of local needs	5	4	3	2	1
21.	To engage in meaningful long range, strategic planning	5	4	3	2	1
22.	To self-evaluate and effectively apply findings	5	4	3	2	1
23.	To effectively market programs	5	4	3	2	1

**Program Impact:****Please circle your choice.**

Please elaborate on your answers in the space provided.

24.	In the last 6 months, this program has led to changes in our faculty's or trainers' or counselors' ability. Please give examples:	5	4	3	2	1	NA
25.	In the last 6 months, this program has led to permanent changes in our course offerings. Please give examples:	5	4	3	2	1	NA
26.	To the best of my knowledge, those who have participated in this program in the last 6 months are now applying what they have learned to their work. Please give examples:	5	4	3	2	1	NA

**Program Content:****Please circle your choice.**

27.	The degree of difficulty in the program's content matches the abilities of our participants.	5	4	3	2	1	NA
28.	The program provides sufficient technical assistance.	5	4	3	2	1	NA
29.	Programs are well planned and appropriate.	5	4	3	2	1	NA
30.	The instructors/trainers/counselors are well trained and organized.	5	4	3	2	1	NA
31.	The program provides sufficient training for instructors/trainers/counselors.	5	4	3	2	1	NA
32.	Translation is used appropriately and effectively.	5	4	3	2	1	NA

**General Questions****Please circle your choice**

33.	Does the program charge a fair price for services?	Yes	No	NA
34.	Does demand for services in this program equal or exceed capacity?	Yes	No	NA
35.	Is faculty and staff turnover in this program lower or the same as that of similar programs or institutions?	Yes	No	NA
36.	In the last 6 months, have any other programs emerged that are in competition with the services offered by your program?	Yes	No	NA

If "yes," what is your assessment of such program(s)?

37. Please provide a percentage breakdown of the current sources of funding for this program:

USAID Grant	_____
U.S. Partner	_____
Tuition & Fees	_____
Local University	_____
Other	_____
<b>TOTAL</b>	<b>100%</b>

**Additional Comments**

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