



Management Training and  
Economics Education Project for  
Central and Eastern Europe

Contract No DHR-C-00-95-00059-00  
Project No 180-0029

Monitoring & Evaluation  
Annual Summative Report  
JULY 1997-JUNE 1998

**Prepared for**



**Office of Democracy, Governance and Social Reform**  
**Human Resources Development Social Reform Division**  
Bureau for Europe and the Newly Independent States  
US Agency for International Development

**Prepared by**

**DATEX**<sub>INC</sub>

June 1998

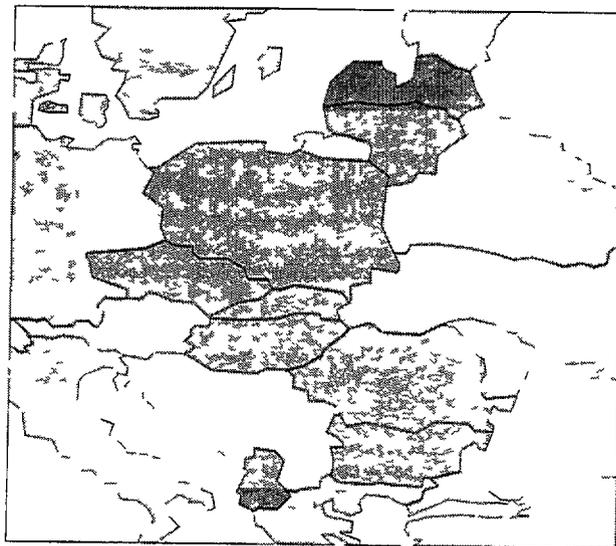


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Prepared by

**DATEX** INC  
7799 Leesburg Pike  
Suite 1150 North Tower  
Falls Church, VA 22043-2413

June 30, 1998

## TABLE OF CONTENTS

List of Tables	ii
List of Acronyms	iii
Executive Summary	ES-1
Introduction	1
Albania University of Nebraska - Lincoln	7
Hungary Indiana University	23
Hungary State University of New York	42
Latvia State University of New York - Buffalo	61
Lithuania Kaunas Technological University-panevezys	81
Poland University of Maryland - College Park	98
Poland University of Minnesota and Olsztyn University of Agriculture and Technology	116
Poland University of Minnesota and Warsaw School of Economics	127
The Slovak Republic University of Pittsburgh	139
Overall Program Results	155
Annexes	
Indicators of Program Impact and Sustainability	
Annex #1	Albania University of Nebraska - Lincoln
Annex #2	Hungary Indiana University
Annex #3	Hungary State University of New York
Annex #4	Latvia State University of New York - Buffalo
Annex #5	Lithuania Kaunas Technical University - Panevezys
Annex #6	Poland University of Maryland - College Park
Annex #7	Poland University of Minnesota - OUAT
Annex #8	Poland University of Minnesota - WSE
Annex #9	Slovakia University of Pittsburgh
Program Management/Annual Assessment Charts	
Annex #10	Project Directors Assessment, Local Partners' Assessment, and Comparison Assessment of Respondents

**LIST OF TABLES**

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Table 1	Types of MTEEP Activities	Page 2
Table 2	Program Reach Data from July 1, 1997 to June 30, 1998	Page 157
Table 3	Cumulative Degree and Certificate Program Data through June 30, 1998	Page 163
Table 4	Analysis of Project Director Questionnaire Responses	Annex #10
Table 5	Local Partners Questionnaire Analysis	Annex #10
Table 6	Comparison Assessment among Respondents - May 1998	Annex #10

## LIST OF ACRONYMS

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AACSB	American Association of Collegiate Schools of Business
AWS	Solidarity Electoral Action (Poland)
BAC	Business Assistance Center (Albania)
BBC	British Broadcasting Corporation
BUES	Budapest University of Economic Sciences (Hungary)
CA	Cooperative Agreement
CBE	Center for Business Excellence
CBEN	Center for Business Excellence Network (Romania)
CDO	Career Development Office
CEE	Central & Eastern Europe
CEMS	Community of Europe Management Schools
CIDA	Canadian International Development Agency
CMC	Czech Management Center
CPED	Center for Private Enterprise Development (Hungary)
DIMBE	University of Budapest Department of Industrial Management and Business Economics
ELC	English Language Center (Latvia)
EMBA	Executive Master's of Business Administration (Poland)
EMRIM	Executive Master's of Rural Industries Management (Poland)
ENI/DGSR	Bureau for Europe and New Independent States/Office of Democracy, Governance, and Social Reform
EU	European Union
EUB	Economics University of Bratislava (Slovak Republic)
FPDD	Faculty Professional Development Program
FMP	Faculty of Math and Physics (Slovak Republic)
FY	Fiscal Year
GDP	Gross Domestic Product
GMAT	Graduate Management Admissions Test
GOL	Government of Latvia
GPA	Grade Point Average
HHH	Hubert H. Humphrey Institute of Public Affairs (University of Minnesota)
ICBPA	International Center for Business and Public Administration
IESC	International Executive Service Corps
IMF	International Monetary Fund
IR	Intermediate Results
IU	Indiana University
KC	Komercizblitibas Centrs
KTU/P	Kaunas Technological University/Panevezys (Lithuania)
LDLP	Long Distance Learning Program (Poland)
M&E	Monitoring and Evaluation

MATCH	Management Training Cooperation in Hungary
MBA	Master's in Business Administration
MDC	Management Development Center
MEF	Mathematics of Economics and Finance
MEN	Ministry of National Education (Poland)
MOU	Memorandum of Understanding
MS	Master of Science
MTEE	Management Training and Economics Education
MTEEP	Management Training & Economics Education Project
MTELP	Michigan Test of English Language Proficiency
MTC	Center of Management Technology and Business Training
MTP	Management Training for Privatization
n/a	Not Available
NATO	North Atlantic Treaty Organization
NCAUC	North Central Association of Universities and Colleges
NGO	Non-Governmental Organization
NIS	New Independent States
OECD	Organization for Civic Cooperation and Development
OSCE	Organization for Security and Cooperation in Europe
OUAT	Olsztyn University of Agriculture and Technology (Poland)
PACAMAM	Polish-American Center for Agricultural Marketing and Agribusiness Management (Poland)
PACD	Project Activities Completion Date
PAM	Polish-American Management Center
PDCP	Post-Diploma Certificate Program (Poland)
PDEP	Post-Graduate Distance Education Program
PDS	Post Diploma Studies
PHARE	Poland and Hungary Assistance for Economic Restructuring
PHD	Doctor of Philosophy
PUWP	Polish United Workers' Party
R2	Results Review
R4	Results Review and Resource Request
RBS	Riga Business School (Latvia)
RTU	Riga Technical University (Latvia)
SEED	Support for Eastern European Democracy Act
SIFE	Students in Free Enterprise
SLD	Democratic Left Alliance (political party, Poland)
SME	Small and Medium Size Enterprise
SO	Strategic Objective
SPEAK	Spoken English Assessment Kit
SUNY	State University of New York
SUNY-B	State University of New York - Buffalo
SUNY-IPD	State University of New York - International Programs and Development Office

TAMIU Texas A & M International University  
TARS Partnership Program (Hungary)  
TQM Total Quality Management  
TUB Technical University of Budapest (Hungary)  
UL University of Lodz (Poland)  
UMCP University of Maryland at College Park  
UMN University of Minnesota  
UNL University of Nebraska-Lincoln  
UPB Polytechnic University of Bucharest  
UPitt University of Pittsburgh  
US United States  
USAID United States Agency for International Development  
USIA United States Information Agency  
USIS United States Information Service  
UT University of Tirana (Albania)  
WEMBA Warsaw Executive Master's of Business Administration (Poland)  
WEMBA Weekend Executive Master's of Business Administration (Slovak Republic)  
WLF World Learning Foundation  
WSE Warsaw School of Economics (Poland)  
WSE Warsaw Stock Exchange  
WSU Washington State University

## **EXECUTIVE SUMMARY**

### **ANNUAL SUMMATIVE EVALUATION OF THE MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT**

#### **I. INTRODUCTION**

This is the third Annual Summative Evaluation Report of USAID's Management Training and Economics Education Project (MTEEP) for Central and Eastern Europe (CEE) submitted by DATEX since the award of the Monitoring and Evaluation contract to DATEX in 1995. Although the MTEEP grants began in 1991, this report only covers the period from July 1, 1997 to June 30, 1998, unless otherwise specified. This evaluation report represents the combined effort of the DATEX team in Falls Church, VA, with the collaboration and participation of US grantee universities, their CEE partner institutions, USAID personnel in the respective countries and the staff of the ENI Bureau. DATEX intends this executive summary to serve as a stand alone document to be more useful to its readers, consequently, there will be some repetition of information.

#### **A. MTEEP PURPOSE AND OBJECTIVES**

The purpose of the MTEEP grants and cooperative agreements, as stated in the Request for Applications of April, 1994, was "to develop counterpart institutions in creating, running or expanding programs in the areas of management training, market economics education, and support programs." The various objectives of each country program are specified in the grant or cooperative agreement documents. The progress made towards achieving these objectives are summarized in the charts at the end of this section as well as in each project's executive summary in the body of the report.

#### **B. MTEEP COUNTRIES AND PROGRAMS**

MTEEP programs have engaged in a wide range of activities addressing the management and economics education needs of each of the six current CEE countries involved. Offered programs include academic (PhD and MBA degree) and certificate programs, and non-academic programs (short-term training seminars and workshops, English language training, as well as business counseling and support services). In this report we show that MTEEP grantees and their partners have been able to demonstrate tangible results towards the objective of improving capabilities in management training and economics education in the CEE region. We document and analyze these results and present both quantitative and qualitative measures of project achievement.

The following table illustrates the countries and types of programs currently supported by MTEEP.

**EXECUTIVE SUMMARY**

Country	Institution (Start-End Dates)	Business Advising	Short Cycle Workshop	Special Company Intervention	Certificate Program	Exec. MBA (Start Date)	Full- time MBA (Start Date)	PhD
Albania	UNL (91-00)	✓	✓	✓		✓ (1996)		
Hungary	IU (95-99)		✓	✓	✓			
	SUNY (91-98)	✓	✓	✓	✓	✓ (1996)		
Latvia	SUNY/B (92-99)	✓			✓	✓ (1992)		✓(1997)
Lithuania	KTU/P (95-98)	✓	✓		✓			
Poland	UMCP (94-99)		✓			✓ (1996)		
	UMN (91-98)		✓		✓	✓ (1995)		
Slovakia	UPitt (95-99)		✓		✓	✓ (1996)	✓(1998)	✓(1997)

**II. METHODOLOGY UTILIZED**

The MTEEP Monitoring and Evaluation methodology utilized by the DATEX team was developed in collaboration with MTEEP grantees, USAID staff, and the staff of partner institutions. It utilizes sets of impact and sustainability indicators, the two primary categories of analysis of the MTEEP Project, as agreed upon by its primary stakeholders. *Impact* is defined as occurring at four levels: acquisition of knowledge and skills, satisfaction with that acquisition, utilization of knowledge and skills, and change in behavior at the individual, institutional, and national levels. The discussion on impact focuses on achievements of participants in MTEEP programs and the companies and institutions which employ them. Sustainability is examined on three levels: programmatic, organizational, and financial. The host-country partner institution is the focal point of the sustainability analysis.

Eleven programs in nine Central and Eastern European countries were monitored and evaluated. The data utilized in preparing this annual report include site visits, reviews of project documentation such as quarterly reports, administration and analysis of questionnaires, and regular E-mail, telephone and fax communications with grantee representatives, their local partners, and USAID staff. Site visits were conducted in October-November of 1997 and April-May of 1998. Only Washington State University's program in Romania closed out during this 12-month reporting period. Over the past year, all of the projects have been visited at least once.

### III PRINCIPAL FINDINGS

#### A. IMPACT

*Persons Reached by MTEEP.* While there was no overall impact benchmarks contained in the 1994 RFA, DATEX gathers and reports qualitative and quantitative information, whenever possible. For this 12-month reporting period there were a total of 15,713 participants in MTEEP activities in eleven programs. Qualitative impact data are included in the success stories within each of the country reports.

*Academic and Certificate Programs.* These programs reached over 2,000 people, accounting for 13% of all MTEEP participants for the reporting period. The CERGE-EI PhD program in Economics in the Czech Republic now counts seven graduates. There are currently five graduate students in two other PhD programs: one from Latvia at SUNY-Buffalo and four Slovaks at the University of Pittsburgh. Seven MTEEP MBA programs are currently being offered in five countries, four of them with graduating classes this summer. There have been 855 students enrolled in these MBA programs, most of them in executive management (evening and part-time) programs. One-third of them are women. A rather broad mix of certificate programs is also being offered by seven MTEEP grantee institutions.

*Non-Academic Programs.* These programs account for 87% of all participants for this reporting period. They include short-term management training (one-day seminars and multi-day workshops), business counseling, training and special firm-level interventions, services provided by resource centers, English language training, case studies, and lectures. Short-term training alone accounts for 57% of all participants. Three grantee universities and their partners are providing business counseling services, three maintain Resource Centers, and two are providing special company interventions.

*Participation of Women in MTEEP Programs.* For the current reporting period, some 39% of all participants have been women (in those activities for which there is gender disaggregated data). The highest programmatic percentage of women participation is in certificate training (46%) and seminars (53%).

Over the life of most MTEEP programs, the participation of women has increased from virtually nil in some programs to over 80% in others. For example, in Latvia, after four executive MBA classes have graduated, of the total 104 graduates, 58 (56%) of them are women, in Hungary, of the 501 participants in certification programs a total of 327 (67%) are women. The overall average attendance of women in degree and certificate programs has been 40%, there is 37% women's participation in short-term training and over 40% in non-traditional activities.

**B. PARTNER/PROGRAM SUSTAINABILITY**

*Achieving Sustainability* As many of the MTEEP programs enter their last year or years of grant support, the primary concern has become achieving independence from USAID funding and institutional sustainability DATEX examines three different aspects of sustainability programmatic, organizational, and financial Although in this report we continue to evaluate these aspects in each program chapter, we have chosen to examine overall sustainability of MTEEP activities under the heading of *lessons learned*, in order to better serve expressed needs of USAID in program design

**ACADEMIC AND CERTIFICATE PROGRAMS**

*Programmatic Sustainability Content of Programs to be sustained* All programs aim at developing an indigenous faculty base and capabilities for future program delivery Sustainability involves assuring faculty retention, especially local faculty, and perhaps an appropriate complement of western faculty Some programs are concluding that in order to maintain their prominence and international standing and program quality, it will be desirable to retain some western faculty beyond the grant period This is particularly true for those working toward a joint degree (or certificate) program

*Organizational Sustainability Degrees to be offered after the MTEEP grant period* There are numerous issues surrounding the recognition of the MBA degree or certificate in the CEE region In some cases, awarding of a certificate may be discontinued because of the inability of the US grantee institution to exercise proper quality control over program delivery Without the participating US institution, it is possible that the partner institutions will no longer be exempt from the required continuity between undergraduate and graduate degrees that characterizes CEE university systems In any case, the MBA degree is becoming popular in the region in spite of the lack of formal recognition from accrediting associations and governments Many partner institutions are seeking to obtain accreditation from associations in Western Europe MBA graduates are continuing to apply their training and continue to have success in the job market

*Financial Sustainability* The most pressing issue of financial sustainability is the integration of an administrative management unit into the host university's administrative structure while retaining relative financial control over the management training program This issue increases in relevance in proportion to a program's inability to raise and retain funds One MTEEP program has established a foundation for the purpose of raising funds for scholarships and institutional development while another, in a country where the tax laws do not favor endowments, has successfully negotiated with its parent university to retain 90% of all tuition funds it collects for its training programs

*NON-ACADEMIC PROGRAMS*

***Programmatic and Organizational Sustainability*** Within non-academic programs, small business counseling and advisory services are rapidly growing industries in the CEE region. While several of the MTEEP grantees were pioneers in this field, their programs are now facing increasing competition. The sustainability of these programs will depend upon the type of institutional arrangements they have with partners and their ability to remain competitive. In one case, the partner institution decided that the competition was too intense in basic business management training in the local language. Instead, it was decided to emphasize mid-level, customized training in English, since it was a less competitive area and one in which the institution enjoyed a comparative advantage.

***Close collaboration between business centers and a university is mutually beneficial*** The host university provides a permanent anchor for a business center's activities, enabling it to offer programs that are not entirely self-supporting. Program sustainability depends to a large extent also on the faculty involved in a business center as the business and consulting activities are regarded as advancing their career development. For its part, the Center serves as a laboratory for the practical application of theoretical approaches to market development. The development of case studies employed by a business center is a legitimate research function appropriate to the university setting.

***Financial Sustainability*** Economic environment and the choice of a specific programmatic strategy are key determinants of financial sustainability. Some programs that began with a focus on open training courses are moving to incorporate customized training tailored to meet the needs of corporate customers. Usually these customized contracts have been with medium-sized and large enterprises with the resources to pay for the services. There is thus a tension between serving the needs of the smaller enterprises less able to pay and the imperative to cover costs. As donor funding diminishes, more local partners are seeking paying clients to ensure their financial sustainability.

**C. PROGRAM MANAGEMENT**

***Project Directors' Assessment.*** The US Project Directors' and In-Country Coordinators' assessment of their partners shows improvement in key areas of sustainability: the ability to provide quality service, potential for innovation in the program, and potential for financial stability. The increasing maturity of the MTEE Project has resulted in improved management capabilities of local partners to continue the programs. Areas of partner weakness identified include the failure to conduct self-evaluations and apply findings, to effectively market programs, to achieve financial stability, and to carry out strategic planning.

***Local Partners' Assessment.*** Responses to this questionnaire are similar to the previous surveys, although some changes are noted. Improvement was cited in US partners' financial commitments and

the appropriateness of program planning. Decreases in self-assessments were registered in the local partners' abilities to retain staff and clients and to provide quality services.

*Comparative Assessment Among Respondents.* Responses for each group are slowly merging, with lowest average responses about local partners' capabilities from In-Country Coordinators and the highest levels from the local partners. The most uniform concern by all three group assessments is the ability of local partners to engage in meaningful, long range strategic planning. However, there was an improvement in the perception of the local partners' abilities to adjust to changing political and economic conditions.

#### **IV. CONCLUSIONS LESSONS LEARNED**

In this report the DATEX team has summarized lessons that have been learned from the collective experience of the MTEEP grantees and their partner institutions since the project began in 1991. We have identified successes as well as areas of weakness of the MTEE projects implemented in nine countries of Central and Eastern Europe with a view toward assisting designers in the development of future business management training and market economics education projects in the Newly Independent States and elsewhere. It is our feeling that in a very real sense, the whole of these programs is greater than the sum of the thousands of participants who have been reached by them. New institutions are being created which represent a new approach to management and economics education in the CEE region. A significant contribution is being made to the creation of a business culture in transition economies.

These lessons are divided into three categories: general issues, academic program issues, and non-academic program issues. The general issues have to do with the design of the programs, the statement of objectives, relations between grantee and partner institutions, organizational stability, program implementation, and the USAID process of re-engineering. The effects of re-engineering are still being felt throughout all the MTEEP programs, in many cases re-focusing their target population.

The second cluster of lessons has to do with academic degree and certificate programs. A majority of MTEEP grantees are involved in MBA-type academic programs. These programs are challenging the traditional educational systems in the region in fundamental ways. The issue of accreditation of these programs is one of the most important facing MTEEP grantees and their partner institutions. The MBA degree has not yet been formally recognized by governments in the CEE region, and the accreditation process is proving to be long and complicated. At the same time, MBA graduates are finding little difficulty in the job market, and more private firms are financing their employees' training in MTEEP sponsored programs. Faculty development remains one of the most important concerns for the programmatic sustainability of MTEEP activities.

The third cluster of lessons learned has to do with non-academic programs. A large and growing number of MTEEP participants are being reached through short-term training and business counseling as well as Business English programs. Business counseling centers have demonstrated the ability to change with market trends, adapting to the needs of growing economies. These centers are solidifying relationships with host universities while managing to maintain a degree of operational autonomy. To remain sustainable, they will have to continually seek new target clientele and markets and generate sufficient income from fees to allow growth.

#### ***SUMMARY OF LESSONS LEARNED***

The detailed section on this subject is contained in the section entitled *Overall Program Results E Lessons Learned*. DATEX summarizes each of the fifteen lessons learned to whet the reader's appetite to seek out more information contained in this report.

#### ***GENERAL ISSUES***

##### **1. STATEMENT OF PROGRAM OBJECTIVES**

Grantee institutions should have a clear statement of objectives to be achieved in the program. Indicators of success should be outlined to set mutually agreed upon benchmarks for measuring progress.

##### **2. RELATIONSHIP BETWEEN GRANTEE AND PARTNER INSTITUTIONS**

Both institutions should have a good understanding of what the project is trying to accomplish and how the institution will benefit from it from the earliest possible dates. Grantees must be aware of the host university hierarchy and be prepared to address initial barriers to change.

##### **3. IMPLEMENTING PROGRAMMATIC CHANGES WITHIN HOST UNIVERSITIES**

The introduction of western economics and business management into CEE region universities constitutes a radical change in the way management was viewed. The MBA degree with its western curriculum can not be easily incorporated into the existing educational structure without good communication among all participating institutions.

##### **4. ORGANIZATIONAL SUSTAINABILITY**

Securing institutional autonomy for a center is crucial to eventually achieve sustainability, if this is set as a goal for the center. There must be a set goal and a clear delineation of responsibilities among participating institutions.

**5. PROGRAM IMPLEMENTATION**

It is important to have a full-time, well qualified in-country project director for the implementation, development and promotion of collaboration between the grantee and partner institutions

**6. INTERACTION BETWEEN AND ACROSS PROJECTS**

Attempts should be made from the program onset to establish a sense of "community" between and among grantee and partner institutions and to develop a vehicle for fostering communications and sharing of ideas, discussing problems and finding solutions to problems

**7. USAID RE-ENGINEERING AND OVERSIGHT**

USAID/Washington-Mission-Grantees USAID needs to develop a more flexible mechanism which could quickly and effectively achieve agreement between the original goals of the grants/cooperative agreements and USAID's changing requirements

*ACADEMIC PROGRAMS***8. ACADEMIC DEGREE AND CERTIFICATE PROGRAMS**

Official recognition of the degree or certificate is important and should be considered as a goal from the very beginning of the project It should be determined which local degrees are possible to award and under what conditions

**9. ACCREDITATION**

If the local institution aims to achieve a leadership role in the field of management, the training it offers must be officially recognized either domestically, regionally or perhaps by US accrediting bodies These issues must be addressed early in implementation

**10. PROGRAMMATIC SUSTAINABILITY**

Faculty training, development and retention lie at the core of successful program delivery and represent the main challenge for program transition and sustainability

**11. CASE STUDIES AND CASE COMPETITION**

The MBA curriculum in US business schools depends largely on the use of case studies of corporations Using western case studies are not immediately relevant to the realities of the CEE

region and can only partially fulfill the pedagogical needs of professors teaching there. A whole new reference library of CEE regional cases is needed.

#### *NON-ACADEMIC PROGRAMS*

#### **12. BUSINESS ENGLISH PROGRAMS**

English language training components of MTEEP programs have often been very successful and are proving themselves to be self-sustaining.

#### **13. BUSINESS COUNSELING CENTERS**

A successful center should have enough flexibility and capability to develop new programs and to adjust existing ones to the changing needs of the market.

#### **14. RELATIONSHIP BETWEEN BUSINESS COUNSELING CENTERS AND HOST INSTITUTIONS**

To be effective, Business Counseling Centers must become fully institutionalized and adopted within the host institution so that even those activities which are not fully self-sustaining can be continued after donor funding is ceased.

#### **15. GENERATING REVENUE THROUGH FEES**

To attain financial sustainability, business counseling programs must develop the ability to receive fees for services provided, even if subsidies are initially needed from host institutions.

### **V. COUNTRY CHAPTER EXECUTIVE SUMMARIES**

This section contains the Executive Summaries of the site visit reports for each project, including the chart summarizing the partners' progress towards achieving grant objectives. Please refer to each separate project chapter for additional information.

**1 ALBANIA. UNIVERSITY OF NEBRASKA**

**PURPOSE OF GRANT**

The purpose of the original grant to the University of Nebraska/Lincoln (UNL) was to develop managerial skills among managers in Yugoslavia. The modified grant focused on collaboration between UNL and four Albanian universities in the development of a graduate curriculum and Business Assistance Centers (BACs)

**SUMMARY OF GRANT OBJECTIVES AND ACHIEVEMENTS**

There are three basic objectives in the grant agreement with UNL which are contained in the chart below. Progress toward building the MBA program at University of Tirana is already having considerable impact. One of the four BACs is doing quite well, while the other three are still recovering from the crisis of 1997.

<i>Objectives</i>	<i>Achievement towards Objectives over Life of Project</i>
Reinforce the new academic infrastructure that will train Albania's future business leaders and managers	The first MBA cohort of 23 students at the University of Tirana received their diplomas in April 1998. The second is now under way. Albanian faculty are beginning to teach in the MBA program.
Establish the role of the university as a continuing source of business planning and development expertise through their adjunct Business Assistance Centers	One BAC (Shkodra) is doing well. Korca and Vlora are beginning to operate, but the UT BAC is not functioning well at all. Standardized reporting forms are being submitted. Business consulting is proceeding slowly. SIFE is a great success.
Respond to the special training need of Albania's business and academic institutions with seminars and collaborative research.	UNL provides special seminars twice a year. Several Albanian faculty have conducted research with UNL staff and four papers have been published. Those being trained at UNL are developing collaborative research projects.

**SUMMARY OF PROGRAM FINDINGS**

*Previous Recommendation.* Renewed effort is going into building up the BACs, although much remains for them to become sustainable. Nevertheless, the new technology management center is quite promising.

*Program Impact.* The graduation of the first cohort of MBA students from University of Tirana was a major event, marking the program's success in overcoming very difficult circumstances. Graduates now are in key areas of the private and public sectors.

*Sustainability.* UNL has a new In-Country Director who is well suited to the job. The MBA program is clearly successful in terms of programmatic sustainability. Issues of tuition payment will have to be addressed eventually. The financial sustainability of the BACs will also remain in question as long as they are unable to charge fees.

#### **SUMMARY OF RESULTS IN BRIEF**

The MBA program at the University of Tirana is a notable success, with the first MBA class having graduated 23 students in April 1998. The majority of them were women, and virtually all are working in important positions with private firms, government agencies, and international donor agencies. All but one of the Business Assistance Centers are functioning again.

#### **SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

UNL and its Albanian partners are overcoming great odds in achieving program objectives. The development of the BACs, however, is uneven. The DATEX team recommended that program resources be made available for the development of the Technology Management Center at the Polytechnic University and that the BACs be urged to develop business plans.

**2. HUNGARY. INDIANA UNIVERSITY**

**PURPOSE**

The purpose of the Indiana University Management Training Cooperation in Hungary (MATCH) Program is to bridge the gap between Hungarian and Western business practices in order to strengthen the private sector, by specifically targeting strategic large and medium firms coupled with small and medium enterprise (SME) development

**SUMMARY OF COOPERATIVE AGREEMENT OBJECTIVES AND ACHIEVEMENTS**

The MATCH objectives have evolved to 1) improve the capability and capacity of the Budapest University of Economic Sciences (BUES) and its Management Development Center (MDC) to provide high quality and high impact management education and training, 2) increase BUES' ability and capacity to deliver specialized courses and to serve specific target groups per changing market demands, and with a focus on small and medium enterprises, entrepreneurs, and under served groups such as women and minorities, 3) develop an international business resource center, and 4) organize and run a career services office for students at BUES

<i>Objectives ('97 revised work plan)</i>	<i>Achievement toward Objectives over Life of Project</i>
Improve the capability and capacity of BUES faculty and the MDC to provide high quality & high impact management education & training to the next generation of managers and teachers of business	MDC is a very active consulting organization. Most programs are self-financing or even make a profit. Their clients are high profile medium and large firms. They have a large number of clients for mini-MBAs and other customized training programs.
Enable BUES to build lasting relationships & a secure funding base w/ a group of medium-sized firms through client-based training programs	As stated above, the MDC client base is well established. There are many repeat clients and all of their training for medium firms is not self-financing.
Increase BUES' ability and capacity to deliver specialized courses & to serve specific and influential target groups as dictated by market demands with a focus on small & medium sized enterprises, entrepreneurs, & under served groups such as women managers & minorities	The MDC specializes in specialized training courses. Recently a consortium of influential small hi-tech computer firms have contacted MDC to develop one of their customized mini-MBA programs. The SME Academy provides open enrollment programs that target mostly women in business and entrepreneurs. SME Academy activities have required a progressively lower subsidy. A series of seminars for Women in Business and for Roma Businesswomen have been very successful and generated excellent publicity. Because of the success of the SME programs, BUES has committed to continue these programs despite the fact that they will still require an institutional subsidization.

## EXECUTIVE SUMMARY

<p>Place an IU resident advisor at BUES to help design &amp; implement a strategic plan for BUES executive education programs, making them self-sufficient within 4 years</p>	<p>Paul Marer was resident advisor at BUES and achieved this objective. He continues to be periodically involved in MATCH activities</p>
<p>Develop an international business resource center (Center for Business Education-CBE) to assist businesses and training institutions throughout Hungary and in neighboring countries in order to increase faculty and student usage of latest business teaching materials</p>	<p>The CBE is equipped with five state of the art computers and is housed in the BUES library, which is completely separate physically from the MDC. It currently serves predominantly as a resource center for BUES students and has yet to attract many business owners and managers. The CBE recently organized a workshop on case writing and teaching in the fall for university professors and students which was successful and should result in the publication of a Hungarian case book. The issue of the CBE's sustainability and its future direction are being addressed by BUES as the Director's contract expires this fall and the CBE will also be forced to relocate</p>
<p>Organize and run a career services office at BUES to enable students to plan their careers more effectively and to assist businesses in finding the best graduates to fill positions within their organizations</p>	<p>The Career Development Office (CDO) was established in 1997. One of its first major activities was to sponsor a <i>Career Forum</i> which was held in November. Another Career Forum is planned for May. The CDO has also just developed a CV Book of 300 graduating students. The book is professionally published in hard copy, diskette or CD-ROM. They have already sold several copies of this resource</p>

### SUMMARY OF PROGRAM FINDINGS

Over the past year IU has expanded their activities to include much greater outreach to the SME community. The women managers-women entrepreneurs and Roma (Gypsy) entrepreneur programs that have been added have far exceeded everyone's expectations in terms of demand, as well as impact. IU has established the Small and Medium Enterprise (SME) Academy at the MDC which is providing popular and increasingly self-financing training services to the SME community. The customized training for larger enterprises still forms the backbone of the MATCH program and further develops key resources and expertise that is being used in other program areas. The MDC is preparing its first customized training program for a consortium of small enterprises.

### SUMMARY OF RESULTS IN BRIEF

Program reach data for IU show very high women's participation, with various activities ranging anywhere from 25% to 92%. There have been few other significant changes in program reach numbers from the previous reporting period.

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

The MATCH program has achieved some significant success. The programs aimed at women entrepreneurs and Roma women entrepreneurs have been very successful, both for the participants, as well as BUES. The MDC's capacity and reputation in customized training programs for medium and large businesses continues to grow, and they have even been approached to develop a customized program for a group of small enterprises.

**3. HUNGARY: STATE UNIVERSITY OF NEW YORK**

**PROJECT PURPOSE**

The State University of New York (SUNY), Office of International Programs and Development (ID) was awarded an MTEEP grant in 1991 with the main purpose of building a strong Hungarian private sector. In 1994, upon award of the current grant, the program purpose was expanded and modified to include creating a national culture of total quality management (TQM) through university-based TQM Centers.

**SUMMARY OF GRANT OBJECTIVES**

SUNY's activities have been aimed at institutionalizing business education through seven, and later eight, TQM Centers at universities and colleges around the country as well as an MBA program at the Technical University of Budapest (TUB). The grant's main objectives are as follows: development of a national university-based network of TQM Centers and trainers, curriculum and faculty development in modern management, including development of Hungarian language resources, and institutional capacity building in the provision of company-level TQM programs and training courses. The program was targeted at university faculty members and their institutions, their management students, and Hungarian companies.

<i>End of Project Status (per '92 grant)</i>	<i>Achievements toward Objectives over Life of Project</i>
TUB will be a recognized national Hungarian resource for teaching and company implementation of TQM principles and procedures, and in mgmt training for engineering students	This has happened. TUB is the acknowledged TQM leader. TUB TQM Center is well established consulting institution, 60% of income from consulting, 40% from education activities (all fee based). All of their faculty have been to US on study tours. TQM spirit pervades. TUB attracts engineering management students with the highest national scores.
TUB will have worked w/ SUNY faculty to enhance capacity of six regional partner universities to teach and use TQM procedures and principles on campus and on the company level	TUB served a leadership role in the initial expansion to the regional centers, providing real professional support. Also helped add an additional partner at Győr. Now that the centers are established the relationship is largely informal. The TUB MBA has used regional profs to guest lecture at times.
Faculty in every major dept. in TUB will have received training from SUNY faculty in Hungary and US and will have participated in TQM-based case writing involving Hungarian companies	The entire management faculty has received SUNY training, including US study tours.
TQM will be a component of TUB's MBA and other programs	TQM is fully integrated into the undergraduate and graduate curriculum, especially the MBA.

**EXECUTIVE SUMMARY**

Principal faculty of the 6 regional partners will have received training in US as well including observational company visits in NY to observe practical TQM applications	Faculty and local business representatives selected by the centers have received US training and participated on US study tours through the University of Buffalo. All of the TQM Centers have sent faculty to Buffalo.
National TQM culture will exist in Hungary, primarily in universities and manufacturing sectors and customer-defined quality standards will figure in all major engineering, production and managerial decisions	From our interviews there is certainly a well-developed "TQM culture" for those who have worked on the project, there was no real venue to determine whether this is a national culture. However, the regional partners do reach a large number of students around the country and TQM has been integrated into the curricula.
Development of a national university-based network of TQM Centers and trainers	Eight TQM centers have been established around the country, with trained faculty.
Education and faculty development (curriculum development, Hungarian materials development, consulting, and outreach training)	Each partner has integrated TQM into their curricula to varying extents as a result of SUNY training and practical exposure to TQM through US study tours.
Faculty training in the US in TQM practices, including case writing curriculum development.	This has been achieved.
Management faculty at all participating institutions capable of implementing company-level TQM programs and training courses, produced substantial amounts of Hungarian language TQM teaching materials introduced TQM curricula	This has been achieved.
Direct beneficiaries will be faculty members and their institutions, their management students, and Hungarian companies	The project has had a strong institutional strengthening component throughout with extensive faculty training, equipment purchases, teaching material purchases & development.
<i>Added program benefit beyond original grant documents &amp; proposed activities</i>	
Project has been flexible and creative, identifying important subject areas and providing additional faculty development programs outside of TQM	The project has organized programs in operations & budgets/human resources and business ethics which are important and potentially critical management topics in an emerging market economy.

**SUMMARY OF PROGRAM FINDINGS**

The SUNY MTEEP program will be ending on December 31, 1998, pending a requested contract extension to that date. One of the SUNY program's significant accomplishments has been its regional impact. Each of the eight partner universities has undergone curriculum reform to integrate TQM into management-related courses across Faculties and some have added new degree programs as a result of their association with the program. Short courses on topics from SME Renewal to wine

## EXECUTIVE SUMMARY

industry tourism promotion have been held at sites around the country, reaching audiences that do not have easy access to the resources of Budapest. The TUB activities are highly successful. The TUB TQM Center is an active consulting center with a well-established client base. The MBA program is the top program in the country for engineering management and is operating at full capacity.

### SUMMARY OF RESULTS IN BRIEF

Program reach figures for the SUNY program exceed 1,500 participants and clients, and that does not yet include complete figures for the TQM Centers' consulting activities. The percentage of female participation has dropped, but not by a significant amount.

### SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The SUNY project is a success. All major technical components will be sustainable, and USAID funds have had a lasting impact on the country. Program resources have been well spent. SUNY's implementation strategy has been sound, and has adapted well to meet evolving needs in Hungary throughout the life of the project. The remainder of the project needs to focus on further strengthening each of the TQM Centers and the TUB MBA program in order to best ensure they fulfill their promise and continue present activities beyond MTEEP funding.

**4. LATVIA: STATE UNIVERSITY OF NEW YORK - BUFFALO**

**PURPOSE OF COOPERATIVE AGREEMENT**

To provide resources for the ongoing development of a Center of Excellence in Management Education at the Riga Business School

**SUMMARY OF COOPERATIVE AGREEMENT OBJECTIVES AND ACHIEVEMENTS**

There are eight objectives in the cooperative agreement SUNY/B and RBS have made positive progress to achieving all of these objectives except implementing the phase-in of the undergraduate business program at Riga Technical University and offering outreach training to local businesses. These objectives are being reconsidered by the Advisory Board.

<i>Objectives</i>	<i>Achievements Towards Objectives over Life of Project</i>
Develop comprehensive and self-sustaining center for management at RBS to serve private sector needs	Most RBS MBA graduates are active, successful private business people who have a vested interest in promoting the existence of RBS
Strengthen and consolidate high quality MBA program suited to Latvia.	As working professionals, RBS' Executive MBA students have a real role in encouraging their professors to provide them with appropriate, relevant high quality training which they can apply at the workplace immediately
Implement phase-in of undergraduate business program at RTU	There has been little action on this objective pending the restructuring of the undergraduate curriculum and finalization of the accreditation process
Provide Latvian business community with intensive ST training	The Advisory board is debating the level of involvement RBS will play in this objective given its focus on professional MBA courses in English and high local competition in this training
Expand linkages between RBS and local businesses as consulting assistance	Some of the RBS full and part-time faculty work part-time consulting local businesses. Recent consulting related work for faculty has come through RBS contracts
Expand professional development of RBS Latvian staff	On-going training of local faculty continues as team teaching and advanced technical training
Promote quality and sustainability of ELC	The English Language Center appears to be well on its way to achieving these objectives
Enhance academic and administrative infrastructure of RBS	With the new director and stronger and a new, more active Advisory Board, both academic and administrative infrastructures are on more solid footing

**SUMMARY OF PROGRAM FINDINGS**

***Last Recommendations.*** RBS is making progress towards strengthening its Alumni Association and other mechanisms for outreach and overall sustainability

***Program Impact.*** RBS students and graduates are successfully applying Western management techniques and are making a positive impact on the Latvian economy

***Sustainability.*** With its new director and new Advisory Board, RBS is achieving programmatic and organizational sustainability. Financially, RBS is decreasing its dependence upon USAID and CIDA funding by winning technical assistance contracts with the public and private sector, conducting more outreach training, renting center facilities and developing a profit center at the English Language Center

**SUMMARY OF RESULTS IN BRIEF**

RBS conducted its MBA graduation ceremony on June 19, 1998 for its fourth class, which had 50 MBA graduates, 26 of whom were women. RBS has now awarded a total of 104 MBAs. The MBA program now has 250 students of which 52% are women. The English Language Center has 163 students enrolled in all levels of English of whom 56% are women. Pre-MBA and General English enrollment has increased significantly.

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

Overall, with the assistance of SUNY-B, RBS is well en route to becoming a self-sustaining management training institution which is making a positive impact and contribution to the Latvian economy.

The evaluation team recommends that RBS and its Advisory Board finalize the school's strategic plan. This plan will address a number of issues including strengthening of the Alumni Association, providing better incentives for RBS professors, including training and assistance in finding meaningful short-term work when they are not teaching, and, continue increasing RBS's networking efforts with other MTEEP institutions with a view for better exchange of ideas and sharing of faculty.

**5. LITHUANIA: KAUNAS TECHNICAL UNIVERSITY - PANEVEZYS**

**PURPOSE**

The purpose of this cooperative agreement is to develop the Center of Management Technology and Business Training (MTC) into a self sustaining center of excellence providing management training to the business community in Panevezys and the region

**SUMMARY OF COOPERATIVE AGREEMENT OBJECTIVES AND ACHIEVEMENTS**

The stated goals of the MTC are

- ▶ Strengthen business and management skills of managers from businesses, non-governmental organizations (NGO), educational institutions, and local and regional governments
- ▶ Serve as an agent of change through training programs and service activities
- ▶ Improve skills of KTU/P faculty, administrators and support staff

In order to achieve these goals, MTC has engaged in training activities which fall under the following categories computer technology training, Business English, and management. MTC is making progress toward the stated goals while working toward programmatic and financial sustainability

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
To meet assessed needs for training executives front-line managers, entrepreneurs and municipal administrators	MTC's training participants have included city and regional decision makers, middle and uppermanagement from large and medium enterprises, as well as business community at large
To strengthen university faculty to carry out the mandates of the center	This aspect of the proposal has fallen short. Although faculty participates in Center activities as trainers, their numbers are not very impressive. It is not quite clear why there has not been more participation
To educate opinion leaders on free market economics	Center is well regarded within the business community and city and region's leadership. It has established a Leadership Program which, until now has been well attended.
To serve as a catalyst for market reform in the region	The Center is the only such institution in the region and its activities have contributed to regional economic development.

**SUMMARY OF PROGRAM FINDINGS**

***Last Recommendations.*** This report does not make reference to the previous recommendations since the departing premise was to take a broader look at all aspects of the program under the new follow-on award

***Program Impact.*** MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other education institutions in the country, and the business community. Management and computer courses draw participants not only from Panevezys or immediate vicinity but also from other regions in the country. Women continue to be well represented in MTC's training programs.

***Program Sustainability.*** Since the beginning of the new grant, MTC has increased the number of training activities as well as participants in management training. Although MTC has been successful in increasing the number of training activities, achieving programmatic sustainability will remain an important challenge for the immediate future. Identifying, training and retaining well qualified instructors lies at the heart of achieving programmatic sustainability. Programmatic sustainability could be significantly enhanced by developing collaborative relationships with other educational institutions and engaging business executives in training delivery. Although KTU/P has provided strong financial support to MTC, the institutional relationship between the two entities is still not adequately defined. The two institutions still have not developed Center's by-laws. The MTC has made significant progress in generating revenues but it is still not clear whether the Center can be self-supporting in the near future.

**SUMMARY OF RESULTS IN BRIEF**

MTC has offered 14 one-day seminars, 44 workshops and two presentations. A total of 827 participants took part in the training. Representation of women was at 61%.

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other educational institutions in the country and the regional business community. The most crucial components in reaching sustainability are development of a strategic vision for Center's overall scope of activities and securing a well qualified pool of instructors. MTC continues to enjoy strong support from USAID/Vilnius and is working closely with IESC consultants on developing a business and marketing plans as well as on streamlining internal administration of the Center.

**EXECUTIVE SUMMARY**

MTC should make it its immediate priority to develop a strategic plan for programmatic activities. This plan should include a strategy for identifying and retaining well qualified instructors, defining its internal policies and procedures, and finalizing their institutional arrangements with KTU/P by developing Center by-laws.

**6 POLAND UNIVERSITY OF MARYLAND - COLLEGE PARK**

**PURPOSE**

The purpose of the grant to the University of Maryland College Park (UMCP) was to establish a Center of Excellence (the Polish-American Management Center) within the Faculty of Management at the University of Lodz (UL)

**SUMMARY OF OBJECTIVES AND ACHIEVEMENTS**

The grant had six basic objectives which are summarized in the chart below UMCP and its partner have been largely successful in achieving stated objectives, in some respects far exceeding anticipated results while in others such as distance education remaining behind The PAM Center is well established and the EMBA program is functioning smoothly

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
Establish a Center of Excellence to serve as innovative leadership unit of University of Lodz Faculty of Management.	The PAM Center is fully operational and integrated into the Faculty of Management with modern facilities and teaching corps
Revise and modernize the existing 5-year management program at University of Lodz aimed at re-designing curriculum to reflect changing economy; 50 faculty members and administrators trained	14 UL faculty members went to UMCP for curriculum development in 1997, faculty development workshop at UL attended by 40 Polish faculty; 11 UMCP faculty members co-taught in EMBA program
Create part-time Graduate Management Program with 30 students per year; graduating 60 MBA students by the end of the fourth year	Currently two EMBA cohorts with a total of 55 students A third cohort of 40-60 is being recruited for the fall of 1998 The program is on target to achieve this objective
Design and present workshops and executive training courses for managers and executives on appropriate business topics, 200 persons trained in chosen subject areas	Customized training for local firms and non-degree training programs offered regularly under open enrollment, including "mini"-MBA Over 1000 trained during this reporting period alone Six firms received 23 training programs in 1997, reached 91, well above target.
To develop and strengthen collaborative relationships between UL and the public no benchmarks proposed	Breakfast at the PAM Center is now a well established mechanism for reaching business people and the public reached 128 this period.
To educate public school students and faculty about free market economics and the role of business through distance education 1000 receive instruction in three years	A Distance Education program for public school staff began in October 1997 with total of 51 public school administrators, other training for UL faculty planned, well below target.

**SUMMARY OF PROGRAM FINDINGS**

***Previous Recommendations.*** Some of the DATEX recommendations have been implemented and others are being addressed in various ways. The PAM Center does not expect to develop its own English Language program since there are alternative language centers. An alumni association is anticipated with the first MBA graduating class this year.

***Program Impact.*** PAM Center programs are reaching the intended audience, drawn mainly from the private sector in the Lodz region. The Distance Education program is only now beginning to have an impact, but has a very promising future.

***Sustainability.*** The PAM Center has a new Director as of May 1998 who is a highly qualified member of the Faculty of Management. The relationship between the Center and the University has been formally defined and all programs are covering more than 60% of their operating costs, exclusive of program development and equipment expenses.

**SUMMARY OF RESULTS IN BRIEF**

The first MBA class of 24 students will graduate in the fall of 1998, and a second cohort (one third women) is completing its first year of studies. A third cohort is being recruited for the fall of 1998. Many more mid and senior level managers are participating in non-degree programs than anticipated. The Distance Education program has just gotten under way in the last six months. This reporting period features a substantial increase in the number of participants in non-degree training programs. Projects now generate enough income to cover operating costs, and the Center has achieved name recognition for its excellence.

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

UMCP and UL have made significant progress during the past year in overcoming a difficult start-up period. There were delays in installing the equipment for the Distance Education program as well as problems in establishing a legitimate role of the Center within the University. The request for an extension which has been approved by USAID/Poland was well justified. The DATEX team spent only two days in Lodz and did not formulate any recommendations.

**7. POLAND· UNIVERSITY OF MINNESOTA - OLSZTYN UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

**PURPOSE**

The purpose of the award is to develop institutional capabilities within well-established, recognized Polish universities to develop and sustain high-quality academic degree programs designed to provide comprehensive market-sector management and economics education and training

**SUMMARY OF COOPERATIVE AGREEMENT OBJECTIVES**

The project was designed to achieve three goals

- ▶ 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

All of these objectives have been met and in the case of last one, surpassed by creating a new institution within OUAT -- College of Management

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
Develop a cadre of executives and managers in Poland with skills in private enterprise management in a market economy who will have a lasting impact on their community and government.	This objective is being achieved through EMRIM and PDS. The enrollments in the latter have far exceeded expectations.
Re-educate and train Polish public administrators and entrepreneurs in management and economics for a productive market economy.	This is being achieved through Round Table seminars delivered jointly with WSE.
Develop institutional capacities within well-established Polish universities to sustain high-quality academic degree programs for training in market-sector management and economics.	Establishment of College of Management at an Agricultural Academy -- the only such institution in Poland to have achieved this. Redesigning undergraduate curriculum according to UMN standards. Establishing (plan) a new type of educational institution to support dual degree program.

**SUMMARY OF PROGRAM FINDINGS**

***Last Recommendations.*** PACAMAM successfully continues to track professional progress of its alumni and current participants. The Center also plans to provide support to its newly established Alumni Association once the new institutional arrangement is implemented in the fall.

***Program Impact.*** EMRIM and PDCP participants highly value the relevance of training to their jobs and view the programs as an important factor in professional advancement. Representation of women in the MTEE courses remains strong and has significantly increased for EMRIM -- from 22% for cohort I to 53% for cohort III. MTEEP has made a long lasting institutional and programmatic impact at OUAT through establishing of two successful management training programs (EMRIM and PDCP) and creating of a College of Management.

***Program Sustainability.*** Programs developed under the current grant are fully sustainable institutionally, programmatically and financially. The new program, which will become effective in the fall, will offer a dual degree -- Executive MA in Business and Public Management -- from the Hubert H. Humphrey Institute of Public Affairs (HHH) and OUAT. In addition to the dual degree, PACAMAM's successor, the International Center for Business and Public Administration (ICBPA) will continue to offer post-diploma program (PDCP) in marketing and management and public administration.

**SUMMARY OF RESULTS IN BRIEF**

EMRIM II and III have jointly 63 participants. Women account, for 35% and 53%, respectively, of participants. PDCP has 70 participants, 34% of whom are women.

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

Over the course of the grant, PACAMAM has continued to evaluate and modify its academic programs which has led to a well designed and executed program.

Both EMRIM and PDCP continue to receive high evaluation scores and to meet (and often exceed) enrollment targets. As UMN and OUAT prepare to embark on a new project, the PACAMAM successor (ICBPA) should consider, perhaps in collaboration with the College of Management, providing an institutional home to the newly established Alumni Association. As part of programmatic enhancement, ICBPA should consider involving EMRIM and PDCP graduates in course delivery.

**8 POLAND: UNIVERSITY OF MINNESOTA - WARSAW SCHOOL OF ECONOMICS**

**PURPOSE**

The purpose of the award is to develop institutional capabilities within well-established, recognized Polish universities to develop and sustain high-quality academic degree programs designed to provide comprehensive market-sector management and economics education and training

**SUMMARY OF COOPERATIVE AGREEMENT AND ACHIEVEMENTS**

In 1995, an earlier MTEEP grant established a Polish-American Center for Economic and Management (PACEM) as a base for the project's management training activities. 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 MTEE program has accomplished all of the stated objectives and exceeded others (establishing new programs, providing third country training). UMN and WSE collaboration has developed into a new strategic alliance. In order to implement the new institutional arrangements, the current grant has been extended until September 30, 1999 and supported with additional USAID/Poland funding in the amount of \$300,000

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
Develop a cadre of executives and managers in Poland with skills in private enterprise management in a market economy who will have a lasting impact on their community and government.	WEMBA graduates and participants are employed by the major foreign, joint-venture and Polish companies. WEMBA continues to attract well qualified applicants.
Re-educate and train Polish public administrators and entrepreneurs in management and economics for a productive market economy.	This is being accomplished through Round Table seminars. Under the new institutional arrangement, other programs are planned to reach public administration officials.
Develop institutional capacities within well-established Polish universities to sustain high-quality academic degree programs for training in market-sector management and economics.	The proposed institutional innovation is an excellent example of this.

**SUMMARY OF PROGRAM FINDINGS**

**Last Recommendations.** For the past several months, UMN and WSE have been engaged in finalizing institutional and programmatic requirements connected with the proposed strategic alliance between the two institutions. As a result, implementation of previous recommendations, by necessity,

have taken a back seat. Once the new institutional arrangement is firmly in place, the program administration will be able to devote its energies to establishing an Alumni Association. PACEM administration continues to collect information on professional progress of WEMBA alumni and current participants.

***Program Impact.*** MTEEP has contributed to creation of a qualitatively new institutional collaboration. The new institutional arrangement, accompanied by financial independence, will enable both delivery of a high caliber Western MBA training as well as flexible response to the training needs of the evolving Polish management market. The impact of MTEEP training can be clearly seen at the individual level. The overwhelming majority of WEMBA I graduates (as well as the few WEMBA II students interviewed) see a direct link between their professional advancement and MBA training (raise in salaries, promotions, job offers). PACEM continues to develop training for third-country participants.

***Program Sustainability.*** The collaboration between UMN and WSE under MTEEP has evolved into a strategic alliance which has as its goal establishing a qualitatively new institutional arrangement to support the award of UMN MBA and, in the future, a dual MBA degree. Accreditation of WEMBA at WSE remains the central issue of strategic alliance between UMN and WSE. As part of the transition process, PACEM has made adjustments in marketing strategy and budgeting in an effort to reach financial sustainability. MTEEP programs continue to attract qualified participants and meet enrollment targets.

#### **SUMMARY OF RESULTS IN BRIEF**

WEMBA II and III have a joint enrollment of 78 of whom, respectively, 22% and 17% are women. The Post-Diploma Studies (developed in addition to MTEEP goals) have three cohorts with joint enrollment of 146. Women constitute 23% of all participants.

#### **SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

UMN and WSE are taking all the necessary steps to prepare for the start of the new collaboration in October 1998. In the meantime, all MTEEP activities are continuing on schedule and accomplishing their respective targets.

When the new institutional arrangement becomes effective, in the fall of 1998, WEMBA Office or the Foundation should make a concerted effort to work together with the recent graduates in order to create an Alumni Association and establish a position of Alumni Affairs Coordinator.

## 9. SLOVAKIA: UNIVERSITY OF PITTSBURGH

### PURPOSE OF GRANT

The purpose of the original grant to the University of Pittsburgh (UPitt) was to establish a sustainable Center of Excellence to train an elite core of Slovak business and economics faculty at the Economics University of Bratislava (EUB) UPitt has since ceased its partnership with EUB and begun working with Comenius University

### SUMMARY OF GRANT OBJECTIVES AND ACHIEVEMENTS

There were six basic objectives in the UPitt scope of work, which were not altered in the change of partners (see the chart below) One set of objectives centered on building Weekend Executive (WEMBA) and Full-Time MBA programs and improving undergraduate business education The other set concerned improving both undergraduate and postgraduate education in economics

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
Professional faculty development program in Business at Comenius University 30 one-semester Slovak faculty visits to UPitt.	A total of 16 faculty Slovak members have effected study tours to Pittsburgh, and another six are in process (43 targeted in year three)
Professional faculty development in Economics, 48 semesters (12 faculty for 4 semesters each) of faculty visits to UPitt Department of Economics	Five Slovak faculty began studies at UPitt in the fall of 1997, four have been accepted into the Masters degree in economics Another group is being selected to begin in the fall
WEMBA Business executives to be educated in modern methods in 15-25 students per class as follows year one - 15, year two - 15+20, year 3 -15+20+25, year 4 - 20+25+25	WEMBA I and II both currently have 13 students and WEMBA III has 19 enrolled for a total of 45 compared with 60 anticipated in year three
Full-time MBA To begin in September 1998 and be completed in one calendar year, 45 students and possibly up to 100	The Faculty of Management is beginning to recruit the first class for full-time MBA to begin in the fall of 1998
Center for Postdoctoral Studies and Research. Jointly established by Faculties of Management and Economics to provide postdoctoral education to 15 Slovak faculty per semester	This Center does not yet exist as such Collaboration between the two faculties is being encouraged toward that end.
Improved undergraduate and graduate Economics education. Slovak faculty who return from UPitt will teach courses in economics beginning in spring of 1999	This will not occur until the Slovak participants return from UPitt next year

## EXECUTIVE SUMMARY

Improved undergraduate and graduate education in Business Slovak faculty who return from UPitt will co-teach courses in business beginning in year two of grant.	Slovak faculty trained at UPitt and teaching in Comenius and EUB have reached 2400 students, compared with 3000 anticipated by 1998 (Economics 750, Management 1650)
Academic infrastructure development. The library will be upgraded and computer network established	UPitt faculty have donated 620 titles to the library and there are 189 journals An Economics & Finance Computer Laboratory is expected to be installed in 1998

### SUMMARY OF PROGRAM FINDINGS

**Previous Recommendations.** The DATEX team urged that a strategic plan be elaborated reflecting the long-term objectives of the WEMBA and MBA programs It further proposed that both programs develop a business plan identifying the levels and sources of financing

**Program Impact.** The participants in the WEMBA program are mainly from important and highly visible companies This fact has helped in publicizing the program and in recruitment

**Sustainability.** A critical issue of sustainability hinges on the quality and commitment of Slovak faculty teaching in the Faculty of Management Also important is the ability to secure adequate financing to sustain the new Full-Time MBA. It is too early to assess sustainability of the Economics program

### SUMMARY OF RESULTS IN BRIEF

The Faculty of Management at Comenius University now has three WEMBA cohorts enrolled, with a total of 45 students Recruitment has begun for the first cohort of full-time MBA students The Faculty of Mathematics and Physics has four faculty members studying economics at UPitt and another seven are being selected to go in the fall of 1998

### SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Although the UPitt program is behind in attaining original output targets, it is doing reasonably well in light of the change of partners This year has been a critical turning point in grant activities with Comenius University The management education program, with three WEMBA cohorts, is now under new Faculty of Management leadership, and a strategic planning process has been initiated The economics education component is now operational as well Comenius University should seek to learn from other MTEEP programs such as those applying distance education

### I. ANNUAL SUMMATIVE EVALUATION OF THE MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT

The Management Training and Economics Education Project (MTEEP) for Central and Eastern Europe (CEE) was approved in December 1990, with initial grants and cooperative agreements issued in 1991. Additional funding for another round of MTEEP grants occurred in 1994, many of which were continuations of the initial programs. MTEEP is implemented through partnerships between US universities and CEE universities to build and strengthen the market economy in Central and Eastern Europe. MTEEP is managed by the USAID Bureau for Europe and New Independent States, Office of Democracy/Governance/Social Reform, Division of Human Resources Development/Social Reform (ENI/DGSR/HRDSR). DATEX, Inc. was awarded the monitoring and evaluation contract for the MTEE Project in July 1995 to provide both expert formative monitoring and summative evaluation services for all of the MTEEP programs.

The purpose of the MTEE Project, according to the RFA issued in April, 1994, is "to develop counterpart institutions in creating, running or expanding programs in the areas of management training, market economics education, and support programs." MTEEP serves as a catalyst for market reform in the region through the rapid transfer of practical Western business know-how by US universities through upgrading the training capabilities of counterpart institutions. These cooperating universities jointly develop the management and economics curricula necessary to upgrade the business and economics analysis skills of MTEEP participants. These skills are necessary for a cadre of young managers and entrepreneurs to help orient CEE countries towards market economies. The MTEEP programs have involved ten US universities, with eleven grants and cooperative agreements, who have partnered with universities in nine countries from the Baltic States in the north to Albania in the south. There are currently nine active MTEEP programs in six countries.

MTEEP activities are widely varied in response to the specific needs of each country, often combining several different components and approaches under one program. Activities are broadly divided into two categories: 1) academic/certificate programs, such as MBA programs and post-diploma training, and 2) non-academic programs, such as business counseling services, seminars and workshops. (See Table 1.)

*Table 1 Types of MTEEP Activities*

Country	Institution (Start-End Dates)	Business Advising	Short Cycle Workshop	Special Company Intervention	Certificate Program	Exec. MBA (Start Date)	Full-time MBA (Start Date)	PhD
Albania	UNL (91-00)	✓	✓	✓		✓ (1996)		
Hungary	IU (95-99)		✓	✓	✓			
	SUNY (91-98)	✓	✓	✓	✓	✓ (1996)		
Latvia	SUNY/B (92-99)	✓			✓	✓ (1992)		✓(1997)
Lithuania	KTU/P (95-98)	✓	✓		✓			
Poland	UMCP (94-99)		✓			✓ (1996)		
	UMN (91-98)		✓		✓	✓ (1995)		
Slovakia	UPitt (95-99)		✓		✓	✓ (1996)	✓(1998 )	✓(1997)
<b>Close Out Programs</b>								
Bulgaria	UD (91-97)	✓	✓	✓	✓			
Czech Republic	UPitt-CERGE (91-97)		✓		✓		✓ (1992)	✓ (1991)
	UPitt-CMC (91-97)					✓ (1993)		
Romania	WSU (91-98)	✓	✓	✓	✓			
<b>Total</b>		<b>6</b>	<b>10</b>	<b>5</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>1</b>
<b>% of Projects</b>		<b>54%</b>	<b>91%</b>	<b>45%</b>	<b>82%</b>	<b>64%</b>	<b>18%</b>	<b>9%</b>

**II. PURPOSE AND ORGANIZATION OF THIS REPORT**

The purpose of this report is to present the analysis and findings of the formative and summative evaluations for the period of July 1, 1997 to June 30, 1998. The report constitutes an assessment of the activities of the MTEEP grantees and their partners, conclusions and recommendations for each program, as well as the MTEE Project as a whole.

The report is organized into three main sections: Introduction, Individual Program Assessments, and Overall Program Results. The latter section provides a comprehensive review of program impact and sustainability, program management, and general conclusions. A section on lessons learned has been added to this report replacing the previous section of Cross-Project Themes. Lessons learned have been drawn from seven years of MTEEP program implementation and observations from three years of DATEX evaluations. This section is intended to provide readers with information on the most vital issues that cut across most of the programs.

The individual program reports are organized alphabetically by country and program within a country. Where the US university has distinct programs with more than one partner, each program is discussed separately with common elements noted. Within each individual assessment, the following outline is utilized:

- Executive Summary
- I Project Description
- II Country Context
- III Principal Findings
  - a Status versus Previous Recommendations
  - b Program Impact
  - c Partner/Program Sustainability
  - d United States Agency for International Development
  - e Program Management
- IV Results in Brief
  - a Program Reach
  - b Summary of Findings Based on Indicators
  - c Summary of Financial Status
  - d Summary of Program Objectives versus Achievements
- V Conclusions and Recommendations

**III. METHODOLOGY UTILIZED**

The MTEEP Monitoring and Evaluation methodology was developed in collaboration with MTEEP grantees, USAID staff, and representatives of some of the partner institutions shortly after the DATEX contract was awarded. It utilizes indicators of impact and sustainability - the two primary categories of analysis of MTEEP - agreed upon by the primary stakeholders of the project. As individual USAID Missions and projects have developed indicators particularly relevant to their circumstances, they have been incorporated into the MTEEP monitoring approach. In most cases, these indicators are more specific descriptions of those developed earlier.

The DATEX methodology and evaluations focus on the following elements and activities

***Impact and Sustainability*** Impact focuses on the participants in MTEEP programs and their companies or institutions. *Impact* is defined as occurring in four dimensions: acquisition of knowledge, skills and attitudes, satisfaction with that acquisition, utilization of the knowledge, skills, and attitudes, and change in behavior, both at the individual and institutional levels. *Sustainability* is seen as having three dimensions: programmatic, organizational, and financial. The focus of the sustainability analysis is on partner institutions and their programs.

***Lessons Learned.*** The focus on lessons learned centers on approaches, issues and actions which could benefit ongoing MTEEP activities and be transferable to new initiatives in the region or the sector.

***Site visits of projects conducted in October 1997 and April 1998*** The fall 1997 site visits to projects in Poland, Romania, and Slovakia were addressed in the Semi-Annual Report. In the spring of 1998 site visits were made to Albania, Hungary, Latvia, Lithuania, and Poland. These countries were ones not visited on previous site visits, or those which involved significant program issues. Poland was the exception, where the site visits to these projects were to briefly address future directions of the programs for one to two days each, since the team was already in Poland for the 1998 MTEEP Spring Conference. The overall objectives of the other site visits were to

- ▶ Review project status versus previous recommendations and follow up on issues identified in previous reports,
- ▶ Identify progress against indicators of impact and sustainability,
- ▶ Conduct past participant interviews (when possible) on a sample of past participants preferably at their place of business or institution (obtaining success stories where possible),
- ▶ Assess program management of the grant and the relationship between partners, and
- ▶ Review country and USAID mission contextual issues that may affect individual program implementation

***Administering and analyzing questionnaires and program reach data.*** Questionnaires were administered across all projects. US Project Director/In-Country Coordinator assessment of their local partners and the Local Partner's assessment of the MTEEP program. These are administered every six months. The questionnaires are designed to capture information about the effectiveness of the program, in both the areas of impact and sustainability.

In addition, each grantee is asked to provide information on the number of people (with a gender breakdown) reached by activities in the six-month time period emphasized by this report

*Review of all available documentation, especially grantee quarterly reports.* For all the projects, and especially for the activities not visited during the monitoring visits, grantee documentation of activities was a key source of information

*Consulting with project staff by telephone, fax and E-mail* Evaluation team members routinely contact project staff, typically at least once a 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

*Close-out programs.* In the spring of 1997, close-out evaluations were conducted on four programs which were scheduled to leave MTEEP: Bulgaria, Czech Republic, Latvia, and Lithuania. However, Latvia and Lithuania remained active programs due to project extensions. In the fall of 1997, a close-out evaluation was conducted on Washington State University (WSU) in Romania using the same format. The emphasis on impact for the close-out program has been at the change level. Close-out sustainability analyses emphasize the potential of the program or institution to continue without USAID financial support

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

The MTEEP Monitoring and Evaluation contract currently covers nine programs in six countries in Central and Eastern Europe (Albania, Hungary, Latvia, Lithuania, Poland, and Slovakia). MTEEP Programs in Bulgaria, the Czech Republic and Romania have closed

Two DATEX evaluation teams of two members each conducted the spring site visits. Lithuania was the exception, where only one DATEX team member was present and was accompanied by a representative from USAID/ENI, at the specific request of USAID/Lithuania

*Five site visits were conducted in three countries in the fall*

- ▶ Poland University of Maryland and University of Minnesota (two)
- ▶ Romania Washington State University
- ▶ Slovak Republic University of Pittsburgh

*Eight site visits were conducted in five countries in the spring*

- ▶ Albania University of Nebraska-Lincoln
- ▶ Hungary State University of New York and Indiana University
- ▶ Latvia State University of New York-Buffalo
- ▶ Lithuania Kaunas Technical University/Panevezys
- ▶ Poland University of Maryland and University of Minnesota (two)

A desk study and US site visit were conducted for the University of Pittsburgh project in Slovakia

**V DATEX EVALUATION TEAM**

During the spring of 1998 DATEX evaluation team members included

Dave Dupras, Project Manager  
Galen Hull, Team Leader  
Luba Fajfer, Senior Evaluator/Monitor  
Barbara Rossmiller, Senior Project Coordinator/Evaluator  
Andrea Flores, Project Assistant

## ALBANIA: UNIVERSITY OF NEBRASKA - LINCOLN

### EXECUTIVE SUMMARY

#### PURPOSE OF GRANT

The purpose of the original grant to the University of Nebraska/Lincoln (UNL) was to develop managerial skills among managers in Yugoslavia. The modified grant focused on collaboration between UNL and four Albanian universities in the development of a graduate curriculum and Business Assistance Centers (BACs).

#### SUMMARY OF GRANT OBJECTIVES AND ACHIEVEMENTS

There are three basic objectives in the grant agreement with UNL which are contained in the chart below. Progress toward building the MBA program at University of Tirana is already having considerable impact. One of the four BACs is doing quite well, while the other three are still recovering from the crisis of 1997.

<i>Objectives</i>	<i>Achievement towards Objectives over Life of Project</i>
Reinforce the new academic infrastructure that will train Albania's future business leaders and managers	The first MBA cohort of 23 students at the University of Tirana received their diplomas in April 1998. The second is now under way. Albanian faculty are beginning to teach in the MBA program.
Establish the role of the university as a continuing source of business planning and development expertise through their adjunct Business Assistance Centers	One BAC (Shkodra) is doing well. Korca and Vlora are beginning to operate, but the UT BAC is not functioning well at all. Standardized reporting forms are being submitted. Business consulting is proceeding slowly. SIFE is a great success.
Respond to the special training need of Albania's business and academic institutions with seminars and collaborative research.	UNL provides special seminars twice a year. Several Albanian faculty have conducted research with UNL staff and four papers have been published. Those being trained at UNL are developing collaborative research projects.

#### SUMMARY OF PROGRAM FINDINGS

**Previous Recommendation.** Renewed effort is going into building up the BACs, although much remains for them to become sustainable. Nevertheless, the new technology management center is quite promising.

***Program Impact.*** The graduation of the first cohort of MBA students from University of Tirana was a major event, marking the program's success in overcoming very difficult circumstances. Graduates now are in key areas of the private and public sectors.

***Sustainability.*** UNL has a new In-Country Director who is well suited to the job. The MBA program is clearly successful in terms of programmatic sustainability. Issues of tuition payment will have to be addressed eventually. The financial sustainability of the BACs will also remain in question as long as they are unable to charge fees.

#### **SUMMARY OF RESULTS IN BRIEF**

The MBA program at the University of Tirana is a notable success, with the first MBA class having graduated 23 students in April 1998. The majority of them were women, and virtually all are working in important positions with private firms, government agencies, and international donor agencies. All but one of the Business Assistance Centers are functioning again.

#### **SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

UNL and its Albanian partners are overcoming great odds in achieving program objectives. The development of the BACs, however, is uneven. The DATEX team recommended that program resources be made available for the development of the Technology Management Center at the Polytechnic University and that the BACs be urged to develop business plans.

## I. PROJECT DESCRIPTION

### PURPOSE

The University of Nebraska/Lincoln (UNL) began implementation of its MTEEP grant in Albania in 1992. The program purpose was designed to assist Albania in the transition to a market economy consistent with USAID's SEED Strategy. A continuation proposal was submitted to ENI Bureau in December 1993, focusing on the need for an MBA program and a Business Assistance Center at the University of Tirana and universities in three other cities (See the chart containing the summary of

<b>Country</b>	Albania
<b>Program Start</b>	1992
<b>PACD</b>	9/30/98, extension to 12/31/00 pending
<b>US Grantee</b>	University of Nebraska/ Lincoln
<b>Local Partner</b>	University of Tirana, University of Korca, University of Shkodra, University of Vlora, Polytechnic University of Tirana
<b>Total Grant Amount</b>	\$2,634,514 (balance remaining as of 12/31/97 \$259,364)

Objectives and Achievements at the end of this report ) Another continuation proposal was submitted in April 1996 to implement project activities through December 31, 1997

However, the program was temporarily discontinued in March 1997 because of internal national political chaos which resulted in the evacuation of the UNL staff. A new government, elected in June 1997, took office and political order began to be restored. The MTEEP program re-opened in August 1997 when a new UNL Director in Residence took up his position at the University of Tirana. In April 1998, UNL submitted another continuation proposal for 1998-2000 to USAID/Albania and the ENI Bureau requesting additional funding.

### MAJOR PROGRAM COMPONENTS

**University of Tirana MBA Program.** In collaboration with the University of Tirana's (UT) Faculty of Economics and Business, faculty members from the UNL School of Management established an MBA program in the spring of 1996 with an enrollment of 30 students. The first cohort graduated in April 1998, and a second cohort began classes in early May. In addition to the MBA program, UNL provides support to UT for faculty development for MBA instruction and in undergraduate market economics and business management.

**Business Assistance Centers (BACs)** According to the UNL proposal, the main objective of UNL in establishing business centers was to develop their full capacity and work toward their integration into host universities. It was felt that the universities would offer services to businesses - faculty, students, library and research facilities - that they would not find elsewhere. In turn, practical assistance to businesses would afford university faculty members the possibility of developing case materials. BACs have been established within four host universities in Tirana, Shkodra, Vlora, and

Korca Each BAC has a director who coordinates the Center's activities and reports to the project office in Tirana

## II. COUNTRY CONTEXT

Albania continues to emerge from the economic and social devastation of 1997 in which tens of thousands of Albanians lost much of their life savings in failed pyramid schemes. The national elections of June 1997 returned former Prime Minister Fatos Nano to office as head of a five-party coalition government. However, the political picture still remained somewhat unstable by the end of the year. Former President Sali Berisha tried but failed to force new elections. Efforts to restore Albania to stability and order were undermined by an upsurge in violent crime. The Prime Minister was accused of rather authoritarian methods in imposing his will on the Marxist wing of his party, raising questions about the new government's commitment to democracy. At the time of the Spring 1998 site visit, President Rexhep Meidani and Nano were at odds over approval of proposed Cabinet changes. Nano accused the President of dragging his feet. Meanwhile, Meidani called for partial local by-elections on June 21 to be held mainly in the southern part of the country, which had been most ravaged by political turmoil.

In neighboring Yugoslavia the crisis in the Kosovo region continues to threaten to involve Albania in hostilities. In March 1998 Serbian police killed 54 "terrorists" in the province of Kosovo in a campaign against the Kosovo Liberation Army. Serbia accused Albania of aiding the Albanian ethnic majority in Kosovo while the Albanian parliament voted a resolution demanding the deployment of NATO troops in Kosovo to defend the Albanians.

The Albanian economy remains in critical condition following the events of 1997. While the GDP grew at rates averaging 10% during the mid-1990s, there was a negative growth rate of 7% in 1997. Inflation grew at an annual rate of 42%, although below the expected rate of 55%. There are few large productive enterprises in operation, the infrastructure is very weak, and the privatization process is just getting back on track. The trade deficit widened and a decline in remittances from abroad meant that an increase in foreign aid was necessary to cover the account deficit. However, following a two-week mission to Albania in the spring, IMF experts promised funds to support three years of reform and praised the Nano government for its efforts to repair the economy. Nano agreed that reforms in the banking sector would be necessary to reestablish economic stability and begin to attract foreign investment. The *Economist Intelligence Unit* report on Albania concludes that if order is maintained, strong GDP growth can be expected over the next two years. The government has set targets of 10% GDP growth and 20% inflation for 1998.

The political instability caused several foreign companies to leave Albania and certainly has contributed to the fact that few new investors are coming to Albania. Pledges of some \$600 million in aid at a donors' conference in October helped Albania to begin attracting foreign investors, and a

World Bank-funded investment guarantee agency was set up. Although significant investments have been secured in the chrome and onshore oil industries, an anticipated Italian investment in the copper industry did not materialize.

These events have had direct effects on UNL program activities, causing operations to be closed down for seven months. Albanian universities were unable to re-open their doors until September 1997. The Nano government appointed new rectors as well as a new Dean of the Faculty of Business at the University of Tirana. Prime Minister Nano was on hand to address the graduating MBA students in April 1998. An attitude of optimism is gaining momentum within the MTEEP program as UNL and its partners resume operations.

### III. PRINCIPAL FINDINGS

UNL and its Albanian partners are overcoming great odds in achieving program objectives. The first MBA class graduated 23 students in April 1998. Most of them are working in important positions with private firms, government agencies, or international donor agencies. Particularly encouraging is the participation of Students in Free Enterprise (SIFE), a UNL-initiated program which exposes university students to practical business. The MBA program at the University of Tirana has achieved success, although the development of the BACs is inconsistent. There have been three DATEX site visits to Albania, the most recent one conducted in April 1998. Political instability made site visits prohibitive in the spring and fall of 1997. Instead, DATEX conducted a desk study of the Albania program in the Fall of 1997.

#### A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

Without the benefit of a site visit, the DATEX desk study conducted in the fall of 1997 made only one general recommendation *that UNL and its partners should strive to make the Business Assistance Centers fully operational.*

Since the resumption of project activities in the fall of 1997, efforts have been made to revitalize the Business Assistance Centers. However, their development is proving to be rather inconsistent. The Shkodra BAC is by far the most active while the BAC at the University of Tirana is mainly limited to use by Students in Free Enterprise (SIFE). The other two - Korca and Vlora - are struggling against organized crime and gang violence, legacies of last year's political unrest.

#### B. PROGRAM IMPACT

*MBA students.* Of the 15 students interviewed by DATEX, more than half were women and there was an equal representation of those presently working for government agencies, private firms, and international donor agencies. This differentiates the UNL program from other MTEEP MBA

programs where students tend to be recruited from private firms that pay their tuition. The government does not yet allow for tuition payment, and in any case private sector development in Albania is still limited. The government needs young, well trained professionals to help develop the reform agenda, and the MBA program is addressing that need. In fact, one of the graduates has recently been named Vice Minister of Economic Planning by Prime Minister Nano.

All of the students interviewed are working full-time and attending courses in the evening. They tend to attach most value to practical courses relevant to their work such as managerial accounting, economics, and finance, even though they may be in government agencies. All of those interviewed felt that this program had opened up a whole new perspective for them. Their previous studies may have provided them with theoretical or technical knowledge, but the MBA program has shown them how to apply this knowledge in a market economy.

The MBA program has already helped one student receive a better job with her employer, and most others interviewed by DATEX indicated that their prospects were greatly improved. However, this feeling was tempered by economic and political realities, if these do not improve, their skills will not be as much in demand as they hope. While there seem to be few opportunities for starting new businesses under the current circumstances, several of the students told of their aspirations to establish businesses in such fields as management consulting, advertising, real estate and textiles.

Thus far, the MBA program has been taught entirely by US professors, primarily from UNL. The students have been generally pleased with these professors and are somewhat skeptical of Albanian professor's ability to assure the same level of teaching. Even though they confessed to have experienced some difficulty in English language instruction, they tended to feel that it was important for classes to be taught in English rather than Albanian, because it is the language of international business. However, the UNL In-Country Director believes that Albanian faculty will have difficulty teaching entirely in English, even with English language texts.

*University of Tirana faculty* It is still too early to observe the impact of UT faculty training in the MBA classroom. Ten Albanian faculty members have completed training at UNL in preparation for teaching in the MBA program, the most recent group of four having returned in May 1998. One has begun teaching in the MBA program's second cohort, and it is expected that by 2000, all MBA classes will be taught by Albanians. There continues to be a substantial disparity in the participation of adjunct university faculty in the BACs. For example, there appears to be mutual disregard between faculty at the Faculty of Economics of the University of Tirana and the city's business community, neither recognizing the relevance of the other. While the dean is very interested in BAC activities, UT faculty members are not involved in BAC activities. In fact, the BAC Director himself has claimed that the Center is illegal. It may be some time before the traditional academic role of the

professor gives way to one that is more practical and utilitarian. Financial and career development incentives are needed for change to take place. However, SIFE students are quite active there.

#### SUCCESS STORY

*Students in Free Enterprise (SIFE)* SIFE teams consisting of university students have been established at Tirana, Korca, Vlora and Shkodra and are attached to the BACs. Students participating in this program undertake activities of their choosing which acquaint them with the business world. Over a year ago they began to work on projects with an incentive to compete for the opportunity of participating in an international SIFE competition in Kansas City in May. The SIFE competition in Albania, in which 70 students participated in a total of 14 projects, was held at the USIS Library and was covered by public television. Examples of the projects presented included a bridal gown rental agency established to create employment for orphans in Tirana, and in Shkodra an eco-tourism project and a business newspaper in Shkodra.

The competition's winning team was a group of five students who worked with the manager of a prominent local hotel to open a tourist agency in Shkodra. They first developed a brochure showing all the historic and physical attractions of the city, including the lake, the river and an ancient castle. Then a tourist office was opened in the hotel, and the students help to run it. Unfortunately the team members were denied visas by the US Embassy, because they were considered at high risk for not returning to Albania. While this was a great disappointment, the UNL staff began working on an alternative trip to a country in Central Europe where they would be able to visit other student groups. SIFE made a special arrangement to interview the winning Albanian team on a conference call.

#### C. PARTNER/PROGRAM SUSTAINABILITY

The University of Nebraska/Lincoln has made remarkable progress toward certain of its goals (MBA program) and less in others (BACs), while undertaking a new initiative at the Tirana Polytechnic University that holds out considerable promise.

##### *PROGRAMMATIC SUSTAINABILITY*

*MBA Program.* The first goal of the UNL program in Albania was to reinforce the new academic infrastructure at the University of Tirana by establishing an MBA program. The graduation of the first MBA cohort from the University of Tirana on April 24, 1998, represents a major achievement for UNL and Albania. The Government of Albania's decision to issue a license to the University of Tirana to award an MBA degree at the beginning of the program in 1995 made it the first government in the region to do so. This was the result of much hard work and lobbying on the part of the UNL project staff. It has also meant that the first cohort of MBA students has not lobbied as much for a UNL degree as elsewhere. They have received considerable public acclaim and attention as the first

MBA graduates in the country. The UNL staff anticipate having the University of Tirana become an international member of AACSB in order to gain access to information on management training, although this would not likely lead to AACSB accreditation for the University of Tirana program.

Project staff mounted a concerted promotional campaign for recruitment of candidates for the second MBA cohort which generated 50 qualified applicants. From these, 34 were chosen on the basis of undergraduate GPA, letters of application, and statements of goals and objectives. This second cohort began its studies on May 25, 1998. Courses have been taught entirely in English until now, but it is expected that all classes will eventually be taught in Albanian as more Albanians begin teaching. The most critical sustainability issue facing the MBA program is the ability of the Albanian faculty to take up teaching functions.

***Business Assistance Centers.*** The second project goal was to establish Business Assistance Centers and build outreach programs. While the MBA program has begun to overcome the obstacles toward sustainability, the Business Assistance Centers are farther behind. Although it has the advantage of being located in the most important institution in the country, the BAC in the University of Tirana has been a disappointment. The project has its office in the UT BAC which is equipped with the best facilities. But the BAC has not managed to engage the faculty in business outreach. UNL has now discontinued support for the UT BAC, although the office will continue to function as the project headquarters and SIFE students will continue to use it. The budget allocation for the UT BAC will be diverted to a new initiative, the Technology Management Center at the Tirana Polytechnic University. The two BACs at Korca and Vlora appear to be just now coming into operation, having been halted by the events of 1997.

In contrast, faculty and students of the University of Shkodra have been quite active, and prospects for sustainability seem encouraging. The Shkodra BAC is located within the University of Shkodra, whose administration is quite supportive of it. The BAC has an office suite equipped with four computers. Its staff have supported various outreach programs and consulting assistance to local firms. It also conducted seminars on business management skills in November and December 1997. The BAC enjoys close ties with the Shkodra Chamber of Commerce with which it collaborates on various projects. Attached to the BAC is a very active chapter of Students in Free Enterprise who have conducted a full range of projects, including a survey of local enterprises, a map of businesses in the city, and a tourism agency within the Rosafa Hotel. The latter project was presented by the winning team in the SIFE competition which was to have gone to Kansas City for the international competition. With BAC staff help, SIFE students have established BIZNES, a monthly local business newspaper which provides much-needed business information.

***Seminars and Collaborative Research.*** The third goal was to provide focused seminars and to sustain collaborative research. During the first few years UNL project activities consisted mainly of

a series of public seminars organized by UNL faculty to acquaint the Albanian public with the basic idea of a market economy. In terms of numbers of persons reached and the effect on public thought, this first phase had perhaps the most impact, although it is difficult to measure. It was a matter of beginning to change fundamental attitudes about the economy and private enterprise. The UNL team also began to establish very strong personal ties with Albanians in positions of authority which would eventually lead to support for the MBA program within the University of Tirana and the Business Assistance Centers. UNL faculty continue to offer seminars on a variety of issues. At the time of the 1998 site visit four UNL professors conducted a seminar for the Ministry of Public Economy and Privatization. In October 1997, seminars on entrepreneurship, privatization, and venture capital had been organized.

Some Albanian students enrolled in the PhD program at UNL have conducted collaborative research with Nebraska faculty, although they are not covered under MTEEP funding. To date, five academic articles have been published as a result of this collaboration. UNL staff and Albanian partners participated in a survey conducted by the Wharton School on two sectors in Albania (food processing and financial institutions), which included 40 mid-level managers and five executives in each industry. Data is being analyzed and the results of the survey should soon be available. Albanian faculty members are required to translate at least 100 pages of text into the Albanian language for teaching materials. The UNL staff have approached USIS and the Soros Center for financial assistance in the translation of business and economics textbooks into the Albanian language. UNL is beginning to seek other sources of funding for the activities of the Center for Albanian Studies in Lincoln.

*Tirana Polytechnic University Technology Management Center* In recent months the UNL Resident Director has consummated discussions with the authorities of the Polytechnic University aimed at establishing a Technology Management Center to assist manufacturing industries in improving the quality of their products. This initiative was not part of the original UNL project design, but has been included in the 1998 action plan because UNL considers that it has great potential. The Rector assigned an office, which is equipped with a computer, for the Center on the top floor of the Polytechnic administration building. There is strong support for the Center within the Polytechnic and willingness to collaborate with UNL. Professors in the Textile Department of the Faculty of Mechanical Engineering are participating as a group to work with UNL staff in establishing the Center. The Department has three sectors: spinning, designing, and garments. With about 15 faculty members and an average cohort of 20 students, the Department is concerned with both the textile and garment industries. Its textile laboratory is certified for standardization and quality control of the industry.

The first initiative is aimed at the local garment industry in Albania, which is considered to enjoy a comparative advantage because of cheap labor and proximity to European markets. Garments currently represent half of all Albanian exports. Presently the industry is dominated by foreign firms.

that import raw materials and export finished products. Even the smallest foreign-owned garment firms tend to employ at least 40 to 50 workers and to produce for export. A few Albanian firms have begun to produce garments but lack technology and modern management systems. The Center would work with them to make their operations more competitive. A fourth-year Polytechnic student who chose the Albanian garment industry as her thesis topic is conducting a survey of these firms around the country with the help of professors and UNL staff. The results of the survey are expected to serve as the database for identifying potential Center clients and stimulating dialogue between academia and the business community.

The Polytechnic University also has several research and training projects funded by the EU-TEMPUS program. The Technology Management Center would appear to be a most appropriate initiative for reaching medium-sized firms that have a chance to grow, given assistance in technology and management.

#### ORGANIZATIONAL SUSTAINABILITY

The University of Tirana now has a fully functioning MBA program, although it is dependent thus far on UNL faculty.

*The MBA Program.* Faculty development is a key to organizational sustainability. A total of ten Albanian professors from the Faculty of Business and Economics have now completed training at UNL to gain proficiency in the teaching of MBA

subjects. In May 1998, four professors completed training in Nebraska. They met with UNL faculty mentors regularly to develop team teaching skills. They audited such courses as international business, managerial marketing, database organization, management information systems, strategic management and managerial finance.

A few are expected to begin teaching the second MBA cohort this year, gradually replacing UNL faculty. They will teach in the Albanian language using English language textbooks. One faculty member who completed his training at UNL has already begun teaching a course in Managerial Economics to the students of the second MBA cohort. Others are expected to teach Strategic Management, Marketing, Finance and Information Systems.

*Business Assistance Centers.* The major objective of the BACs is to establish links between academia, the business community, and government and to make the Centers sustainable and vital instruments of business education in Albania. Since their inception, the BACs have trained 610 individuals in management and leadership as well as computer skills. Much time and effort has gone into training staff at each of the Centers. In May 1998, the Directors of the Centers completed a study tour to Washington State University, where they visited the Small Business Development Centers and observed how these Centers work with private sector clients. Although the BACs are beginning to gain acceptance, organizational sustainability will need more time to develop following

political the events of 1997 Efforts towards sustainability of the BACs may be summarized under the following headings

- ▶ Re-building the Centers using comprehensive working documents and business plans

A database of faculty members and local business communities is being established, based on surveys conducted by faculty and students Most of the Centers are now sending standardized monthly work plans to the Director in Residence which include their problems and progress as well as goals for the next month These are reviewed and returned to the BAC with feedback UNL reports that this practice has improved communication between the BACs and the Director in Residence The BACs have also organized meetings for the local business community aimed at helping owners and managers to address specific problems A total of 105 participants attended ten one-day seminars during this reporting period, of whom 48 were men and 57 were women Business counseling is reported to be taking place at all four centers a total of 25 clients were reached, of whom 11 were male and 14 were female

- ▶ Preservation of project equipment and other materials at the BACs

UNL staff have recently installed software and hardware upgrades in the project office at the University of Tirana. These allow E-mail and Internet connectivity and greatly expands the range of project capabilities Local area networks were established at each Center also Data files, which aim at identifying professors for seminars and business consulting opportunities for the BACs within the universities, are being created in Microsoft ACCESS in all four project sites

- ▶ Re-establishment of communications from center to center and to UNL

The upgraded computer systems for reporting and tracking student grading and progress has been completed at each of the BACs The software server in the BAC at the University of Tirana is being used for database development and communication with the other BACs Firm-level information stored in the databases includes markets, number of employees, and training needs One database contains biographical information on all of the graduates in the first MBA cohort which has been made available to international firms seeking trained professionals

#### *FINANCIAL SUSTAINABILITY*

The UNL program had an initial budget of \$2,634,514 During the political turmoil in early 1997 project funds were conserved Then on September 30, 1997, \$400,000 was made available to sustain the project until September 1998 During the first quarter of 1998,

**Financial sustainability of UNL activities in Albania is quite a long way away**

USAID funds accounted for 46.6% of project support and UNL for 39.5%. This represents a substantial increase from UNL and a slight increase in the portion from USAID over the previous reporting period. The balance from Albanian institutions declined substantially. No revenues were derived from fees and tuition.

The University of Tirana continues to cover the tuition costs of MBA students, although MBA participants themselves are required to pay a nominal fee. Although clients assisted by the BACs in the past were paying modest fees for services, the economic circumstances since the events of 1997 have meant that no firms are in a position to pay, nor does it appear likely that they will be willing and able to pay in the immediate future.

#### **D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

The US has invested nearly \$150 million in SEED assistance in Albania since 1991 and plans an additional \$30 million in FY 1998. Although reform of the agricultural sector is the centerpiece of the Mission's strategy, SEED assistance has also targeted the small-enterprise sector. The strategy is heavily focused on economic restructuring, which accounted for approximately two-thirds of its FY 1997 program. The MTEEP UNL Program falls under Strategic Objective (SO) 1.3 - accelerated development and growth of private enterprises. This SO 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 program contributes to the SO through the MBA program and the development of BACs.

In a briefing with the Mission's MTEEP Project Manager, the DATEX team was informed that the Mission was quite pleased with the UNL project in Albania. Besides the significant achievement of the first MBA graduates, the MTEEP Project Manager felt that the Business Assistance Centers should be

**The Mission's MTEEP Project Manager referred to the program as a showcase project for the Mission. He stressed that the project has succeeded in most of its objectives in spite of an extremely difficult environment.**

able to function better now that the Internet is being introduced into the country, making communications more feasible. He also indicated that the Mission is favorably inclined toward UNL's continuation proposal, although it has not been negotiated with USAID. The Mission has, however, given its blessing to the development of the Technology Management Center which was not part of the original proposal. The MTEEP Project Manager indicated that it might be possible to apply funds intended for the UT BAC, which has not functioned well, to the Center instead.

The MTEEP Project Director will leave Albania in August after serving four years. The long-time USAID Representative has also been an avid supporter of the UNL project. She was preparing to leave Albania at the time of the site visit, and her replacement was due to arrive in July.

#### **E. PROJECT MANAGEMENT**

The first visit of UNL faculty to Albania came at the end of 1991. Since then the Project Director and several of his colleagues have made dozens of trips to Albania to conduct MTEEP grant activities. The project has

**The UNL program in Albania is well managed by a new Resident Director**

benefited from the sustained involvement and commitment of key UNL faculty members who often forego more remunerative consulting work in order to return to Albania. The present UNL Resident Director joined the MTEEP team in 1997, after having previously worked on a USAID agricultural project in Albania. Prior to the internal crisis and following his hiring to the project, he underwent six weeks of orientation in Lincoln, and then returned to Albania to take up his new responsibilities in September 1997. He has a good working relationship with the home office in Lincoln and has established a good rapport with university authorities, faculty members, and business leaders. He has an all-Albanian staff, consisting of an MBA Program Director, an office manager, a BAC coordinator, and a computer specialist. The UNL project enjoys a good rapport with the USAID Mission.

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

##### **A. PROGRAM REACH**

###### *PROGRAM REACH DATA FROM JULY 1, 1997 TO JUNE 30 1998*

The first cohort of 23 MBA students, of whom 16 were women, graduated from the University of Tirana on April 24, 1998. The second cohort of 34 students, of whom 22 are women, began courses on May 25, 1998. The Business Assistance Centers are slowly becoming operational. In nearly all UNL project activities women are in the majority.

Program Type	# Active Cohorts/ Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	MBA I MBA II	7 12	16 22	23 34
Certificate*	MBA Training (15 weeks)	2	2	4
Seminars (1 day maximum)		15	15	30
Workshops (multiple days)	Three-day seminar for government personnel	5	8	13
Business Counseling	Four Business Assistance Centers	200	235	435
Special Company Intervention		3	4	7
Resource Centers**	Four Business Assistance Centers Technology Management Center			
Other (specify)	Four Management Information Training Systems Networks Students in Free Enterprise (SIFE) 14 teams			

\* Albanian faculty who spend a semester at UNL receive a certificate

\*\* No data are available on numbers of persons using the BAC facilities. The Technology Center is still new.

## B. SUMMARY OF FINDINGS BASED ON INDICATORS

Despite the six month cessation of most MTEEP activities due to political unrest, collaboration between UNL, University of Tirana, and the four BACs continues to meet grant objectives and indicators for both impact and sustainability (See the chart summarizing Objectives and Achievements at the end of this country report )

## C. SUMMARY OF FINANCIAL STATUS

The portion of funding provided by USAID during this reporting period increased from 40.2% to 55%, while the contribution of UNL also rose significantly, from 18.9% to 35%. That of local Albanian institutions decreased from 40.9% to 9%, a reflection of the devastating effects of the events of 1997. At this time the project is consolidating its efforts and planning for a two and a half year extension to the program.

<b>Funding Source</b>	<b>% of Total Project Support 06/30/98</b>
USAID Grant	55%
US Institution	35%
Local Institutions	9%
Tuition and fees	1%
Other support	0%
<b>TOTAL</b>	<b>100%</b>

**D. SUMMARY OF PROGRAM OBJECTIVES VERSUS ACHIEVEMENTS**

There are three basic objectives in the grant agreement with UNL (See the chart summarizing Objectives and Achievements at the end of this country chapter ) Progress toward building the MBA program at University of Tirana is already having considerable impact One of the four BACs is doing quite well while the other three are still recovering from the crisis of 1997

**V. CONCLUSIONS**

The MBA program has been embraced and supported at the highest levels of government, despite opposition to change in certain quarters Many of the 23 MBA graduates are in positions to have a significant effect in their jobs, particularly those who are in policy levels within government ministries

**The UNL project is having a quite visible impact in Albania**

With the publicity surrounding the first graduation ceremony, UNL and the University of Tirana should be in a good position to renew efforts to find ways to sustain the program Ten members of the Faculty of Economics who have been trained in modern management methods and economics, are having an impact at the undergraduate level, and will soon have an impact in the MBA program

Support for the BACs varies from university to university, the strongest being in Shkodra and the weakest at the University of Tirana. The commitment of faculty members to participation in the BACs is not clearly manifested If there is such commitment, it was not made clear to the DATEX team However, the participation of Students in Free Enterprise in BAC activities is truly inspired These students represent the hope of the future for Albania It will be necessary for UNL and its partner institutions to review the role of the BACs to determine how they can be used to maximize the effect of the MTEEP grant over the remaining two years It is not clear that faculty members are prepared to commit time and energy to BAC activities

*The MBA program seems well established, with one recent graduating class, and a second cohort begun* However, sustainability of the MBA program at all levels is a long way from being achieved. The government will not be able to continue paying student tuition indefinitely. The second cohort will be taught partially in Albanian by Albanian faculty members for the first time this year and their performance will need to be closely monitored. Although the MBA program is well established within the Faculty of Economics and Business, UNL will need to gauge the level of commitment to the program when USAID funding runs out.

In light of the dislocations caused by the events of 1997, the team recommends that UNL's request to USAID for continuation to 2000 should be granted. With the MBA program well established, much more focus should be placed on the BACs and the Technology Management Center.

## **VI. RECOMMENDATIONS**

- ▶ The DATEX team recommends that UNL provide full support to the new initiative at the Polytechnic to establish the Technology Management Center, now that resources are being withdrawn from the UT Business Assistance Center.
- ▶ UNL and its other partner universities should develop business/strategic plans within the next six months, clearly identifying realistic objectives and ways to generate revenues from services to the clients of the BACs as economic conditions permit.
- ▶ UNL and the Polytechnic University should begin to develop case studies of those firms which are assisted under the Technology Management Center that can be used in the MBA curriculum.

**EXECUTIVE SUMMARY**

**PURPOSE**

The purpose of the Indiana University Management Training Cooperation in Hungary (MATCH) Program is to bridge the gap between Hungarian and Western business practices in order to strengthen the private sector, by specifically targeting strategic large and medium firms coupled with small and medium enterprise (SME) development

**SUMMARY OF COOPERATIVE AGREEMENT OBJECTIVES AND ACHIEVEMENTS**

The MATCH objectives have evolved to 1) improve the capability and capacity of the Budapest University of Economic Sciences (BUES) and its Management Development Center (MDC) to provide high quality and high impact management education and training, 2) increase BUES' ability and capacity to deliver specialized courses and to serve specific target groups per changing market demands, and with a focus on small and medium enterprises, entrepreneurs, and under served groups such as women and minorities, 3) develop an international business resource center, and 4) organize and run a career services office for students at BUES

<i>Objectives ('97 revised work plan)</i>	<i>Achievement toward Objectives over Life of Project</i>
Improve the capability and capacity of BUES faculty and the MDC to provide high quality & high impact management education & training to the next generation of managers and teachers of business	MDC is a very active consulting organization. Most programs are self-financing or even make a profit. Their clients are high profile medium and large firms. They have a large number of clients for mini-MBAs and other customized training programs
Enable BUES to build lasting relationships & a secure funding base w/ a group of medium-sized firms through client-based training programs	As stated above, the MDC client base is well established. There are many repeat clients and all of their training for medium firms is not self-financing
Increase BUES' ability and capacity to deliver specialized courses & to serve specific and influential target groups as dictated by market demands with a focus on small & medium sized enterprises, entrepreneurs, & under served groups such as women managers & minorities	The MDC specializes in specialized training courses. Recently a consortium of influential small hi-tech computer firms have contacted MDC to develop one of their customized mini-MBA programs. The SME Academy provides open enrollment programs that target mostly women in business and entrepreneurs. SME Academy activities have required a progressively lower subsidy. A series of seminars for Women in Business and for Roma Businesswomen have been very successful and generated excellent publicity. Because of the success of the SME programs, BUES has committed to continue these programs despite the fact that they will still require an institutional subsidization.

<p>Place an IU resident advisor at BUES to help design &amp; implement a strategic plan for BUES executive education programs making them self-sufficient within 4 years</p>	<p>Paul Marer was resident advisor at BUES and achieved this objective. He continues to be periodically involved in MATCH activities</p>
<p>Develop an international business resource center (Center for Business Education-CBE) to assist businesses and training institutions throughout Hungary and in neighboring countries in order to increase faculty and student usage of latest business teaching materials</p>	<p>The CBE is equipped with five state of the art computers and is housed in the BUES library which is completely separate physically from the MDC. It currently serves predominantly as a resource center for BUES students and has yet to attract many business owners and managers. The CBE recently organized a workshop on case writing and teaching in the fall for university professors and students which was successful and should result in the publication of a Hungarian case book. The issue of the CBE's sustainability and its future direction are being addressed by BUES as the Director's contract expires this fall and the CBE will also be forced to relocate</p>
<p>Organize and run a career services office at BUES to enable students to plan their careers more effectively and to assist businesses in finding the best graduates to fill positions within their organizations</p>	<p>The Career Development Office (CDO) was established in 1997. One of its first major activities was to sponsor a <i>Career Forum</i> which was held in November. Another Career Forum is planned for May. The CDO has also just developed a CV Book of 300 graduating students. The book is professionally published in hard copy, diskette or CD-ROM. They have already sold several copies of this resource</p>

**SUMMARY OF PROGRAM FINDINGS**

Over the past year IU has expanded their activities to include much greater outreach to the SME community. The women managers-women entrepreneurs and Roma (Gypsy) entrepreneur programs that have been added have far exceeded everyone's expectations in terms of demand, as well as impact. IU has established the Small and Medium Enterprise (SME) Academy at the MDC which is providing popular and increasingly self-financing training services to the SME community. The customized training for larger enterprises still forms the backbone of the MATCH program and further develops key resources and expertise that is being used in other program areas. The MDC is preparing its first customized training program for a consortium of small enterprises.

**SUMMARY OF RESULTS IN BRIEF**

Program reach data for IU show very high women's participation, with various activities ranging anywhere from 25% to 92%. There have been few other significant changes in program reach numbers from the previous reporting period.

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

The MATCH program has achieved some significant success. The programs aimed at women entrepreneurs and Roma women entrepreneurs have been very successful, both for the participants, as well as BUES. The MDC's capacity and reputation in customized training programs for medium and large businesses continues to grow, and they have even been approached to develop a customized program for a group of small enterprises.

As MATCH enters its final year of implementation, it will be critical to ensure that program activities stay focused on maximizing the impact of USAID funds and achieving sustainability for all of the MATCH activities.

**I. PROJECT DESCRIPTION**

**PURPOSE**

The Indiana University (IU) Kelley School of Business (recently renamed), in partnership with the Budapest University of Economic Sciences (BUES), implemented the Management Training Cooperation in Hungary (MATCH) Program under an MTEEP cooperative agreement (CA) in 1995. This program was developed from an existing successful partnership between IU and BUES established under a previous MTEEP grant.

<b>Country</b>	Hungary
<b>Program Start</b>	1995
<b>PACD</b>	June 30, 1999 (concurrent with USAID/Hungary closeout)
<b>US Grantee</b>	Indiana University
<b>Local Partner</b>	Budapest University of Economic Sciences (BUES), Management Development Center (MDC)
<b>Total CA Amount</b>	\$2,378,679

The program, designed to build upon IU's experience in management training activities, was to bridge the gap between Hungarian and Western business practices. The MATCH program is implemented by the Management Development Center (MDC), part of the Faculty of Post-Graduate Studies of BUES, as well as directly by the university. The objective of the 1995 MATCH program cooperative agreement is to 1) strengthen and enable BUES faculty and institutional capability in providing high quality management training and education, and business outreach services, and 2) help train managers in two of the highest profile Hungarian companies.

In 1996 USAID/Hungary was reengineered, thereby revising its strategic objectives to focus on strengthening of small and medium enterprises. The program now fell under SO 1.3, Improved Operations of Small and Medium Enterprises (SMEs). The MATCH program, which was almost exclusively focused on medium and large enterprises, thus required some major redirection and reorganization. In March 1997 an amendment was signed by IU and USAID. The revised program objectives are now to 1) continue to improve the capability and capacity of BUES faculty and the MDC to provide high quality and high impact management education and training, and to enable BUES to build lasting relationships and a secure funding base with medium sized firms through developing and delivering client-based training programs, 2) increase BUES' ability and capacity to deliver specialized courses and to serve specific target groups per changing market demands, and with a focus on small and medium enterprises, entrepreneurs, and underserved groups such as women and minorities, 3) develop an international business resource center to assist businesses and training institutions throughout Hungary and neighboring countries, and 4) organize and run a career services office for students at BUES.

**PROGRAM COMPONENTS**

In keeping with the revised project objectives, MATCH now consists of the following components:

- ▶ Capacity-building and institutional strengthening of BUES and the MDC,
- ▶ Customized training programs for small, medium and large enterprises,
- ▶ Short-term open enrollment training courses,
- ▶ Long-term open enrollment training courses for SMEs,
- ▶ Women-in business program,
- ▶ Programs for Roma women entrepreneurs,
- ▶ The Partnership Program,
- ▶ The Career Development Office, and
- ▶ The Center for Business Education

## **II. COUNTRY CONTEXT**

Hungary has one of the healthiest economies, as well as most stable, well-developed democratic systems in the region. Over the past year both the European Union and the North Atlantic Treaty Organization (NATO) have voted to include Hungary in their expansions. Hungary has been highly successful in its privatization efforts, making tough decisions early on in the process towards reform to make the transition to a market economy a top national priority. As a result, the rate and scale of privatization was one of the highest in the region. An active private sector that has developed since independence continues to grow and mature. The privatization and economic reform efforts brought in a large number of multinational firms and sizable foreign direct investment. While this has meant overall economic strength for Hungary in terms of general indicators such as GDP, inflation and unemployment rates, it has not included any focus on the SME sector. Since 1991, the government has paid minimal attention to support of SME sector development. In reality, however, the tax laws and government regulations create limitations on these endeavors.

On May 10 and 24, Hungarians went to the polls to elect a new parliament. Official results showed the center-right Fidesz Party, led by Viktor Orban, the official winner of the two-round election, with 148 seats in the 386-seat parliament. The incumbent Socialists under Prime Minister Gyula Horn came in second with 134, the Smallholders party third with 48, while smaller parties made up the rest. President Arpad Goncz was expected to name Orban, 35, as prime minister-designate when the new parliament convened. Orban would then have a month to form a government. After four years under the leftist Socialists, Hungary was about to have a government of the right.

Fidesz had campaigned in part on a law-and-order and anti-corruption platform, and also advocated an elimination of tuition fees—an issue popular with university students. However, Orban said his party would not be held hostage by smaller rightist groups. He claimed that Fidesz was the real depository of the development of the countryside, rather than the agrarian-based Smallholders who were portraying themselves as coalition king-makers and representatives of the rural poor and middle class.

Financial markets were initially unnerved by the Fidesz victory since it was the Socialists who had nursed the economy back to health with a successful austerity program, but they recently seemed to be well on the way to accepting Hungary's new leaders. The Budapest Stock Exchange, which plunged more than 11% after Fidesz was declared the unofficial winner, rose again on news of Fidesz's likely choice for economics minister, rumored to be Attila Chikan of the Budapest University of Economic Sciences. Chikan told the Hungarian news agency that his agenda included attracting further foreign capital into the country, focusing on growth, and improving the business climate for small and medium-size enterprises. This is a promise that has been made before. It will be interesting to see how and if it is met.

Government regulations in Hungary remain inhospitable to the SME sector, which greatly impacts the economic climate for small and medium businesses. The government imposes very high taxes for SMEs and requires membership in Chambers of Commerce with high annual membership dues. The business climate is not openly hostile to women in business. However, as was the case around the region, women lost their jobs in far greater numbers during restructuring than men, and face more constraints and fewer opportunities than Hungarian men. The situation is far more severe for the Roma population, who face open discrimination, including barriers to education and employment opportunities.

### **III. PRINCIPAL FINDINGS**

Over the past year, Indiana University has been successful in reorienting its MTEEP program to correspond to the new objectives. IU has established the Small and Medium Enterprise (SME) Academy at the MDC which is providing popular and increasingly self-financing training services to the SME community. The women managers-

**Indiana University has successfully reoriented its MTEEP program to incorporate a strong focus on small and medium sized enterprises**

women entrepreneurs and Roma (Gypsy) entrepreneur programs that have been added have far exceeded everyone's expectations in terms of demand, as well as impact. The customized training for larger enterprises still forms the backbone of the MATCH program, and further develops key resources and expertise that is being used in other program areas. The MDC is also preparing its first customized training program for a consortium of small enterprises.

The following report is based on the current DATEX site visit to Hungary from April 14 to April 17 by a two person DATEX evaluation team, and extensive document review, including quarterly reports, miscellaneous project documents, USAID reports, and various sources for background information on Hungary. Other input was from interviews by phone and in person with project personnel, and the desk study conducted in fall 1997 for the Semi-Annual Report. The previous DATEX site visit to Hungary was conducted in the spring of 1997.

**A. STATUS VERSUS PREVIOUS RECOMMENDATIONS**

*Timeliness of reporting continues to be an issue and needs to be more effectively addressed.* There has been some improvement, but there is room for more. However, at the site visit debriefing in Hungary, IU agreed to the DATEX recommendation (below) to hire a full-time project administrator to work directly with the MATCH Director for the remaining project period. One of this person's principal responsibilities will be project reporting, as well as backstopping of the USAID final evaluation.

*IU should continue to strengthen the documentation of impact of MATCH programs, especially of past participants, who can indicate the utility of what they have gained in making changes in their organizations.* A professional public relations document entitled *MATCH The First Three Years*, describing MTEEP activities has just been published by IU and BUES. It provides a comprehensive review of the program and will enhance its visibility. IU, in conjunction with BUES, has also published a brochure on MATCH, describing its activities and the resources available at the partner universities. IU will also contract out for a comprehensive and rigorous final evaluation, funded by the grant to determine lessons learned. The evaluation will involve interviewing past participants and assessing the extent of the project's impact.

*More focus should be placed on sustainability of efforts, through utilization of and reporting against, the strategic plan that BUES/MDC has developed.* The MDC has developed a strategic plan for its internal program planning. Furthermore, for approximately the last ten years, it has been required, as an auxiliary unit of the university, to be self-financing. In 1997-1998 the university underwent an extensive self-study as part of a government-required accreditation process. BUES has also investigated several options for an alliance with other specialized universities in Budapest in order to develop a broader and more comprehensive academic institution. Thus both of the key academic units in Budapest that are associated with MATCH have developed strategic plans that focus on programmatic and financial sustainability, as well as their academic reputation. The new Assistant Program Manager will develop reports that utilize and identify these plans for the final year of the MATCH project.

**B. PROGRAM IMPACT**

MATCH is having a positive impact in all program areas. The IU program targets entrepreneurs and small business owners as well as senior managers and employees of large Hungarian and multi-national companies operating in Hungary, which results in impact at all levels. A more detailed discussion of impact by program component follows.

The IU program targets business people from entrepreneurs and small business owners to senior managers of large Hungarian and multi-national companies operating in Hungary, resulting in impact at all levels.

*Open enrollment programs* consist of both short courses and those of longer duration. The MDC has advertised almost all of its short open enrollment programs. Many of the programs had start-up support from MATCH funds. The new computer lab also provides Internet access which has allowed the MDC to develop a home page. The MDC intends to pilot open enrollment Internet courses.

About 15 workshops were held in the fall, one-third of these were spin-off programs related to programs supported through the MATCH program. The MATCH team offered a one-day workshop for a software development company which focused on strategic planning, with a follow on a month later. Other open enrollment programs include a SEED Foundation lecture on the capabilities of women entrepreneurs in collaboration with Women's World Banking. Three two-day training sessions were scheduled for the fall. The first was offered in September for eight persons on total quality management (TQM) and ISO 9000 standards, aimed at high ranking quality managers. Questionnaires were administered as an evaluation tool. The second program on business process re-engineering (BPR), a spin-off of one of the first programs offered through MATCH, had 29 participants (including seven women) and is now offered for open enrollment.

**The open enrollment programs being offered for women managers, women entrepreneurs and for Roma (Gypsy) entrepreneurs are highly successful and have far exceeded expectations.**

*The Women's Program* The open enrollment programs being offered for women are highly successful and have far exceeded expectations. These programs are one day seminars, and are often covered by print, TV or radio media. The evaluation team briefly interviewed four participants at one of these programs. They were representative of those who attended: small business owners or entrepreneurs, some in family businesses, no more than five employees. They all felt that the program gave them new insight into strategies for survival and growth, and developed valuable contacts.

While these programs are not financially sustainable, they have generated a great deal of positive media and publicity attention as well as excitement from the participants. This has significant and positive political implications, and has enhanced the visibility and reputation of BUES and the MDC. Recently, the MDC received funds from a Soros-supported foundation to help cover the program costs for Roma participation. The success of the programs has produced the added benefit of greatly increasing the academic and political value of the female faculty member who manages and organizes this component.

*Small and Medium Enterprise Academy* The SME Academy was established as a result of the revised 1997 MATCH workplan and provides long-term open enrollment programs. The primary activity of the SME Academy is the *260 Hour Business Management Program*, a certificate program which focuses on SME finances and accounting and aimed at upgrading the skills of manager.

assistants. There are 65 participants enrolled in the program, and 60 of them are women. At the end of the program the participants who pass may elect to take a rigorous final exam to receive certification from the Ministry of Finance which qualifies them to certify company financial statements. Participants successfully completing the course are also qualified to start their own ventures as financial advisors or chartered accountants.

*Customized training programs* for large enterprises have been a key component of MATCH from the very beginning and provide critical management training tailored to strategic Hungarian firms. Clients include MATAV, Babolna, and AEROPLEX, three of the largest national companies in Hungary. This type of training, increasingly, has been requested by medium sized firms, with between 50 and 300 employees. They are part of an ongoing set of corporate training and consulting activities that the MDC provides.

The customized corporate training programs are the backbone of the MATCH program. Since 1997, the MDC has been providing increasing numbers of customized training programs for medium sized enterprises as well. In 1995 and 1996 there were 28 MATCH-funded activities with large firms, and only 4 with medium and small firms. In 1997, all of the activities receiving direct MATCH support were with small and medium enterprises, while the interventions with large companies were either MATCH spin-offs or MATCH related activities.

The customized training programs are increasing, at the same time as open enrollment programs are declining in number. One reason for this is that companies see the ads for the open enrollment programs and arrange with the MDC for them to be adapted and presented directly for their company. This development is important for the MDC for customized programs tend to have a lower overhead, a more homogenous audience, and avoid costly advertising expenses. For the period from January to June 1997, IU had a total of 577 participants in one-day seminars. For the same time period this year there was a total of 287 participants, and 13 of 18 programs were company specific programs. A recent exciting development is that the MDC has been approached by a group of *small* companies in the high-tech field which are requesting a customized training program to be developed for the group. These programs have clearly been well designed and effective and have allowed the MDC to rapidly meet specific and changing needs set by market demand.

*Career Development Office (CDO)* This office was established at BUES in April 1997 and so is a relatively new component of the MATCH program. The CDO assists BUES students in matching qualified students to companies who are looking to hire young business professionals. One of its first major activities was to sponsor a *Career Forum* which was held in November 1997. Another Career Forum was held in May 1998. The CDO has developed a CV Book of 300 graduating students which is professionally published and available in hard copy, diskette or CD-ROM. The CDO has already sold several copies of this resource.

**Center for Business Education (CBE)** The CBE was established in 1996 to assist businesses and training institutions both within Hungary and in the region. The CBE is equipped with five state of the art computers and is housed in the BUES library, which is completely separate physically from the MDC. The CBE was primarily intended as a resource center for the SME business owners and managers. It currently serves predominantly as a resource center for BUES students and has yet to attract many business clients. In the fall, the CBE recently organized a successful workshop on case writing and teaching for university professors and students which should result in the publication of a Hungarian case book. However, the CBE is at a critical juncture. The current CBE Director's contract expires in October and the BUES library, which houses the CBE, is being relocated in the fall. IU plans to replace the Director with a Hungarian national to assure program sustainability and integration with BUES priorities after the end of MATCH funding. The location of the CBE remains unresolved. These circumstances pose critical questions of leadership and appropriate location, which underlie a bigger unresolved question of the future direction and purpose for the CBE.

**BUES institutional strengthening** MATCH has helped to improve the infrastructure of BUES/MDC in terms of physical facilities, equipment and teaching materials and methodologies. MATCH has enabled MDC to renovate classrooms, equip a second computer lab, mechanize the administration process, and enhance the library of the institute (including access to the Internet). The MDC is set to begin renovations that will lead to a distance learning/multi-media classroom and space for a management club. It has secured corporate sponsorship to fund the renovations, and MATCH will provide the new equipment.

**Partnership Program (TARS)** The Partnership Program (TARS) is a successful executive education program modeled on the Partnership Program at Indiana University. The members have been very pleased with the learning and networking opportunities they enjoy. The MDC Director identified TARS as the most significant MATCH component because it has such a good reputation and presence in Hungarian industry. Currently about 12 companies are part of TARS and participate in self-defined training programs for members. New topics include European integration, competitive strategies, and corporate governance. The Partnership Program is largely self-financing, with membership dues sufficient to cover activities.

### **C. PARTNER/PROGRAM SUSTAINABILITY**

The MATCH program appears to be progressing well towards sustainability. MATCH activities are fully integrated into the MDC. The MDC has developed a strong consulting base and lasting ties to all levels of the Hungarian business community, a strong indicator of sustainability. Several program components are nearly or completely self-financing, with the exception of the SME outreach activities. Despite initial resistance to the shift toward SMEs within the MDC and BUES, there has been a marked change in program direction. The Director of the MDC stated his commitment to

continue these programs, and to fund them through the profits generated from the customized training of large enterprises. The SME Academy is also approaching sustainability as its enrollment increases.

#### *PROGRAMMATIC SUSTAINABILITY*

***Open enrollment programs.*** The open enrollment courses for women and Roma entrepreneurs are currently assured of continuation beyond the MTEEP funding. This has been a small but vital new activity (only one Conference on Women Entrepreneurs and one Roma Program workshop to date in 1998). The Dean of the Faculty of Post-Graduate Studies admitted that he had been amazed at the response generated from this activity. He stated his firm commitment to continue the program, despite its inability to finance itself, and fund it through profits from other MDC activities. The long-term open enrollment courses through the SME Academy should also be sustainable. The demand for these courses is steadily rising, and nearing the financial break even point. These courses provide practical training in the important field of financial management, and serve a predominantly female clientele.

***Customized training programs.*** These programs are the backbone of the MDC and will be fully sustainable beyond MTEEP funding. The USAID funds of MATCH are now only used to develop new training modules. Existing programs are already sustainable through their fees, established module and qualified faculty are qualified to implement them. For each repeat program, the modules are adapted for the client and implemented fully through MDC resources and the revenue generated from the fees. One of the MDC's newest clients provides another strong measure of the demand and versatility of these programs. As discussed above, a group of small companies have banded together and approached MATCH/MDC to design a customized program for their group. This will expand the impact of MDC customized programs to the SME sector.

The customized training programs are the backbone of the MDC and will be fully sustainable beyond MTEEP

***Small and Medium Enterprise Academy.*** BUES required some initial convincing as to the value of outreach to the SME sector. However, steadily increasing demand for these programs has convinced BUES. While enrollment is not yet sufficient to achieve financial sustainability, it is closing the gap, and it argues for the continuation of the program.

***Center for Business Education (CBE).*** The CBE has had some difficulty getting established, and its future is currently being assessed. An ambitious operational plan has apparently been developed to lead the CBE towards financial sufficiency. However, the DATEX team has not yet seen it. The Director has done a good job of creating a positive role for the CBE as a student resource center, while also trying to use it as an instrument for faculty development and pedagogy reform, since it has proved almost impossible to reach its original audience of SMEs. She has also established an excellent web page which is a good resource for the Center as well as the MDC. Because of all of

her efforts, the CBE has gained university management support, but there are several critical issues that remain, including financial sustainability for the long-term. BUES needs to determine precisely what role the CBE is to play, and where its value lies for the university and the MDC, since BUES will be responsible for the Center as the MATCH program ends. With the CBE Director's contract expiring and the BUES library moving, this is an ideal time and opportunity to make any changes that are desired. A key factor will be the determination of the target clientele, and whether the CBE can be most effective on campus or housed within the MDC. Once these issues are resolved, an adequate replacement Director can be chosen to best guide the CBE in its chosen direction.

*Career Development Office (CDO)* The CDO has become an integral part of BUES, with support at the highest levels. BUES has demonstrated this by its donation of office space for the CDO in the BUES main building, on the same floor as the Rector. The space is quite cramped, and efforts should be made to create a more professional environment. The IU Assistant Dean, in charge of its highly reputed placement office, played a key role in helping BUES to set up the CDO during his visits. As well, the CDO Director was brought to Indiana to be trained and learn about the IU CDO. In May 1998, she also attended the International Association of Colleges and Employers (IACE) conference, a leading forum for career and placement offices in the world. A Career Fair, such as that organized in the fall, was being organized for the spring, and is likely to become an annual event. The publication of resumes on both C-ROM and hard copy has been a success, judging from the demand from corporate sponsors.

*The Partnership Program (TARS)* is already almost completely sustainable. TARS is an invitational program which firms join to form linkages with other companies and thus have access to the latest management and business practices and theories. They also use the MDC facilities to meet and network. The new management club that is being built along with the distance learning center will be used by TARS members. The firms themselves pick seminar topics throughout the year, which are then organized and conducted by the MDC. Since it is a voluntary program, as long as the MDC is able to respond to seminar requests and to provide appropriate facilities and resources, it will be sustainable.

#### **ORGANIZATIONAL SUSTAINABILITY**

The Management Development Center was a well established part of the Budapest University of Economic Sciences, Faculty of Post-Graduate Studies prior to IU's involvement under MTEEP. The MATCH program was designed to build the capacity of the MDC and BUES further, particularly in their ability to provide the highest quality management education and training to Hungarian businesses. Organizational sustainability of the MDC is thus defined for these purposes as its continued ability to deliver the same high level of management training and outreach that it presently provides. This seems highly likely. The MDC's MATCH activities are conducted completely by

BUES faculty Several of the customized training programs are generating profits which will be used to replace current USAID funds used for development of new modules and programs

In contrast, the Career Development Office (CDO) and the Center for Business Education (CBE) have been created entirely as a result of the MATCH program The CDO appears poised for organizational sustainability It has gained strong university support, as evidenced by BUES' donation of well-located office space in the main campus building and the decision by the faculty senate to recognize the CDO as a formal part of the university's organizational structure The CDO's Career Fairs and CV Book have generated a great deal of attention, and continue to raise the visibility of BUES as providing the top management students in the country This is valuable to BUES, and the Faculty Dean stated that he intends to see the CDO continue

The success of the Center for Business Education is not as assured Officials of the Faculty, including the Dean, recognize that the CBE is valuable Much of the credit for this is due to the current CBE Director who has successfully created a new role for the CBE as a resource center to students and faculty, and as the impetus for development of Hungarian case studies There remains, however, the issue of how the CBE can best be used to support the goals, objectives and activities of the MDC This will determine whether the CBE will remain as a part of the BUES main campus or whether it will relocate to the MDC, and what kind of Director will be sought to replace the current Director when she departs in October Resolution of these matters will decide the organizational sustainability of the CBE

*FINANCIAL SUSTAINABILITY*

Financial sustainability of MATCH activities appears to be on track With the exception of the women's programs, fees are being charged for all activities that support the costs of the programs to varying degrees In the case of the customized training programs, many of the activities are even profitable The best way to examine sustainability of MATCH activities beyond USAID funding is to look at where the majority of IU's resources are being spent, and to assess how these activities will continue

**Financial sustainability of MATCH activities appears to be on track as a result of fee collection and strong institutional support**

IU almost fully funds the short courses and seminars aimed at women, minorities, and entrepreneurs These courses are free, and it is fully accepted that at the present time it would be beyond the resources of the participants to charge fees As discussed above, the success of these programs has far exceeded BUES expectations As a result, BUES has committed to continue these programs at its expense, using the profits generated from the corporate training programs for the needed subsidy The SME Academy, on the other hand, is actually approaching self-sustainability through its

enrollment fees. In its first year it was subsidized 50%, now in its second year, it is being subsidized 30%, and MDC hopes that by next year it will meet costs.

The customized corporate training courses not only pay for themselves, but they also generate profits. IU funds are used only to support the development of new modules. The MDC is starting to build in these costs to the overall price of the course in some high demand areas, so that even the new courses will be self-financing. Then once they have been created, every time the module is used after that, it generates a profit.

The rest of the MATCH components are at various levels of financial sustainability. The Partnership Program is currently funded 20% by IU and the rest of the funding is covered by membership dues and fees. The MDC feels that TARS will be self-financing by the time MATCH funding ceases. The CBE, in its present guise, does not appear financially viable. However, with as many unanswered questions as remain for the Center, assessment should wait until the fall. The CDO, while not yet financially sustainable, is making important strides in that direction. The CV Book is being sold to interested corporate clients, and it is anticipated that this will cover production costs. The CDO is also trying to secure corporate sponsorship to assist in financing the Career Fairs.

#### **D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Hungary is graduating from USAID bilateral assistance. In its place there will operate a Regional Support Center, or regional mission, which will maintain managerial oversight of activities in this region.

The USAID Mission completed its Results Review for 1997-1999 in March. Since 1996, when USAID/Budapest focused on the SME sector and asked Indiana University and other grantees to shift their program activities to reach smaller firms, the Mission has increased its interest in medium-sized businesses (between 50 and 300 employees), especially in high technology and export markets, because of their strategic importance to the Hungarian economy. This focus is reflected in the R4. Its Strategic Objective 1.3 - Improved Operations of Small and Medium-Sized Enterprises - is considered to be on target. IU MTEEP activities are scheduled to end in June 1999, coincident with the closing of the Hungary Mission.

In its most recent quarterly report, IU reported that contact with USAID had been satisfactory in recent months. However, the MTEEP Project Manager indicated to the DATEX Team that she had not been completely satisfied with the level of reporting and communication between IU and USAID. Her contact with the IU Faculty Advisor had been limited during his stay in Hungary, and she was not informed regarding all of his activities, such as his participation in the accreditation process for BUES (a non-MATCH activity). IU argued that while this was not a specific program component,

the future quality and strategic mission of BUES is closely tied to the long-term effectiveness of MATCH activities

As a result of the upcoming closeout, the Mission has prepared a scope of work (SOW) for an independent, rigorous evaluation of the IU cooperative agreement. The SOW was shared with the IU Project Director during the DATEX site visit. The Mission is requiring that the same kind of evaluation take place for the SUNY MTEEP program. Both IU and SUNY are being asked to contract for the evaluation on their own, preferably with a local firm.

#### **E. PROGRAM MANAGEMENT**

Project management has been a weakness of the IU program, partially due to the absence of a full-time professional IU In-Country Project Director. Regular communication between IU and the USAID Mission, as well as to USAID/ENI, has suffered as a result. One major reason for the management difficulties was that the 1996 reorganization of the MATCH project proved that the in-country management structure that was initially designed for the project to be inadequate. During project start-up an IU in-country director was already in place. Upon his departure those duties were turned over to the MATCH Marketing Director. Unfortunately this change occurred at the same time as the Mission underwent re-engineering and major changes in personnel. These changes required a nearly daily interaction between MATCH management and USAID, as well as participation on the SO team which she could not provide. This created a need for a qualified IU faculty member to meet these needs, which was not able to occur until the summer of 1997. At that time IU fielded an In-Country Faculty Advisor through the end of the year. His in-country presence did enhance the program's credibility and professional standing. He instituted regular staff meetings, established round table discussions and served as a liaison and communication link between the project and USAID/Hungary. Since then he has made intermittent as well as extended visits to Hungary, and will continue to do so until the end of the grant, holding staff meetings and planning documents for the MATCH program.

The US staff of IU serve as the main link to the USAID/ENI staff for resolution of budgetary issues and periodic management and implementation issues. Operational control of MATCH has gradually been transferred to the field office in Budapest.

IU's Director of Marketing in Budapest, who has been a critical member of the MATCH team, left Hungary in April 1998 to join the World Bank. This leaves a significant gap in reporting and evaluation of project activities. Part of this gap has been filled by the nearly weekly reports, "MATCH News," prepared by the MATCH Director. These electronic reports are distributed to USAID/Hungary, DATEX, and MATCH personnel. Nonetheless, much of the data for IU reports has been collected by Infraconsult, the Marketing Director's firm. IU intends to continue its contract with Infraconsult to provide its logistical and evaluation services. However, IU is assessing how best

to fill the project's staffing gap created by the Director's departure. It is expected that the new Assistant Program Manager will assume responsibility for the organization of reports.

**IV. RESULTS IN BRIEF**

**A. PROGRAM REACH**

*PROGRAM REACH DATA FROM JULY 1, 1997 - JUNE 30, 1998*

The IU project has very high women's participation among the MTEEP programs with various activities ranging from 25% to 92%. There has been a drop in the number of certificate programs being offered by IU, although recruitment has begun for the new SME financial advisors program. At the same time, the number of workshops has doubled due to increased programs being offered through two of the MDC's largest client companies, MALEV and Antenna Hungaria. Exact numbers of contracts and contacts have not been compiled yet for the customized training programs, but there are indications that the number of programs is growing, and there is a greatly increased number of MATCH spin-off and MATCH-related programs. These are not funded by the program, but indicate the strength of these activities.

<b>Program Type</b>	<b># Active Cohorts/Programs</b>	<b># Male Participants</b>	<b># Female Participants</b>	<b># Total Participants</b>
Certificate	SME Financial Advisors Pharmavt Diploma Program	5 12	60 4	65 16
Seminars (1 day or less) *	18	164	123	287
Workshops (multiple days)	20 (4 TARS programs, 6 customized corporate programs, 1 Roma program)	283	129	412
Special Company Interventions	4 (company specific numbers not available)	n/a	n/a	n/a
Resource Centers (CBE)	1 (case writing)	15	13	28
Other	4 (round tables-TARS) 5 (open enrollment) CDO	101 n/a	41 n/a	142 n/a n/a

\* Thirteen company specific programs, 1 conference on Women Entrepreneurs, 2 bank restructuring programs, and 2 business process re-engineering programs

**B. SUMMARY OF FINDINGS BASED ON INDICATORS**

A detailed breakdown of the program findings based on the MTEEP indicators of program impact is contained in the chart in Annex #2. Indicators are positive that the MATCH program is successfully reaching its target clientele and having a positive impact. The number of MATCH-related activities and MATCH spin-off activities continues to grow as companies request follow-on training to complement previous training. Also, many of the larger MDC clients continue to contract for the training of new and different employees based on the positive results from initial training. The large number of repeat clients for many of its program activities further argues for high client satisfaction with the services being provided.

**C. SUMMARY OF FINANCIAL STATUS**

<b>Funding Source</b>	<b>% of Total Project Support as of 6/30/98</b>
USAID Grant	20%
US Institution	20%
Local Institution	15%
Tuition and Fees	35%
Other Sources (corporate contributions)	10%
<b>TOTAL</b>	<b>100%</b>

**D. PROGRAM OBJECTIVES VERSUS ACHIEVEMENTS**

Indiana University and BUES are proceeding well towards achievement of the cooperative agreement objectives as they were revised and agreed upon in the March 1997 work plan. The MATCH

The MATCH program has greatly strengthened the MDC, enabling it to reach Hungarian and multi-national industries and greatly expand their capabilities. The MDC now has a good reputation and presence among the overall business community of Hungary.

program has greatly strengthened the MDC. The MDC Director stressed the importance of the MATCH program in enabling them to reach Hungarian industry and greatly expand their capabilities. MATCH also gave them a much needed boost and level of credibility in the growing market of multi-national management training. The MDC now has a good reputation and presence within the overall business community of Hungary.

The only area where IU has continued to struggle is project management. Even though there has been a periodic American Faculty Advisor or staff person in-country, there has not been an

ongoing IU presence, although, until recently there has been a Hungarian nominally designated as the in-country project representative. Nonetheless, because of personnel changes, this has resulted in a noticeable lack of consistent management systems, communications guidelines, or reporting requirements in place. Prior to the DATEX team's departure, the IU Project Director agreed that the MATCH Program Director would assume this role for IU in Hungary. Equally important, IU agreed with the DATEX recommendation to hire a full-time Assistant Program Manager to handle the bulk of the administrative, logistical, and reporting requirements, under the supervision of the MATCH Director. While this effort is too late to redress past concerns, it will be critical in this final year of implementation to ensure a smooth final evaluation and closeout of project activities.

## **V. CONCLUSIONS**

The MATCH program has achieved some significant success. Over the past year it has expanded its activities to include much greater outreach to the SME community. The programs aimed at women entrepreneurs and Roma women entrepreneurs have been very successful, both for the participants, as well as for BUES. The MDC's capacity and reputation in customized training programs for medium and large businesses continues to grow, and they have even been approached to develop a customized program for a group of small enterprises.

The IU program is entering its final year of implementation. It will be critical to ensure that program activities stay focused on maximizing the impact of USAID funds and achieving sustainability for all of the MATCH activities. In addition to this, it will be important to be able to demonstrate what levels of impact and sustainability have been achieved. The final evaluation being required by USAID should respond to this need, as long as IU stays actively involved in managing it and ensuring reporting and documentation of the program.

## **VI. RECOMMENDATIONS**

- ▶ DATEX strongly suggests that IU hire a person in Hungary to act as an Assistant Program Director whose primary responsibility will be to assure effective reporting and administrative backstopping of project activities for the final year of implementation. This person should be housed in the MDC and work under the direction of and in support of the MATCH Director.
- ▶ IU should carefully study and assess the balance of funds remaining against the projected pipeline to best allocate the balance of grant funds to meet objectives for project close-out.
- ▶ The MATCH program needs to articulate a business plan which details a strategy for sustainability of all of its programs, and particularly how revenue will be shared for the non-self financing activities, like the SME programs.

- ▶ The CBE should be moved to the MDC to better serve the objectives of MATCH by fulfilling its intended purpose as a resource center for business owners and managers, in support of MDC activities
  
- ▶ DATEX also suggests that there be more focus on sustainability of MATCH activities through utilization of and reporting against the business plan

## HUNGARY: STATE UNIVERSITY OF NEW YORK

### EXECUTIVE SUMMARY

#### PROJECT PURPOSE

The State University of New York (SUNY), Office of International Programs and Development (ID) was awarded an MTEEP grant in 1991 with the main purpose of building a strong Hungarian private sector. In 1994, upon award of the current grant, the program purpose was expanded and modified to include creating a national culture of total quality management (TQM) through university-based TQM Centers.

#### SUMMARY OF GRANT OBJECTIVES

SUNY's activities have been aimed at institutionalizing business education through seven, and later eight, TQM Centers at universities and colleges around the country as well as an MBA program at the Technical University of Budapest (TUB). The grant's main objectives are as follows: development of a national university-based network of TQM Centers and trainers, curriculum and faculty development in modern management, including development of Hungarian language resources, and institutional capacity building in the provision of company-level TQM programs and training courses. The program was targeted at university faculty members and their institutions, their management students, and Hungarian companies.

<i>End of Project Status (per '92 grant)</i>	<i>Achievements toward Objectives over Life of Project</i>
TUB will be a recognized national Hungarian resource for teaching and company implementation of TQM principles and procedures, and in mgmt training for engineering students	This has happened. TUB is the acknowledged TQM leader. TUB TQM Center is well established consulting institution. 60% of income from consulting, 40% from education activities (all fee based). All of their faculty have been to US on study tours. TQM spirit pervades. TUB attracts engineering management students with the highest national scores.
TUB will have worked w/ SUNY faculty to enhance capacity of six regional partner universities to teach and use TQM procedures and principles on campus and on the company level	TUB served a leadership role in the initial expansion to the regional centers, providing real professional support. Also helped add an additional partner at Győr. Now that the centers are established the relationship is largely informal. The TUB MBA has used regional profs to guest lecture at times.
Faculty in every major dept. in TUB will have received training from SUNY faculty in Hungary and US and will have participated in TQM-based case writing involving Hungarian companies	The entire management faculty has received SUNY training, including US study tours.
TQM will be a component of TUB's MBA and other programs	TQM is fully integrated into the undergraduate and graduate curriculum, especially the MBA.

Principal faculty of the 6 regional partners will have received training in US as well, including observational company visits in NY to observe practical TQM applications	Faculty and local business representatives selected by the centers have received US training and participated on US study tours through the University of Buffalo. All of the TQM Centers have sent faculty to Buffalo.
National TQM culture will exist in Hungary, primarily in universities and manufacturing sectors, and customer-defined quality standards will figure in all major engineering, production and managerial decisions	From our interviews there is certainly a well-developed "TQM culture" for those who have worked on the project, there was no real venue to determine whether this is a national culture. However, the regional partners do reach a large number of students around the country and TQM has been integrated into the curricula.
Development of a national university-based network of TQM Centers and trainers	Eight TQM centers have been established around the country with trained faculty.
Education and faculty development (curriculum development, Hungarian materials development, consulting, and outreach training)	Each partner has integrated TQM into their curricula to varying extents as a result of SUNY training and practical exposure to TQM through US study tours.
Faculty training in the US in TQM practices including case writing curriculum development.	This has been achieved.
Management faculty at all participating institutions capable of implementing company-level TQM programs and training courses, produced substantial amounts of Hungarian language TQM teaching materials, introduced TQM curricula	This has been achieved.
Direct beneficiaries will be faculty members and their institutions, their management students, and Hungarian companies	The project has had a strong institutional strengthening component throughout with extensive faculty training, equipment purchases, teaching material purchases & development.
<i>Added program benefit beyond original grant documents &amp; proposed activities</i>	
Project has been flexible and creative, identifying important subject areas and providing additional faculty development programs outside of TQM	The project has organized programs in operations & budgets/human resources and business ethics which are important and potentially critical management topics in an emerging market economy.

**SUMMARY OF PROGRAM FINDINGS**

The SUNY MTEEP program will be ending on December 31, 1998, pending a requested contract extension to that date. One of the SUNY program's significant accomplishments has been its regional impact. Each of the eight partner universities has undergone curriculum reform to integrate TQM into management-related courses across Faculties and some have added new degree programs as a result of their association with the program. Short courses on topics from SME Renewal to wine

industry tourism promotion have been held at sites around the country, reaching audiences that do not have easy access to the resources of Budapest. The TUB activities are highly successful. The TUB TQM Center is an active consulting center with a well-established client base. The MBA program is the top program in the country for engineering management and is operating at full capacity.

#### **SUMMARY OF RESULTS IN BRIEF**

Program reach figures for the SUNY program exceed 1,500 participants and clients, and that does not yet include complete figures for the TQM Centers' consulting activities. The percentage of female participation has dropped, but not by a significant amount.

#### **SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

The SUNY project is a success. All major technical components will be sustainable, and USAID funds have had a lasting impact on the country. Program resources have been well spent. SUNY's implementation strategy has been sound, and has adapted well to meet evolving needs in Hungary throughout the life of the project. The remainder of the project needs to focus on further strengthening each of the TQM Centers and the TUB MBA program in order to best ensure they fulfill their promise and continue present activities beyond MTEEP funding.

**I. PROJECT DESCRIPTION**

**PURPOSE**

The State University of New York (SUNY), International Programs and Development Office (I D ) (formerly Office of International Programs) was awarded an MTEEP grant in 1991 with the main purpose of building a strong Hungarian private sector. This was to be accomplished through support of an inter-university, private sector support center to provide management training, market economics education, and other related services. To this end the Center for Private Enterprise Development (CPED) was created.

In 1994, upon award of the current grant, the program purpose was expanded and modified to include creating a national culture of total quality management (TQM) through university-based TQM Centers. Since that

time, SUNY/CPED's activities have been aimed at institutionalizing business education through seven, and later eight, TQM Centers at universities and colleges around the country as well as an MBA program at the Technical University of Budapest (TUB). The local partners are Technical University of Budapest (TUB), Miskolc University, Veszprem University, Sopron University, Szeged College, Debrecen College, Pecs University and Gyor College. SUNY has a sub-allocation agreement with SUNY-Buffalo to provide technical support in TQM-related activities, including study tours, graduate assistantships and the MBA program. SUNY's program falls under USAID/Hungary Strategic Objective 1.3 Improved Operations of Small and Medium Enterprises.

<b>Country</b>	Hungary
<b>Program Start</b>	1991
<b>PACD</b>	September 30, 1998 (proposed extension, pending approval, through Dec 31, 1998)
<b>US Grantee</b>	State University of New York (SUNY), International Programs and Development (I D ) Office/Center for Private Enterprise Development (CPED)
<b>Local Partner</b>	Center for Private Enterprise Development (CPED), Technical University of Budapest (TUB), State University of New York-Buffalo, and seven (7) regional universities and colleges
<b>Total Grant Amount</b>	\$6,695,413, remaining grant funds \$668,674

**PROGRAM COMPONENTS**

The SUNY program components are

- ▶ Institution-building and faculty development through training, study tours, materials development, and curriculum development
- ▶ Short courses in management training and market economics training conducted around the country

- ▶ Graduate assistantships
- ▶ MBA program at the Technical University of Budapest
- ▶ TQM Centers established at the Technical University of Budapest and seven regional universities to provide consulting, training, and curriculum development
- ▶ US based training (study tours)

## **II. COUNTRY CONTEXT**

For country context refer to this section in the IU portion of this report presented previously

## **III. PRINCIPAL FINDINGS**

The SUNY program will conclude no later than December 1998, after more than seven years of implementation in Hungary since their initial USAID MTEEP grant. This program has experienced considerable success and should meet all of its originally stated objectives in addition to achieving many unanticipated results. (See the chart summarizing Objectives and Achievements at the end of this country chapter.) For the remainder of the project period SUNY will focus activities on institution-building efforts, completion of existing programs and close out activities.

**The program has successfully reached outside of Budapest through the seven regional partner universities, their TQM centers, and a collection of short courses held around the country**

The following report is based on a) site visit to Hungary from April 7 to April 14 by a two person DATEX evaluation team, b) extensive document review, including SUNY quarterly reports, miscellaneous project documents, USAID reports, and various sources for background information on Hungary, c) telephone and face-to-face interviews with project personnel, and d) a desk study prepared in fall 1997 for the Semi-Annual Report.

One of SUNY's most significant overall accomplishments is that the program has successfully reached beyond Budapest through the seven regional partner universities, their TQM centers, and a collection of short courses held around the country. The result has been a spread effect of TQM and management education well beyond the capital city. The TQM Centers have been completely institutionalized within each partner university, and each university has made modifications and additions to core and elective curriculum to integrate TQM and modern management principles. The

short courses<sup>1</sup> constitute activities mostly separate from the regional universities and had 604 participants in 1998 alone

The SUNY MTEEP program, in reaching its objectives, encompasses a wide range of activities with various target clientele. The evaluation team has found it significant that SUNY has accomplished its institutional reform objectives by the training and development of individuals through study tours, graduate assistantships, and training of faculty members. It was then the participants themselves who led the drive to integrate the new knowledge and experiences and revise the existing curricula. Each of the universities has updated its curriculum as a result of its participation in the SUNY program, and many have added new majors and/or degree programs.

**A. STATUS VERSUS PREVIOUS RECOMMENDATIONS**

The *DATEX Semi-Annual Formative Monitoring and Evaluation Report (July 1 - December 31, 1997)* for the SUNY Hungary project made the following recommendations (in italics). The progress made against each of these recommendations follows:

*Determine the value (at least in terms of short-term impact) of SUNY short course programs in locations without TQM Centers in comparison to those with a Center.* The value of the short-term programs is that they provide additional outreach beyond the TQM Centers. These short courses were intended from the outset to reach entrepreneurs and small business owners and managers that did not have easy access to the resources and programs in an academic environment or in Budapest. In contrast, the training conducted at the TQM Centers is primarily for fellow faculty members to build or enhance these skills. The short courses train participants in effective business and management techniques and practices. These programs are usually well attended by representatives from key local businesses in the communities that host the programs. The subject matter is then applied directly to the local enterprises.

*Assure that project support will maximize the number of TQM Centers that are credible and sustainable.* For project closeout, SUNY is assisting each of the Centers in the training of its personnel through study tours and seminars. The final US study tours and other training programs funded under MTEEP will continue through the fall of 1998. SUNY/CPED is also making significant computer and materials purchases for each of the Centers, so that they will be sufficiently equipped for several years of operation beyond USAID funding. Each regional center was provided the opportunity to order close to \$5,000 worth of computer equipment of its choice through the project.

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<sup>1</sup> Short courses include Small and Medium Enterprise Renewal (SMER) certificate series, TUB MBA intensive seminars, wine/tourism programs, business ethics programs, and the agnbusiness programs.

The equipment was delivered in May 1998. In addition, approximately \$3,400 of curriculum materials and resources are being ordered by each Center, also to be purchased by SUNY.

*Document lessons learned and the factors resulting in the development of the most successful TQM Center.* SUNY will conduct a comprehensive and rigorous final evaluation, requested by USAID/Hungary and funded by its grant, to determine lessons learned. The evaluation will involve interviewing 100 past participants and assessing the extent of the project's impact throughout Hungary. SUNY/CPED has been among the most responsible of MTEEP grantees universities in terms of conducting internal monitoring of its own activities. It should be well suited to undertake the final evaluation.

*Complement the data collection and impact analysis for USAID/Hungary with more focus on the effect of individual elements of the program – especially programs outside Budapest offered by SUNY, the ongoing progress of individual TQM Centers, and US study tours for private sector or government participants and for faculty participants.* SUNY has made a concerted effort to comply with this recommendation. Its progress is demonstrated in the information contained in its reports, much of which is included in this report.

## **B. PROGRAM IMPACT**

Each program component of the SUNY MTEEP program is achieving an impact that furthers the overall program objectives and USAID's strategic objective. The impact of the program is being felt at the individual and firm (or agency) level.

The SUNY/CPED approach has been to institutionalize TQM in Hungary through a) business education at eight TQM Centers in universities and colleges around the country, b) an MBA program at the Technical University of Budapest (TUB), and c) general training and outreach consisting primarily of short courses and study tours. These efforts aim to reach as many Hungarian business owners and managers (current and future) as possible, primarily in the small and medium enterprises sector.

The following program components have had the most noteworthy impact and are discussed in more detail below:

- ▶ TQM and current management theory and practice have been institutionalized at each of SUNY's partner institutions, resulting in extensive curriculum reform at the graduate and undergraduate levels.
- ▶ The study tours have targeted and reached key individuals within the Hungarian universities and private sector who have become advocates for TQM methods and curricula.

- ▶ The SUNY program has spread TQM and market economic principles throughout Hungary, and not just in Budapest
- ▶ The MBA Program at TUB is operating at full capacity and is now financially sustainable
- ▶ The staff at the Center for Private Enterprise Development (CPED) have gained valuable skills and training that have significantly enhanced their market value and career options
- ▶ The faculty members working with the TQM Centers have enhanced their professional standing in the private sector as well as the university, and many have been able to greatly increase earnings through consulting activities (through working with TQM Centers and also through private consulting)
- ▶ Short course programs provide necessary training to hard-to-reach SME managers and owners outside of Budapest
- ▶ The new Wine Industry/Tourism Development program has been successful and will be continued through the end of the project, with substantial cost-sharing from the Hungarians

Each of the eight regional TQM Centers is fully institutionalized within its university or college. Because of the faculty development initiatives and training, each of these institutions has integrated TQM into its curricula and many have developed new, related degree programs, particularly at the graduate level. The result has been extensive curriculum reform among the eight partners at the graduate and undergraduate levels. The impact on the students at these institutions and the clients of these professors is mainly anecdotal. However, it clearly indicates that these ideas and this knowledge are being spread to an extremely large number of individuals.

The publication in Hungarian of two more key TQM textbooks is currently underway. Fifteen (15) copies of each text will be distributed to the TQM Center network, as has been the case for the previously developed project materials.

US study tours have had a notable impact, even above and beyond the participants. Almost all of the study tours have been organized to teach university professors and local business representatives about effective and up-to-date business practices and to expose them to their practical

**US study tours have had a notable impact. Upon return, study tour participants return trained and educated their colleagues in the skills and practices that they had learned. Many courses were modified to incorporate TQM, and related practical management theories. Participating business leaders have integrated TQM into their operations.**

applications in industry. For each study tour, the TQM Centers send a university representative and a local business representative. The study tour group travels to the US, participates in training sessions and visits US businesses that are utilizing the methods discussed in the seminars. All of the individuals with whom the evaluation team met highlighted the importance of the study tours. They were able to take concepts and theories that they studied and taught (or were trained in for the case of the business participants) and were able to actually see their application and practice in real life. The value of this was repeatedly expressed. As discussed above, the study tours had the additional effect of generating institutional reform at the partner universities. Upon return, almost all of the study tour participants trained and educated their colleagues in the skills and practices that they had learned. As the faculty members were exposed to these concepts and came to appreciate their value, many courses were modified to incorporate TQM, and related practical management theories. New degree programs were added as well. In the private sector, these business leaders have integrated TQM into their operations. The feedback from interviews and questionnaires is that their businesses have definitely improved as a result.

The graduate assistantships have had a similar impact. The graduate assistants also felt that the access to resources and the value of the education that they received at such high quality US institutions has significantly accelerated their professional development.

The SUNY strategy for creating a national TQM culture has been sound. Through a very strong Budapest center of activities, in addition to regional outreach, the SUNY program has seen that a very large number of people would be educated in and exposed to TQM. The eight partners of SUNY are Technical University of Budapest (TUB), Miskolc University, Veszprem University, Sopron University, Szeged College, Debrecen College, Pecs University and Gyor College. These institutions literally dot the map of Hungary. The TUB TQM Center is by far the strongest center with a well-established reputation in consulting services. The Technical University of Budapest is the leading national expert in TQM and management education for engineers. The SUNY/TUB partnership in the MTEEP program is greatly responsible for this result.

The TUB MBA program already receives more than double the applications that it can accept demonstrating its high demand (this is five times higher than the standard application numbers in Hungary). The MBA program is one of the highest ranked post-graduate programs in Hungary. Its tuition and fees are ample to cover costs, and their only restraints to further growth are space problems within the university. All of the MBA faculty members have participated in at least one SUNY study tour and consulting is a major part of faculty activities. This ensures that the faculty is the highest trained with a well-developed practical base as well.

The staff at the Center for Private Enterprise Development (CPED) have gained valuable skills and training that have significantly enhanced their market value and career options. The management staff

of the Center have made valuable contacts that they will continue to use in their new endeavors. Their work with CPED has greatly enhanced their resumes which adds credibility particularly with multinational and US organizations. SUNY is providing various professional development training for the technical and support staff at CPED.

**The staff at CPED and faculty members working with the SUNY program have gained valuable skills and training that have significantly enhanced their professional standing, market value and earning.**

The faculty members working with the TQM Centers have enhanced their professional standing in the private sector and at the university, enabling many of them to increase their earning through consulting activities (both through the Center and outside of it). Salaries for academics in Hungary are extremely low, and it is essential for all professors to earn some form of supplementary income. Faculty members affiliated with the TQM Centers are engaged in TQM business consulting. Some are quite successful in this field. It appears

that the program's faculty development activities have significantly increased the earning potential as well as academic cache of the professors involved with the program.

Short course programs on various management topics are conducted through a variety of local partners and seldom through the program's TQM Centers. The goal is to reach as many business people as possible so that these management concepts are applied throughout industry in Hungary, and particularly in the SME sector. The evaluation team attended one such program - one session of a four module (eight-day) program on Small and Medium Enterprise Renewal. The attendees included a wide range of local business managers from the region with no previous connection to the SUNY program, and likely no future connection as well. However, the audience was clearly engaged in the subject matter, and the topics were being immediately applied directly to their own business concerns.

Because of interest expressed within Hungary, SUNY and CPED began organizing a wine and tourism program in the fall. Presenters from wineries in upstate New York came to Hungary in the spring to address Hungarian vintners in three cities on prospects and strategies for promoting regional tourism through the wine industry. This was followed up by two US study tours to California and New York respectively. This program has generated a great deal of interest and follow-on activity for the participants. Because of these successes, SUNY is organizing an additional program in Hungary for the fall.

CPED has been instrumental in organizing a new two-pronged program in business ethics in response to interest from local partners. A series of business ethics seminars was held at the Budapest University of Economic Sciences (BUES) and the University of Miskolc, primarily aimed at academics who teach the new subject of business ethics. The seminars were coordinated by local

professors in collaboration with consultants from the Center for Ethics in Business of Northwood University of Florida. In June, these two professors attended "Managing Ethics in an Organization" seminar at Bentley College in Massachusetts. The program, arranged by SUNY ID, will also include an additional week following the seminar for independent research at the Bentley College Center for Business Ethics library and in the Boston area. Business ethics is a growing concern in Hungary. SUNY and CPED's aim for the recent business ethics programs is to provoke thought on the social responsibilities of employees and companies in a market economy. A secondary goal is to foster ongoing US institutional relationships and develop contacts between Hungarian academics and US universities in this area.

### **C. PARTNER/PROGRAM SUSTAINABILITY**

The 1994 SUNY MTEEP grant specified two elements that were intended to be sustainable: 1) the MBA program at TUB, and 2) the TQM Centers at TUB and the regional universities to provide ongoing consulting, training, and curriculum development. The MBA program and the TQM Centers should be fully sustainable by the end of the SUNY grant.

**The TUB MBA program and the TQM Centers should be fully sustainable by the end of the SUNY grant.**

Even though sustainability should occur, that does not mean that all of the sustainability issues are resolved for the TQM Centers and the TUB MBA. For the regional centers, there remains a need to explore financial sustainability for the individuals and departments that maintain the centers if they want to operate as more than a resource center. Each center

is engaged in some outreach and consulting activities, but they have a greater capacity to provide critical consulting services for key industries in their region which is not being fully exploited. Outside consulting contracts for these colleges and universities increase the status of the whole institution and the resident department/faculty. It provides income opportunities for the professors and the institution. Beyond that, additional funds will need to be located for ongoing library, equipment, and resources needs, which may come from consulting income.

The bulk of program activities have been targeted at the individual level to achieve both individual and institutional impact. In establishing the TQM Centers, relatively few resources (with the exception of TUB) have been spent on the institutions themselves. Instead, the emphasis was placed on study tours for faculty and local private sector representatives. As a result, the faculty have remained actively involved in TQM instruction, outside consulting, and advocating curriculum development including development of new degree programs with this emphasis.

*PROGRAMMATIC SUSTAINABILITY*

Programmatic sustainability for the TUB MBA is virtually assured. One true indicator of its success is that the MBA program cannot currently meet its demand. Despite having sufficient faculty and teaching resources available, it simply doesn't have the space. The MBA Director hopes to remodel more classrooms soon. All of the TUB MBA faculty are well-trained and have been on at least one study tour. The faculty consulting activities continue to grow which ensures that their skills remain current and practicable. The TUB MBA has fully developed teaching materials for all of its classes. Most are translations in Hungarian of English book chapters. Key personnel with the MBA program traveled this spring to the US to visit schools that might be other potential collaborators. As a result they are already bringing over a professor from the University of California-Berkeley to conduct one of the intensive seminars. These courses are expensive and currently funded by the project. The MBA program will continue the seminars at the same frequency after the project ends, funding it themselves.

The TUB TQM Center has a thriving consulting business with an established client list and strong personnel. The consulting revenue from the Center has caused the faculty to become the top earner for the University, whereas in 1991 it was near the bottom. In addition to consulting activities, the TQM Center continues to play an active role in adding TQM courses and integrating TQM into existing curricula. The Center was instrumental in establishing the Engineering Management program at TUB which now receives six times as many applicants as openings. The Center has been responsible for TQM's integration throughout other university departments as well, and two-thirds of the graduate students in the faculty use the resources of the TQM Center to write their final papers.

The regional TQM Centers are all an integrated part of a faculty at their college or university, usually the Management or Economics Faculty. The Centers are staffed by the professors who have participated in the study tours or on a graduate assistantship and thus best understand TQM and are committed to the Center's activities. Some of the Centers provide consulting services while others serve primarily as resource centers for the faculty and students. While some Centers are more active than others, all of them will remain in operation, supported by the university and to varying degrees by consulting fees generated. The only question will be the extent of their ongoing activities.

*ORGANIZATIONAL SUSTAINABILITY*

The Technical University of Budapest is fully committed to the MBA program and the TQM Center. The MBA program is a high profile, prestigious component of TUB. The only salary support from SUNY for the TUB MBA program is for the MBA program assistant. Otherwise, SUNY has only provided resources and opportunities. The rest of the program has been supported by TUB itself and some other sources of outside funding. TUB continues to fund renovations to classrooms so that the

program can expand. The commitment is strengthened because this is a mutually beneficial relationship. The TUB MBA is the only program that actually generates a small profit for the university. The TUB TQM Center also enjoys strong support from the university and has significantly strengthened the image of the faculty and the department.

The regional TQM Centers enjoy solid institutional support because they were established from the outset as an integral part of their university or college faculty. Because of the highly trained faculty, as well as the equipment and materials associated with even the least active centers, they remain valuable entities to the organizations. It is worth emphasizing that these Centers provide a platform for academics to do practical, outside work. Even the Centers that are not as active have benefitted greatly from resources and training provided by the program which have enhanced their legitimacy as a service provider, and have increased the likelihood of future success.

Even though the Center for Private Enterprise Development will close its doors at the end of the project, this is not a negative occurrence. The CPED component achieved a measure of sustainability and impact in other areas. Project personnel argue that sustainability of the program manifests itself in the TQM Centers, the spread of TQM into mainstream Hungarian business practice, and written and equipment resources that will remain with the partner institutions. The CPED staff have all gained valuable experience which improves their career options. For example, the Director of CPED will continue in the same field, but as an independent consultant, with greater earning potential.

In 1991 CPED was established to serve as an independent Hungarian organization to provide management training, market economics education, and other related services. As the program developed, it was determined between all of the main implementors - CPED, SUNY/ID, SUNY-Buffalo and TUB - that TUB could be more effective as the primary technical implementor in Hungary. So in the second grant CPED's role evolved into the local program implementor, in partnership with SUNY, while still maintaining certain private sector outreach activities. CPED has served effectively as the administrative vehicle for the implementation of SUNY activities under MTEEP.

#### *FINANCIAL SUSTAINABILITY*

The TUB MBA is financially capable of continuing activities at the present level. It generates substantial revenue from tuition and fees and has also received additional funding from non-US sources. The high tuition of the programs is largely paid by the students' companies. Coupled with the support provided by the university, the TUB MBA is on target. The management staff at the MBA program also continue to explore new partnerships and funding opportunities to continue to enhance and grow their program.

The TUB TQM Center generates the most outside income for the Faculty of Social and Natural Sciences. Because of this added revenue, the faculty as a whole now generates the most revenue of all of the TUB Faculties. This is in marked contrast to 1991 when it was only the physical sciences that were earning any substantial consulting work. The consulting activities generate additional income for the faculty members as well. At the TUB TQM Center, the faculty members' consulting fees are usually several times their salary. As a result the Center has been able to attract and retain the most qualified professors.

As stated above, no TQM Center is a "stand-alone" operation, but is fully institutionalized within its university or college as a part of the Faculty, ensuring its sustainability. This means that each Center will continue to be supported by the institution after the MTEEP program is completed and as it continues to build its consulting capacity. While this may not constitute financial sustainability in the strictest sense, i.e. although the regional Centers are not paying for themselves, the Centers will nonetheless continue to function at near present levels without USAID funding. Part of the reason for this is the recent outlay of resources from SUNY for equipment and materials to carry over each Center for some time. However, there is still a real need to think about increasing and improving the amount of outside revenue generated to maintain resources and value for the institution.

#### **D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

The Mission in Hungary recently completed its Results Review for 1997-1999, dated March 16, 1998 and determined that its SO 1.3 Improved Operations of Small and Medium Enterprises is on target. The USAID Project Officer expressed satisfaction with SUNY's activities. The Mission and USAID/ENI have approved a no-cost extension of the project through December 31, 1998 to allow for completion of close-out activities. This extension is now pending final approval by the Office of Procurement. The CPED Director is a member of the Mission's SO team. SUNY and CPED representatives participated in the Mission's closeout conference in the fall, which prompted their finalization of project closeout procedures.

The Mission is engaged in an ongoing effort to measure impact of its SME activities, and to determine the overall impact of the Hungary program as the Mission prepares to close down. As a result, the Mission has prepared a scope of work (SOW) for an independent final evaluation of the SUNY grant. SUNY's ID is charged with organizing and contracting for the evaluation with a local firm. The evaluation is expected to be conducted over the next few months and will closely examine SUNY activities in four categories: 1) education and faculty development, 2) short courses, 3) TQM consulting services offered by established TQM Centers, and, 4) publications to support dissemination of TQM. The evaluation will also include a rigorous survey of at least 100 past participants of the program to determine impact.

**E. PROJECT MANAGEMENT**

SUNY International Programs and Development Office (I D ) has managed the MTEEP program well. The project operates under a largely decentralized management structure. Each implementation partner has primary responsibility for how its resources are allocated and how activities are carried out. For example, SUNY-Buffalo has almost complete control over its portion of the budget, and it makes the final selection of study tour participants from the Centers' proposals. SUNY was praised by USAID/Hungary for its responsiveness to *ad hoc* information requests and the quality and thoroughness of its routine reporting.

Management staff for SUNY I D are responsible only for project implementation, and do not have academic duties which is a major reason for the effectiveness and quality of their management of the MTEEP program

It is noteworthy that the project management staff at SUNY do not have academic duties but are responsible only for project implementation activities, with staff members allocated full-time to the MTEEP program. It is felt that this has been a major reason for the effectiveness of their management, as they can devote appropriate amounts of time to it.

The Center for Private Enterprise Development has served effectively as the administrative vehicle for the implementation of SUNY activities under MTEEP. As discussed above, a mutual decision has been made between SUNY and CPED to shut down CPED which is not a negative reflection on either party. The CPED staff felt that they had better opportunities elsewhere once the project is completed.

A Hungarian lawyer has been consulted to advise on personnel and legal matters related to close-out.

The Technical University of Budapest's Department of Industrial Management and Business Economics (DIMBE) remains the principal target of SUNY MTEEP grant activities, housing the MBA for Engineers and playing a leadership role in a loosely organized network of eight TQM centers. Its leadership role was initially significant during the development of the regional centers, however, today it does not appear to be especially strong.

**IV. RESULTS IN BRIEF**

**A. PROGRAM REACH**

*PROGRAM REACH DATA FROM JULY 1, 1997 - JUNE 30, 1998*

The program reach data for this period remain similar to the period from July to December 1997, however there are some notable differences. For the first time this report separates certificate programs from seminars and workshops. SUNY certificate activities are composed of the Small and

Medium Enterprise Renewal series and the TUB MBA intensive seminars and have had over 200 participants since January. The number of participants in US-based activities increased from 16 in the previous period to 40 this reporting period. As SUNY approaches project close out, it is operating under time constraints to complete any remaining US-based program components. The added US-based numbers result from the new wine/tourism program and business ethics program, as well as a TUB Faculty Development trip. For the programs where a gender breakdown was available, the percentage of women participants dropped over the past six months. The current percentage is 18.6%, down from 27.5%. Overall activities in all categories increased over the first half of 1998, where data are available. There is no information available yet on contacts of the seven regional TQM Centers, and the TUB TQM Center only has figures from January to March, for special company interventions.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants <sup>1</sup>	# Total Participants
MBA (by cohort) <sup>2</sup>	I II	60 145	7 19	67 164
Certificate SMER Series TUB MBA Intensive Seminars	4 modules, 4 locations 4 day program	98 209	28 20	147 229
Seminars (1 day or less) Wine/tourism Business Ethics	3 sessions, 3 locations 5 workshops at 2 sites	38 n/a	12 n/a	92 106
Workshops (multiple days) Agribusiness	2 day program, 2 locations	15	9	24
Special Company Interventions TUB TQM Company Impl Regional TQM Centers	(Jan-Mar only) 7 Centers	528 n/a	142 n/a	670 n/a
Resource Centers TQM Resources	8 Centers (use not tracked)	--	--	--
US Based Programs SUNY Buffalo Grad Assistants	5 mo Program	3	0	3
TUB Faculty Development Trip	2 weeks	6	1	7
Wine/Tourism Grp 1-California	2 weeks	6	0	6
Wine/Tourism Grp 2-New York	1.5 weeks	5	1	6
SUNY Buffalo Study Tours	2 1-week programs	12	4	16
Bus Ethics Faculty Devel	1 week program, 1 week ind research	2	0	2

<sup>1</sup> Male and female totals do not equal overall totals due to insufficient response to questionnaires

<sup>2</sup> TUB MBA figures are based on number who were enrolled at beginning of academic year attrition figures not yet available

**B. SUMMARY OF FINDINGS BASED ON INDICATORS**

All indicators for "Evidence of Impact" and "Evidence of Sustainability" are positive for the SUNY Hungary MTEEP program. Indicators of sustainability are particularly strong in all areas programmatic, organizational, and financial. Detailed charts depicting the summary of findings based on the indicators for impact and sustainability are contained in Annex #3.

**C. SUMMARY OF FINANCIAL STATUS**

The SUNY project has had an increasingly high level of cost-sharing from its partners. Project year six, ending September 30, 1997, had 48.2% cost sharing. In the first quarter of project year seven there was a 69% cost share, and the second quarter showed a 29% cost share. As SUNY spends the remaining balance of funds, the bulk of expenditures are going towards equipment and materials. Program costs are being increasingly financed by the partners.

<b>Funding Source</b>	<b>% of Total Project Support 6/30/98</b>
USAID Grant	53%
US Institution	18%
Local Institution	12%
Tuition and Fees	15%
Other Sources (program fees & publication sales)	2%
<b>TOTAL</b>	<b>100%</b>

**D. PROGRAM OBJECTIVES VERSUS ACHIEVEMENTS**

As stated above, the purpose of the SUNY MTEEP program was to build a strong Hungarian private sector and to create a national culture of total quality management. Current economic data indicate that the Hungarian private sector output is nearly 80% of gross domestic product (GDP). In 1991, when the SUNY program began, only 10% of Hungary's GDP was attributable to the private sector. Clearly these figures are a result of many factors, but the SUNY program has made a contribution to this process by training and educating large numbers of private sector managers, owners and entrepreneurs.

It is very difficult to measure whether SUNY has been successful in creating a national TQM culture. TQM indicators outlined in the 1994 grant document focus on curricula changes and the numbers of people who have participated in TQM training programs. What can be demonstrated from this project is the extent to which TQM has been integrated into the national education system and companies. The Technical University of Budapest is the premier engineering university in the country. TUB has integrated TQM throughout their curriculum in each of the departments within the Faculty of Natural Sciences, as well as in most other Faculties. TQM is also fully integrated into each of the regional partners which account for a great deal of the technical education in Hungary.

In terms of more specific objectives, as outlined in SUNY's grant, they have achieved almost all of them (see the chart summarizing Objectives and Achievements at the end of this country chapter). The few objectives that were not achieved are a result of changes in the program's direction which resulted in greater emphasis on activities such as the study tours, and less emphasis on the short courses.

#### **V. CONCLUSIONS**

Overall the SUNY program has been a success. The programs at the Technical University of Budapest are the strongest elements of the program. Both the TUB TQM Center and the MBA program have a measurable impact and have exceeded their program objectives. In addition, they are both fully sustainable beyond USAID funding. The regional TQM Centers, while not as strong, have had a large impact on curriculum reform at their partner university or college.

**The SUNY program has been an overall success. They have met or exceeded nearly all program objectives. All major program components will be sustainable when the MTEEP program comes to a close.**

SUNY's implementation strategy has been on target, and program resources have been well spent. A significant contribution of the program has been to reach beyond Budapest and to train and educate people throughout Hungary in TQM practices, and current management principles and practices.

#### **VI. RECOMMENDATIONS**

- ▶ DATEX recommends that each Center, particularly the regional TQM Centers, elaborate a business plan to clarify its market niche and area of expertise in order to effectively market their services.
- ▶ SUNY should more thoroughly explore the range of activities in which the TQM Centers are engaged, providing updated profiles of Center activities, technical expertise, client lists, and the degree of contract-generated income accruing to the institution and individuals (where

possible), enabling SUNY, USAID and DATEX to examine the sustainability issues and to draw lessons learned from the program

## LATVIA: STATE UNIVERSITY OF NEW YORK - BUFFALO

### EXECUTIVE SUMMARY

#### PURPOSE OF COOPERATIVE AGREEMENT

To provide resources for the ongoing development of a Center of Excellence in Management Education at the Riga Business School

#### SUMMARY OF COOPERATIVE AGREEMENT OBJECTIVES AND ACHIEVEMENTS

There are eight objectives in the cooperative agreement SUNY/B and RBS have made positive progress to achieving all of these objectives except implementing the phase-in of the undergraduate business program at Riga Technical University and offering outreach training to local businesses. These objectives are being reconsidered by the Advisory Board.

<i>Objectives</i>	<i>Achievements Towards Objectives over Life of Project</i>
Develop comprehensive and self-sustaining center for management at RBS to serve private sector needs	Most RBS MBA graduates are active successful private business people who have a vested interest in promoting the existence of RBS
Strengthen and consolidate high quality MBA program suited to Latvia.	As working professionals, RBS' Executive MBA students have a real role in encouraging their professors to provide them with appropriate, relevant high quality training which they can apply at the workplace immediately
Implement phase-in of undergraduate business program at RTU	There has been little action on this objective pending the restructuring of the undergraduate curriculum and finalization of the accreditation process
Provide Latvian business community with intensive ST training	The Advisory board is debating the level of involvement RBS will play in this objective, given its focus on professional MBA courses in English and high local competition in this training
Expand linkages between RBS and local businesses as consulting assistance	Some of the RBS full and part-time faculty work part-time consulting local businesses. Recent consulting related work for faculty has come through RBS contracts
Expand professional development of RBS Latvian staff	On-going training of local faculty continues as team teaching and advanced technical training.
Promote quality and sustainability of ELC	The English Language Center appears to be well on its way to achieving these objectives
Enhance academic and administrative infrastructure of RBS	With the new director and stronger and a new more active Advisory Board, both academic and administrative infrastructures are on more solid footing

**SUMMARY OF PROGRAM FINDINGS**

*Last Recommendations.* RBS is making progress towards strengthening its Alumni Association and other mechanisms for outreach and overall sustainability

*Program Impact.* RBS students and graduates are successfully applying Western management techniques and are making a positive impact on the Latvian economy

*Sustainability* With its new director and new Advisory Board, RBS is achieving programmatic and organizational sustainability. Financially, RBS is decreasing its dependence upon USAID and CIDA funding by winning technical assistance contracts with the public and private sector, conducting more outreach training, renting center facilities and developing a profit center at the English Language Center

**SUMMARY OF RESULTS IN BRIEF**

RBS conducted its MBA graduation ceremony on June 19, 1998 for its fourth class, which had 50 MBA graduates, 26 of whom were women. RBS has now awarded a total of 104 MBAs. The MBA program now has 250 students of which 52% are women. The English Language Center has 163 students enrolled in all levels of English of whom 56% are women. Pre-MBA and General English enrollment has increased significantly.

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

Overall, with the assistance of SUNY-B, RBS is well en route to becoming a self-sustaining management training institution which is making a positive impact and contribution to the Latvian economy.

The evaluation team recommends that RBS and its Advisory Board finalize the school's strategic plan. This plan will address a number of issues including strengthening of the Alumni Association, providing better incentives for RBS professors, including training and assistance in finding meaningful short-term work when they are not teaching, and, continue increasing RBS's networking efforts with other MTEEP institutions with a view for better exchange of ideas and sharing of faculty.

**I. PROJECT DESCRIPTION****PURPOSE**

Under its Cooperative Agreement with USAID, SUNY-Buffalo is responsible for achieving the objectives of the grant to improve Western management training and the application of Western management techniques in the Latvian economy. Progress towards achieving the eight program objectives contained in the Agreement are summarized in the chart at the end of this country chapter. SUNY- Buffalo has achieved or surpassed six

<b>Country</b>	Latvia
<b>Program start</b>	January 1995
<b>PACD</b>	September 30, 1999
<b>US Grantee</b>	State University of New York, Buffalo (SUNY-Buffalo)
<b>Local Partner</b>	Riga Technical University (RTU), Riga Business School (RBS)
<b>Total Grant Amount</b>	\$1,462,000

of these and is reconsidering the appropriateness of the two remaining objectives based on changing circumstances in the evolution of RTU/RBS and the Latvian business sector.

**PROJECT EXTENSION**

In September 1997, SUNY-B received a no-cost extension of its activities to continue to support RBS through September, 1999. The four major elements of the continuation proposal are:

- ▶ Faculty and course material development,
- ▶ Subscription to LEXIS-NEXIS,
- ▶ Support for program development and planning, and,
- ▶ Development of world-wide web courses

**PROGRAM COMPONENTS**

RBS has had the distinct advantage of receiving financial aid from both USAID and the Canadian International Development Agency (CIDA) program and technical assistance from both SUNY-Buffalo and the University of Ottawa. Consequently, RBS has Latvian graduates of both institutions serving on its faculty and has also used visiting professors from each institution to assist in training Latvian professors as well as direct teaching of RBS's MBA and English language students.

The SUNY- Buffalo MTEEP cooperative agreement consists of two major components: (1) a high quality executive MBA program, supported by pre-MBA and English language training, delivered by US, Canadian and Latvian faculty, the latter trained as part of this project, and, (2) an English Language Center (ELC) which provides general and specialized language training courses. These

activities are to be supported by an improved infrastructure, including a computer laboratory and a resource library

***Executive MBA.*** The RBS MBA program is modeled on the program and inter-active instructional style as practiced at SUNY's School of Management in Buffalo. All courses are taught in English using US textbooks. RBS now has a fully developed sixteen course curriculum which all of its MBA students must successfully complete in order to graduate. As most MBA students have professional jobs, courses are taught at night and on weekends in the RBS center. RBS has recently completed the upgrading of its computer lab which is designed to allow faculty and students access to word processing and spreadsheet software as well as access to the world-wide web and LEXIS-NEXIS research software.

***English Language Center.*** The ELC is a revenue-generating component of RBS. There are two programs offered by the ELC: Pre-MBA and General English.

Pre-MBA courses are based upon the intensive English courses offered by the English Language Institute of SUNY- Buffalo. The courses provide instruction in grammar, writing, reading, spoken English and listening comprehension. They are specifically designed to improve the English-language proficiency of students seeking to enter the MBA program at RBS. The focus is on English for academic purposes, however, in addition to language instruction, students are exposed to the dialog found in MBA classrooms. Classes are structured to emphasize three areas of instruction: case study analysis, discussion and presentation skills, and writing. Applicants must achieve a certain score on the Michigan Test of English Language Proficiency (MTELP) before acceptance into the MBA program.

General English Program offers two other kinds of courses: those designed for students who wish to prepare for the Pre-MBA program and those for students who want to improve their English language skills for personal or professional reasons. Students in the Pre-MBA program have access to RBS's computer lab and its software to prepare them for MBA course work.

## **II. COUNTRY CONTEXT**

The past six months proved to be quite turbulent in terms of domestic political challenges as well as international reaction to these developments. The pivotal points which have preoccupied Latvia's attention were resolution of the stalemate on the citizenship law, Russia's reaction to Latvia's handling of a demonstration by ethnic Russian pensioners protesting price increases on utility rates, and impact of these developments on Latvia's position in the international community and, in particular, its eligibility for EU and NATO membership.

## DOMESTIC DEVELOPMENTS

On February 19, Latvia's parliament adopted amendments to the electoral law stipulating that political parties must receive 5% of the vote and alliances 7% in order to gain parliamentary representation. President Guntis Ulmanis rejected the proposed amendments because 35 of 100 parliament members appealed to the president, maintaining that such thresholds would impede the consolidation of political forces in the country. Under the Latvian constitution, the president must postpone proclaiming new legislation for two months if at least one-third of parliamentary deputies make such a request.

On April 30, the Latvian Cabinet unanimously survived the confidence vote. The necessity for the vote was due to the Democratic Party Saimnieks' quitting the ruling coalition at the beginning of the month. Just one day prior to the vote of confidence, Prime Minister Guntars Krasts made several changes to this government. The most important changes were the appointments of Andres Krastins (National Reform Party) and Laimonis Strujevich (Farmers' Union) as interior and economy ministers, respectively. They replaced members of the Democratic Party Saimnieks. According to Krasts, the support of the coalition parties will give him 47 votes in the 100-seat parliament and he is counting on additional backing of up to eight independent deputies to give him a majority.

Relations with Russia took a drastic downturn when, on March 3, some Latvian police used batons to disperse a protest by some 1,000 elderly residences of Riga protesting increases in utility rates. The Latvian authorities denied using excessive force and pointed out that the protesters did not have a permit and were blocking traffic. Most of the demonstrators were ethnic Russians, and the Latvian response set off an immediate firestorm in Moscow prompting Russian Foreign Minister, Yevgeniu Primakov, to denounce Latvia's actions as a "flagrant violation of human rights." On March 6, Russian Duma unanimously approved a non-binding resolution asking Yeltsin to take "all necessary measures," including possible economic sanctions, to protect the political, social, and economic rights of Russians abroad. Regardless of how this situation is finally resolved, the following conclusions can be derived from it. First, relations between Russia and Baltic States in general remain in a very delicate balance, more delicate than each side would like to admit. A single incident can precariously undermine this balance. Secondly, and perhaps more disturbing, the plight of ethnic Russian minority in Latvia (as well as in Estonia) has become an effective rallying call to unify political forces in Russia. Over the past several months, Latvia has strived to improve its overall relations with Moscow which became increasingly strained because of inability to reach an agreement on amendments to the citizenship law, which directly affects the position of Russian minority in Latvia.

Disagreements among the parliamentary coalitions on the content of amendments to the citizenship law became the focal points of domestic and international attention since, on February 12, the Parliament rejected an amendment to the law whereby children born after 1991 to non-Latvian citizens would automatically receive Latvian citizenship. On April 15, the Cooperation Council,

which is composed of representatives of the ruling coalitions factions, has finally reached an agreement on amendments to the citizenship law. The ruling factions agreed that all children born after August 21 1991, will be entitled to citizenship when they reach 16 years of age and if they can prove efficiency in the Latvian Language. The Council also supported the partial removal of the "naturalization windows" to allow all non-citizens born in Latvia to be naturalized by 2001, other non-citizens can become naturalized after that date. In an issued statement, the EU noted that "the EU has a strong interest in a satisfactory resolution of the differences over the treatment on non-Latvian citizens in Latvia" (April 17, BNS). The resolution of this issue is seen within the context of Latvia's bid to join the EU and it is considered essential for the "government's program to match fully the standards established by the Organization for Security and Cooperation in Europe in this area." Likewise, the Council of the Baltic Sea States, has urged the Latvian parliament to resolve this impasse. On May 20, the Latvian Parliament has in principle approved the amendments to the citizenship law (outlined above).

These amendments, however, do not comply with the recommendations of the OSCE, which wants all children born in Latvia to be automatically granted citizenship, regardless of nationality or language skills. On June 4, the parliament approved the draft of the law in the second reading. The lawmakers who voted against the draft, which would comply with the OSCE recommendations, were from the For Latvia and the Fatherland and Freedom party. In an effort to resolve the stalemate, the parliamentary group of the opposition Democratic Party Saimnieks collected enough signatures to call an extraordinary session of the parliament to consider the amendments in the third and final reading. Latvian President, Guntis Ulmanis, has backed the Democratic Party Saimnieks' initiative and criticized the failure of the coalition parties to reach agreement on the amendments. This stalemate elicited a statement from Secretary-General of NATO, Javier Solana, urging Latvia to adopt amendments in line with the international standards, saying that, "countries must meet political as well as military standards to qualify for membership in the alliance." The third and final reading of the bill on June 22, 1998 resulted in approval of these amendments.

#### **REGIONAL DEVELOPMENTS**

On January 13, the presidents of Estonia, Latvia, and Lithuania arrived in Washington for the meetings of the US-Baltic Charter of Partnership which pledged US support for the integration of the Baltic nations into Western institutions, including NATO. According to the US State Department spokesman James Rubin, although the Charter is a clear statement of support for Baltic integration into the European community, it "is not a security guarantee" and "does not commit the US to [supporting] Baltic membership in NATO." He further reaffirmed that aspirants for the EU membership "can become members only as they prove themselves able and willing to assume the responsibilities and obligations of membership."

Latvia continues efforts to promote regional integration which would strengthen the country's position as a candidate for EU and NATO membership. On January 23, eleven heads of government from the Baltic and Nordic countries arrived in Riga for a summit of the Council of Baltic Sea States, which aims to promote regional cooperation. The agenda for the talks included development of economic and trade relations, fighting crime, and EU expansion. The talks were attended by the EU Commission President Jacques Santer, German Chancellor Helmut Kohl, and Russian Prime Minister Viktor Chernomyrdin -- for the latter two it was the first visit since Latvia's independence, in 1991.

On February 1, a wide-ranging basket of political and economic agreements linking Estonia, Latvia, and Lithuania with the European Union, entered into force. The accords, signed in 1995, lay the groundwork for eventual Baltic membership in EU. In additional sign of expanding cooperation, the foreign ministers of Estonia and Latvia agreed to accelerate cooperation in expediting passage across their common border.

The Latvian Foreign and Defense Ministries have drawn up a plan for the integration of Latvia into NATO. The plan outlines the sequence of tasks to be performed in order to attain the goal of joining the alliance. Foreign Minister Valdis Birkavs noted that Latvia wants to raise the issue of accession into NATO to the same level as that of integration into the EU. Consequently, Latvia has decided to increase its defense budget to 1% of GDP by 1999 and to 2% by 2003. The current defense budget of 0.67% of GDP does not allow Latvia to sufficiently develop its armed forces and, therefore, impairs the country's chances of integration into NATO. Latvia spends on its armed forces less than Estonia and Lithuania.

The relationship with Russia remained strained over the amendments to the citizenship law. According to Latvian Ambassador to Moscow, Imants Daudiss, the threat of Russian economic measures against Latvia has already had both an economic and a political impact. Economically, it may have made Latvia a less attractive place for Western investments, and politically, it has destabilized the government. In its attempt to normalize the situation with Russia, Latvia received the backing of the regional and international partners. On April 24, the Presidium of the Baltic Assembly (composed of representatives of three Baltic parliaments) issued a declaration condemning Russia's political and economic pressure on Latvia. The previous day, Hans van den Broek, the EU commissioner for external relations, met with Russian Deputy Foreign Minister Aleksandr Avdeev in Brussels and advised Russia not to use trade and economic sanctions against Latvia since such measure would not contribute to the integration of ethnic Russians into Latvian society. Russia's actions were further criticized by the Baltic presidents in a joint statements following their summit in Riga, on May 12.

**ECONOMIC DEVELOPMENTS**

Deterioration of relations with Russia has brought to the fore speculations regarding how much could Russian sanctions hurt Latvia, as well as contributed to overshadowing the country's strong economic performance. Russia is the chief partner for Latvia's exports (21% in 1997) and accounts for 15.6% of imports, slightly less than Latvia's leading source, Germany (16%). A special feature of Latvia's trade with Russia is total reliance on Russia for natural gas, for which Latvia pays world market prices. At the same time, Latvia's ports are important entrepôts for Russian exports to third countries. Russia is also a significant investor in Latvia -- 9.5% of the total foreign direct investment (as of September 1997), surpassed only by Denmark. However, Russia's Gazprom is a shareholder in the Latvian gas company, and it is unlikely that it would support sanctions against Latvia. Regardless of the severity of Russia's sanctions, judging by the recent statements of the government officials, Latvia is likely to seek ways to reduce its economic dependence on Russia and reorient its trade to more stable economic and political partners.

Despite the political shock waves, Latvia's economic performance continues to show strong recovery. In mid-April, the IMF Executive Board commended Latvia for its financial and economic successes, although it stressed the need for re-energizing the privatization process, especially for large enterprises. Latvia's 1997 achievements followed the 1996 strong recovery from the downturn of 1995. GDP grew by 6.5% in 1997, compared with 3.3% in 1996, and the growth of industrial production accelerated from 1.4% in 1996 to 7% in 1997. Unemployment fell from 7.2% in December 1996 to 7% in December 1997. Consumer price inflation sank to 7% from 13.1% in 1996 (the lowest in the Baltics) and further declined to 6% by April 1998. In 1997, the state budget was in surplus for the first time since 1993.

The stability of the Latvian Lat can be attributed to its pegging, since 1994, to the IMF's Special Drawing Right, and therefore, not depreciating in tandem with inflation. The foreign reserves rose from \$729 million at the end of 1996 to \$778 million one year later, just as did foreign direct investment, from \$645 million to \$850 million. Thus, a capital account surplus was sufficient to cover the current account deficit.

**III. PRINCIPAL FINDINGS**

There have been three DATEX monitoring site visits to Latvia, in April of 1996, 1997 and 1998. Information contained in the 1997 semi-annual report was obtained through a desk study. A summative evaluation and close-out report was written after the 1997 site visit, but since USAID extended SUNY-B's involvement with RBS, it was necessary to continue monitoring and evaluating the on-going involvement, including the four activities contained in the no-cost amendment. The spring 1998 site visit was conducted by DATEX evaluators during the week of April 13 through 18. This summative evaluation report is based on this site visit, information provided in quarterly reports,

communications with project staff and information provided by USAID. During this visit the evaluators inspected the facilities and renovations, interviewed RBS senior management staff as well as five current MBA students and eight RBS professors at RBS, and, seven RBS MBA graduates, all of whom were met at their places of business.

#### A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

*MTEEP should continue to develop the role of the Alumni Association and other mechanisms for outreach for overall sustainability of the Riga Business School.* The strengthening of the Advisory Board and the members' understanding of the importance of alumni involvement is a major change in involving RBS alumni in supporting RBS's activities. Additionally, in its report, the Communications Group is also proposing actions to strengthen alumni involvement. The current alumni association membership needs this kind of support to develop the dynamism needed to encourage RBS alumni to become more active and supportive.

#### B. PROGRAM IMPACT

During this site visit, the evaluation team interviewed 12 past and present participants of the MBA program. All interviewed participants reported a direct relationship between the RBS course work and its direct relevance and application to their jobs. Many interviewees said they often were able to put the classroom lessons learned in the evening to work the next morning at their jobs. Over half said they received promotions or obtained new jobs because of their training. While the impact of training upon participants is more difficult to quantify, the qualitative aspects of changes taking place in the thinking and behavior of the participants forms the base for their future successes. The adoption and application of Western techniques is a most effective set of tools for encouraging economic growth of their respective businesses and for the development of the Latvian economy.

**RBS graduates are applying their lessons in Western management techniques to develop policies and procedures at their companies.**

As reported earlier, two MBA graduates led the reorganization effort for their company, Aldaris Brewery, to make it more efficient and profitable. Since then, Aldaris, which is evidently impressed with their training, is now paying the tuition costs for three additional employees to get MBAs at RBS. Other joint venture companies recognize the value of Western business management training and are paying the tuition costs for their employees to obtain their MBAs after work.

*RBS continues to attract increasing numbers of women to its programs.* Over half of the participants for the current session are women in both short courses and Pre-MBA classes. Women constitute 48% of the enrollment in this session in General English classes and 49% in the MBA courses.

## SUCCESS STORY

The General Manager of ARKOLAT, now the largest household products distributor in Latvia, began Pre-MBA English language training in 1992 while working at home caring for two young children. She entered RBS's first cohort and joined ARKOLAT as an employee while studying in the evenings for her MBA. Applying her RBS business training she helped her firm to grow and became a full partner of this Estonian-Latvian joint venture company. Her RBS thesis was a case study of her firm complete with business development plans which she has since put into practice. The business plan was essential to obtain the Baltic-American Enterprise Fund loan which allowed ARKOLAT to buy and refurbish a dilapidated building in order to expand its operations. She values her RBS degree in three ways: it gave her the broad, diverse business training she needed to prepare her for all aspects of managing a company; the fact that her courses were in business English allows her to communicate with foreign suppliers easily and professionally; and, the MBA certificate hanging proudly on the wall of her office, gives her confidence in her skills and a sense of equality with her Western partners who appreciate the value of the MBA training.

**C. PARTNER/PROGRAM SUSTAINABILITY***STATUS TOWARDS ACHIEVING NO-COST EXTENSION OBJECTIVES*

***RBS and SUNY-B are making good progress towards meeting the objectives proposed in the continuation proposal.*** 1) Faculty and course material development. SUNY-B is arranging to have two professors teach MBA courses at RBS this summer. The RBS professor currently at SUNY-B completing his PhD studies in management received training in faculty development this spring. 2) Subscription to LEXIS-NEXIS. SUNY-B has awarded the one year contract for this world-wide database which should be functional this summer and available to RBS students and faculty by the fall. 3) Support for program development and planning. SUNY-B is continuing to provide oversight and guidance for both the MBA and English language programs. Discussions are continuing between RBS and SUNY-B for the support of a SUNY-B intern to assist in continuing the development of the English language program. The intern should be in Riga by the fall of 1998. Additionally, the director of SUNY-B's English Language Center is currently making plans for short trips to Riga to work with the Latvian ELC staff in program development. 4) Development of world-wide web courses. Now that the computer lab has been upgraded, students and faculty have access to the world-wide web. Faculty from RBS and SUNY-B are working on the development of courses which could best utilize this tool for future MBA courses.

*PROGRAMMATIC SUSTAINABILITY*

***RBS remains the only post graduate institution in Latvia offering high quality executive MBA training in English.*** RBS occupies a competitive niche in teaching Western management training.

and business English in Latvia. RBS has determined its programmatic sustainability should be focused on doing what each does best, i.e., upon teaching executive MBA students in the evenings about relevant subjects to make them effective managers in Latvia's growing economy. English is the *lingua franca* for doing business with Western countries and, therefore, English language training is essential in conducting business in the West. The RBS MBA program teaches not only business English but also business management philosophy which gives RBS students a competitive advantage over other business men and women in Latvia.

Although the Riga branch of the Stockholm School of Economics offers bachelor's degrees and its main campus in Sweden offers both executive and full-time MBAs, RBS is the only institution offering executive MBA training in Latvia. According to the RBS director, the next closest competition to RBS in MBA training is Concordia University in Estonia. This institution subsidizes its tuition costs through funds from its American parent organization. Its training focuses upon undergraduate and full-time MBA programs which are not the same target markets as RBS. There are two other schools in Riga which teach a business management curricula. Turibas Training Center and Latvia Business School, however, neither directly competes with RBS because their courses are very basic, do not offer MBA certificate or the caliber of training and all are taught in either Latvian or Russian, according to the RBS director.

*The English Language Center (ELC) provides important programmatic support to the MBA program and is a self-sustaining component of RBS.* ELC's competitive market advantage is its advanced business English curriculum and superior quality business English training. While there are a number of institutions teaching English in Riga, none can compete with ELC at this time, according to the RBS director and his ELC faculty. The ELC's management is targeting various lucrative markets in Riga and is even pursuing distance learning possibilities. ELC concentrates on teaching high quality, practical business English to people who want to improve their value to companies involved in international business.

The ELC appears to have found its competitive advantage in the General English Language Program with its emphasis upon Business English. The main target markets are middle aged students for the beginning and lower intermediate classes, these are people with poor English language skills who face the greatest risks of losing their jobs in the evolving Latvian economy. Another target group is private individuals, all ages and both sexes- these are business professionals who wish to improve their business English skills beyond the intermediate level in hopes for job advancement.

The ELC is cooperating with RTU's Distance Learning Center to develop English Language training programs. The first such effort is being developed with National Radio of Latvia and the British Broadcasting Corporation (BBC). ELC is planning to develop more distance learning courses in the future for a variety of target markets.

*RBS has developed and is implementing quality control measures in order to maintain the leading position the school occupies in business management.* Based on discussions with RBS administrators, staff and students, the evaluation team found these measures include student evaluation of courses, advance preparation of course curricula and submission to SUNY-Buffalo six months before the courses start, mid-term and final course evaluations by students of Latvian and foreign professors, peer critique, in-service training plans for professors, and, the development of a strategic plan. RBS and its Advisory Board are very conscious of the need to retain the quality and applicability of its course work and are preparing a strategy paper to enhance the quality of its course load and its professors, given the diminishing resources in the future from donor agencies. After its USAID grant finishes next year, SUNY- Buffalo plans to continue to offer MBA certificates, assuming certain quality standards are maintained. SUNY is now developing a comprehensive list of these standards.

*RBS's major challenges will be to maintain the high quality of its faculty and to recruit, train and retain top notch MBA professors.* The school's administration and Advisory Board recognize the importance of its faculty in maintaining quality education and are taking steps to address these two challenges. In meeting the first challenge of maintaining the high quality of its faculty, RBS is putting resources towards in-service training for its professors, including "team teaching." RBS also has two faculty studying for their PhDs, one at RTU and the other at Buffalo. Additionally, RBS is helping its faculty get work in the private sector as consultants for private firms and on technical service contracts through RBS for private and public sector entities. This "consulting work" helps the professors obtain "real world" experience very relevant to the subject matters they teach in the MBA program.

For the second challenge, attracting and retaining top notch professors, RBS has developed the following strategies. RBS wants to increase the depth of local faculty and plans to have two or three Latvian professors qualified to train each course, RBS plans to better employ its local professors during the day by utilizing their talents to help obtain teaching jobs at RTU, and consulting contracts for RBS. RBS is paying its Latvian professors more than their colleagues at RTU, in order to retain them- even so, the school has lost some instructors who have taken full-time jobs with private firms, in response to the pressure upon RBS from some part-time professors to become full-time faculty, the school is budgeting for an increase of its permanent faculty, while balancing this pressure with the need to keep costs down. One solution to increase full-time staff, while keeping costs down, is to use its professors to conduct out reach in custom tailored business management training seminars to public and private clients. RBS is also considering increasing the pool of professors it can tap into by employing more RBS graduates working in the private sector to teach courses, part-time. Additionally, RBS is developing networks to share foreign professors from other MTEEP and nearby MBA programs.

*Continued MBA course instruction by Western faculty remains an important element for maintaining quality of education and the school's prestige.* RBS realizes the important role played by foreign professors in maintaining high quality instruction. As donor funding for visiting instructors diminishes, RBS has stated that one of its budgetary and strategic goals is to have experienced Western professors comprising 30% of the faculty. During the site visit, three participants stated that they had seen an improvement in the teaching quality of local professors during the past two years, one participant stated that some of the local professors were actually better than the foreign professors in that they were familiar with the current corporate situation in Latvia and could present more practical instruction on certain subjects. The three students agreed that the subject matter which the Western professors appear to clearly dominate is marketing and entrepreneurship.

**ORGANIZATIONAL SUSTAINABILITY**

**With the appointment of a dynamic new director combined by a strong, proactive Advisory Board and contributions from students and alumni, RBS's management structure has taken positive steps towards increased sustainability by increasing Latvian contributions**

The new director, who is also a Latvian RBS MBA graduate, has been actively developing and generating support from local resources to strengthen the school's management. The new Advisory Board is providing strong local leadership and guidance and is focusing upon using more local human resources to keep costs down to make RBS more competitive. RBS graduates are now being recruited to teach

courses and serve as guest speakers- in this capacity, they convey practical lessons to MBA students from their personal involvement in the rapidly changing Latvian economy. The "Communications Group", comprised of three RBS students who are preparing their MBA theses, has developed a proposal of measures to enhance the school's reputation, to better market RBS nationally and internationally as well as how to strengthen the Alumni Association.

RBS has gradually increased the number of local faculty to 14 Latvian professors, most of whom were trained at SUNY-Buffalo or the University of Ottawa, two are MBA graduates from RBS. Six professors work full-time at RBS and the rest work full-time in the Latvian private sector while teaching MBA courses part-time. During the past term, eight core classes were taught by six Latvian and three foreign professors.

The new Advisory Board is comprised of 15 members from among business leaders in Latvia, including the former Minister of Finance, as well as representatives each from RTU and the Alumni Association. The Board, which was approved by the RTU Senate, is providing a valuable bridge to Latvia's business community and is pro-actively advising RBS on the development of a program.

**The newly constituted Advisory Board is actively involved in developing RBS's strategic plan**

strategy Board members are working with the director to develop this strategic plan which will address issues related to all aspects of improving RBS's quality control, training and management Working closely with the director, the Board has formed five committees to develop this strategic document financial and audit, international relations, curriculum and staff development, community affairs/relations, and, planning The board is organizing a three day planning session in June and expects to produce the comprehensive plan by the end of the summer

***Revitalization of the fledgling Alumni Association will strengthen the RBS's contribution to its students and graduates as well better support from the business community*** The concept of alumni associations is new to Latvia. Initial efforts to encourage RBS's alumni to support their alma mater were poorly planned social functions which failed to meet the graduates needs or take their time constraints into consideration Several alumni expressed interest in supporting RBS Some are already teaching regular classes and appearing as guest lectures, others would be willing to do so if properly encouraged A number of alumni expressed interest in attending post-graduate seminars to upgrade their business skills, particularly in marketing By offering short seminars, workshops and lectures on relevant business subjects, RBS could not only attract its alumni but also provide valuable educational support to the business community These training sessions would also strengthen the value of the MBA training program to decision makers in the business community while enhancing the school's reputation for quality management training

***Although RBS is not able to offer an MBA degree, RTU can confer the highest professional degree in management science to MBA graduates.*** As the MBA is not officially recognized in Latvia, RBS graduates completing their education have been awarded the Highest Post-graduate Professional degree from RTU Now RTU can confer a Master of Science degree in management science upon RBS MBA graduates if they fulfill the university's requirements for an academic degree Currently, after MBA course work is successfully completed, RBS graduates are given a four page packet of documents, the first three are written in Latvian, according to Latvian law, the fourth page is an MBA certificate, written in English and is jointly signed by representatives of RBS, RTU, SUNY-Buffalo and the University of Ottawa This certificate has no legal status in Latvia but is recognized by the Latvian business community as proof of the students' mastery of Western business training The Ministry of Education is discussing issues connected with academic and professional degrees, and, therefore, there is a possibility the MBA may become recognized as a part of an effort to joining the European Union

***Integration of RBS into RTU progresses and the accreditation process continues.*** The working relationship between the two institutions is improving as indicated by the fact that the new RBS director has an open dialog with the RTU Rector and has successfully negotiated RBS's annual budget with him This budget has been approved by the RTU Senate The process, although

cumbersome, is important as RBS is a part of the university and for the sake of its sustainability, should continue in that capacity

Through the Ministry of Education, the Government of Latvia has imposed a new accreditation process on all Latvian institutions of higher learning in an attempt to overcome legacies of the Soviet period. Some negotiations still remain between RBS and RTU to ensure that RBS be able to meet these accreditation requirements. The director and members of the Advisory Board are addressing the outstanding issues, such as the important requirement for accreditation and the need for RBS to have full-time PhDs on its staff. As of the site visit, RBS management is actively seeking three full-time PhDs who must be on the RBS staff within the next four years. Two PhDs have been recruited, one is currently a professor of Economics at RBS and pursuing his PhD at RTU, the other is studying for his PhD at SUNY-Buffalo. RBS is recruiting a senior or "habilitated professor" from a number of candidates, but has not yet made its selection. This is among the conditions of the Latvian Ministry of Education in order for RBS to become fully accredited under Latvian law. The Advisory Board and RBS management are also looking into accreditation with the European Union.

#### *FINANCIAL SUSTAINABILITY*

**The RBS administration and its Advisory Board are developing an ambitious financial strategy to leverage RBS's competitive advantages into making the center self-sustaining**

One of the components of this effort is the alliance formed between RBS and the "Komerçizglitibas Centrs"(KC) or Business Training Center. KC's main objective is to help Latvian businesses achieve their business goals faster and more effectively by raising the

employees' competence and their contribution towards the success of the company. Their clients are local companies which participated in intensive 2 to 3 day training modules focusing upon executives. RBS and KC have started a cooperation to provide short-term, outreach business training, executive development, organizing seminars and conferences for private Latvian firms. Some of these classes are taught during the day at RBS and whenever possible RBS professors are used to conduct the training. Under the agreement with RTU, RBS is required to pay 10% of all revenue earned as its contribution to the University. RBS is taking this payment into account in its financial strategy.

*RBS is actively collaborating with other Western institutions as a means of decreasing costs by sharing qualified professors and securing additional funding for its academic programs.* In order to maintain the quality of its curriculum, RBS is planning to employ 30% of its professors from abroad, however, foreign teachers are expensive. RBS plans to maintain strong working relationships with SUNY-Buffalo and the University of Ottawa even after donor funding stops. To keep costs down, RBS is also networking with other MTEEP institutions and other foreign universities to share qualified professors. RBS has made contact with Sheffield University as well as Hertfordshire University, both of Great Britain.

The school has won some new contracts and is continuing on with old ones RBS was awarded a subcontract with the Barents Group under the USAID/Riga funded Capital Development Markets Development Program RBS will develop the curricula for and conduct short-term courses in the general principles of financial accounting and reporting in accordance with International Accounting Standards The course is designed for students who are present and prospective management personnel as well as other professionals

**RBS has aggressively pursued new business through contracting with various institutions in an effort to increase non-tuition revenue**

RBS has won an openly competed contract with the Ministry of Economics to assist in the development of the national foreign trade policy and is using three of its permanent faculty members to provide the technical services to the ministry

Under the sponsorship of the Gothenburg University and the Royal Military College of Sweden, RBS is continuing the Advanced Management Program of the Latvian Guards, using RBS's facility The overall goal of the program is to instruct Latvian military officers in the democratic values and the principles of a market economy These are vital topics, considering the long range goals of the government of Latvia to become a member of the European Union and NATO

*Although Latvian law does not encourage tax shelters for endowments, donations to foundations or even scholarships to students, local firms value RBS's MBA training and are subsidizing their employees to attend the executive courses.* Many Latvian companies pay the tuition costs for their employees, as a goodwill gesture, but the student is required to pay the social tax upon the tuition which can amount to 46% of the tuition costs In addition, there is no incentive for alumni or corporations to offer endowments to RBS as there is no tax write-off The Advisory Board is aware of this situation and, since one member of the Board is the former Minister of Finance, the Board will address ways to influence the change of this legislation

**The Government of Latvia has allocated long-awaited funds for its 1998 contribution to be used to renovate the RBS facility**

RBS's current space is provided by RTU at no cost as the university's contribution The Government of Latvia recently gave RBS its contribution of 44,000 Lats (USD 74,500) which is being used to renovate the lobby and other sections of the building This will make the building more attractive to potential renters Renovation of the main foyer on the ground floor has begun and work will begin soon on the fourth floor As all of the MBA and most of the English classes are taught during the evenings, RBS is examining ways to rent out its classrooms during the day The RBS is currently renting a few classrooms out to other training organizations for their day classes and plans to increase this practice as well as use the available spaces for daytime outreach training

*By catering to specialized markets which are not being served by other English language training competitors in Riga, ELC has found lucrative niches which promote financial sustainability* The center conducted a market survey which identified a number of niches and as a result, has focused upon marketing its high quality business English language training to these groups, as described above. Consequently, ELC has seen its enrollment and tuition revenue increase dramatically.

#### **D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

USAID/Riga is enthusiastic in the progress made by and its support of RBS and has encouraged RBS to work with the recently awarded Capital Markets Development Program with the Barents Group. As a gesture of its satisfaction, USAID/ENI provided a no-cost extension of the MTEEP grant to SUNY-Buffalo to extend the PACD until September 30, 1999.

#### **OTHER DONORS**

The assistance provided by Canada (External/Foreign Affairs and CIDA) was scheduled to close in June 1997. The second phase of this assistance (September 1994-June 1997) was extended through March, 1999. CIDA is still considering launching a Phase III aimed at reinforcing the current RBS achievements, supporting integration of the school into the Latvian business environment, and developing lasting ties with Canadian organizations.

#### **E. PROJECT MANAGEMENT**

*Overall management of RBS has shown significant improvements since the new director arrived in October, 1997.* The new director has taken a proactive approach in making more efficient use of the human and material resources available to him to strengthen the school's administration and to upgrade the quality of its training. He also continues improving relations with RTU. In addition, the Advisory Board membership has changed and has taken a more proactive role in assisting RBS in its strategic thinking and in its daily operations.

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

#### **A. PROGRAM REACH**

##### *PROGRAM REACH DATA FROM JULY 1, 1997 - JUNE 30, 1998*

The most recent MBA cohort (VI) has 84 students. Female participation is continuing to increase from the first four cohorts. Pre-MBA and General English are showing significant growth with a continued strong participation of women.

To date, the MBA program has produced 104 graduates, approximately 50% of whom are women. The Pre-MBA program, with 68 total enrollment, shows a 63% participation of women, and female participation in General English is almost 52%.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	1	28	10	38
	2	17	17	34
	3	22	18	40
	4	23	17	40
	5	25	31	56
	6	40	44	84
PhD	Management at SUNY- B Economics at RTU	1 1		1 1
Workshops (multiple days)	Teaching methods	5	6	11
Other (specify)	Pre-MBA English	25	43	68
	General English	46	49	95

**B. SUMMARY OF FINDINGS BASED ON INDICATORS**

The RBS/SUNY-Buffalo collaboration continues to meet grant objectives and indicators for both impact and sustainability. See Annex #4 for a breakdown of each.

**C. SUMMARY OF FINANCIAL STATUS**

The financial status of the program has changed from the last reporting period as RBS becomes less dependent upon donor funding and more self-reliant, as expected, as a greater percentage of revenue is derived from non-USAID sources.

Funding Source	% of Total Project Support 06/30/98
USAID Grant	26%
US Institution	10%
Local Institution(s)	8%
Tuition and Fees	41%
Other Sources	15%
<b>TOTAL</b>	<b>100%</b>

**D PROGRAM OBJECTIVES VERSUS ACHIEVEMENTS**

There are eight objectives in the cooperative agreement. The chart at the end of this country chapter lists these objectives and progress towards their achievement. SUNY/B and RBS have made positive progress to achieving all of these objectives except implementing the phase-in of the undergraduate business program at Riga Technical University and offering outreach training to local businesses. These objectives are being reconsidered by the Advisory Board.

**V. CONCLUSIONS**

During the close out evaluation in 1997, DATEX evaluators concluded that the program has either met or exceeded grant targets with the exception of two activities. Since then, the program has been extended, new objectives were stated and another site visit was done this year. The conclusion of the 1998 site visit is that RBS is in even better shape from both an impact and sustainability aspect than it was a year ago, however, the two unachieved activities, i.e. the undergraduate business degree and small business outreach, still remain unachieved. As RBS evolves into a self-sustaining management training institution, its administration has chosen to focus upon its core activities first, to assure sustainability and to concentrate upon its competitive niche. This has meant the postponement of implementation of small business development outreach workshops and the establishment of an undergraduate business management program at RTU.

The current RBS director and the new Advisory Board are actively involved in developing strategies to make RBS a stronger, more effective, self-sustaining management training center which will not need donor assistance to survive. RBS is improving its ability to recruit high quality instructors, to train them in RBS' Western management style curricula and to encourage them to remain with RBS. Additionally, RBS administration is concentrating upon maintaining quality control of its course curricula and materials, ensuring that they are relevant to Latvia's changing economy, thereby meeting the needs of its executive MBA students.

RBS is also making headway towards achieving the new objectives contained in the continuation proposal. Although SUNY-B was not able to program an MBA instructor in the spring, it is sending two professors to Riga this summer. The LEXIS-NEXIS database will not be available for use until the fall, slightly behind schedule. It will remain to be seen how much use is made of it by RBS faculty and students. The SUNY-B intern should be in Riga soon and will begin work with RBS's ELC to broaden and strengthen the development of English language training in coordination with SUNY-B's ELC director.

The impact of the RBS program through its MBA training is covered in previous reports and continues. Interviews with students and graduates indicate that participants as well as their firms are reaping the benefits of Western style business management, which in turn, can only have a positive

effect upon the Latvian economy As a result of this training, both students and graduates have improved their careers by applying the practical applications they learned in the classroom

## **VI. RECOMMENDATIONS**

- ▶ Sustainability of RBS without Canadian or American aid looks good, however, RBS and its Advisory Board need to finalize its strategic plan It is critical to maintain the continued strong support of the Advisory Board that RBS administration effectively implement the changes proposed in the strategic plan
- ▶ RBS and its Advisory Board need to re-examine the viability of establishing business outreach services to provide customized training for local firms in Western business management techniques
- ▶ RBS needs to continue recruiting qualified professors, supporting their professional growth, and encouraging good teachers to stay with the school
- ▶ RBS should renew its efforts to work with RTU in the development of an undergraduate business management program
- ▶ RBS should better develop innovative methods for continued use of experienced foreign teachers via teacher sharing networks with Peace Corps Volunteers in the Baltics who are experienced MBAs working with NGO and SME programs, International Executive Service Corps, and, teachers on assignment in nearby CEE countries under MTEEP, and other business schools in the region
- ▶ RBS needs to redouble its efforts to encourage a proactive Alumni Association RBS might find it beneficial to hire part-time employees to serve as the Alumni Coordinator This position is needed in order to better develop a cohesive strategy to provide training and services desired by both RBS students and graduates to encourage both to be more supportive of the school

# **LITHUANIA: KAUNAS TECHNOLOGICAL UNIVERSITY-PANEVEZYS**

## **EXECUTIVE SUMMARY**

### **PURPOSE**

The purpose of this cooperative agreement is to develop the Center of Management Technology and Business Training (MTC) into a self sustaining center of excellence providing management training to the business community in Panevezys and the region

### **SUMMARY OF COOPERATIVE AGREEMENT OBJECTIVES AND ACHIEVEMENTS**

The stated goals of the MTC are

- ▶ Strengthen business and management skills of managers from businesses, non-governmental organizations (NGO), educational institutions, and local and regional governments
- ▶ Serve as an agent of change through training programs and service activities
- ▶ Improve skills of KTU/P faculty, administrators and support staff

In order to achieve these goals, MTC has engaged in training activities which fall under the following categories computer technology training, Business English, and management. MTC is making progress toward the stated goals while working toward programmatic and financial sustainability

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
To meet assessed needs for training executives, front-line managers, entrepreneurs, and municipal administrators	MTC's training participants have included city and regional decision makers, middle and uppermanagement from large and medium enterprises, as well as business community at large
To strengthen university faculty to carry out the mandates of the center	This aspect of the proposal has fallen short. Although faculty participates in Center activities as trainers, their numbers are not very impressive. It is not quite clear why there has not been more participation.
To educate opinion leaders on free market economics	Center is well regarded within the business community and city and region's leadership. It has established a Leadership Program which, until now has been well attended.
To serve as a catalyst for market reform in the region.	The Center is the only such institution in the region and its activities have contributed to regional economic development.

## SUMMARY OF PROGRAM FINDINGS

**Last Recommendations.** This report does not make reference to the previous recommendations since the departing premise was to take a broader look at all aspects of the program under the new follow-on award

**Program Impact.** MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other education institutions in the country, and the business community. Management and computer courses draw participants not only from Panevezys or immediate vicinity but also from other regions in the country. Women continue to be well represented in MTC's training programs.

**Program Sustainability.** Since the beginning of the new grant, MTC has increased the number of training activities as well as participants in management training. Although MTC has been successful in increasing the number of training activities, achieving programmatic sustainability will remain an important challenge for the immediate future. Identifying, training and retaining well qualified instructors lies at the heart of achieving programmatic sustainability. Programmatic sustainability could be significantly enhanced by developing collaborative relationships with other educational institutions and engaging business executives in training delivery. Although KTU/P has provided strong financial support to MTC, the institutional relationship between the two entities is still not adequately defined. The two institutions still have not developed Center's by-laws. The MTC has made significant progress in generating revenues but it is still not clear whether the Center can be self-supporting in the near future.

## SUMMARY OF RESULTS IN BRIEF

MTC has offered 14 one-day seminars, 44 workshops and two presentations. A total of 827 participants took part in the training. Representation of women was at 61%.

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other educational institutions in the country and the regional business community. The most crucial components in reaching sustainability are development of a strategic vision for Center's overall scope of activities and securing a well qualified pool of instructors. MTC continues to enjoy strong support from USAID/Vilnius and is working closely with IESC consultants on developing a business and marketing plans as well as on streamlining internal administration of the Center.

MTC should make it its immediate priority to develop a strategic plan for programmatic activities. This plan should include a strategy for identifying and retaining well qualified instructors, defining its internal policies and procedures, and finalizing their institutional arrangements with KTU/P by developing Center by-laws.

I PROGRAM DESCRIPTION

PURPOSE

The purpose of this cooperative agreement is to develop the Center of Management Technology and Business Training (MTC) into a self sustaining center of excellence providing management training to the business community in Panevezys and the region

This activity was funded as a follow-on award to enable the institution to achieve the results targeted in the previous activity The initial cooperative agreement was executed between KTU/P and Texas A&M International

University (TAMIU) in July 1995 in the amount of \$2.2 million That activity was programmed for three years As a result of budgetary cuts, USAID funding was reduced to \$1.3 million and TAMIU terminated cooperation with KTU/P one year early, in June 1997 Although significant progress was made in establishing the Center, the early termination left insufficient time to transfer knowledge and practices which would enable establishing a self-sustaining facility The COTR authority for the project has been transferred from the USAID/ENI/DGSR to USAID/Vilnius

Country	Lithuania
Program start	September 1, 1997 (overall program began in 1995)
PACD	November 30, 1998
US Grantee	none
Local Partner	Kaunas Technological University/Panevezys (KTU/P) and Center for Management Technology and Business Training (MTC)
Total CA Amount	\$175,000

The stated goals of the MTC are

- ▶ Strengthen business and management skills of managers from businesses, non-governmental organizations (NGO), educational institutions, and local and regional governments
- ▶ Serve as an agent of change through training programs and service activities
- ▶ Improve skills of KTU/P faculty, administrators and support staff

In order to achieve these goals, MTC has engaged in training activities which fall under the following categories

- ▶ *Computer technology training*, which focuses primarily on teaching computer skills and applications of Microsoft products at beginning, intermediate and advanced levels Other possible courses may include Internet skills, customized training courses for companies, desktop publishing and graphics presentations

- ▶ *Business English*, which will concentrate on business usage context offered at four levels. These courses are designed as three-month-long, 50-hour courses
- ▶ *Management training*, which is considered to be the core of the programmatic offering. Management training activities fall broadly into three groups
  - (1) Entrepreneurship training which primarily targets the needs of small and medium size enterprises (SME) but does not exclude managers of larger firms, NGOs or local government
  - (2) Training modules designed for a specific company. This training can be conducted either at the company's site or at the Center
  - (3) Executive seminars and short courses

In addition to these main activities, MTC may engage in other activities such as renting physical facilities, supporting conferences, translation and interpretation services and consulting

This was the first evaluation visit since issuance of the follow-on award. The purpose of this visit was to assess the progress made to date and to provide recommendations for additional technical assistance for the remainder of the USAID support. This report does not make reference to the previous recommendations since the premise was to take a broader look at all aspects of the program.

## II. COUNTRY CONTEXT

On December 21, 1997 Lithuania held its presidential elections. Almost 72% of eligible voters took part in the elections. The current head of Parliament, Vytautas Landsbergis, received 15.73% of the votes, Arturas Paulauskas received 44.73%, and Valdas Adamkus received 27.56%. Since neither of the candidates received a majority, the top two -- Adamkus and Paulaskas -- faced each other in a run off, on January 4, 1998. Adamkus narrowly defeated his opponent, receiving 50.29% against Paulauskas' 49.71%. On February 26, Valdas Adamkus took the oath of office and became the fifth president of Lithuania. Clearly, Adamkus' supporters hope that he will bring to his rule new ideas unencumbered by the political loyalties of the past. He brings with him modern managerial skills from his decades-long service at the US Environmental Protection Agency. In a speech to the nation following his inauguration, Adamkus called for an Act of Concord among the political forces in the country and pledged to establish an "ethic of government service" that would encourage the transformation of petty bureaucrats into public servants. He also urged a renewed effort to invigorate the reform process throughout the Lithuanian society. However, because of the slim election margin, Adamkus has to overcome very real political barriers in order to implement these goals. The first

indication of the difficulties ahead was the ruling of the Constitutional Court on the question of whether the government must resign when a new president takes office -- addressing a central question of whether Lithuania is a parliamentary or a presidential democracy. The court has ruled in favor of the former. Although the government must return its mandate, the president must first submit the name of the current prime minister to a vote of confidence before he can propose other candidates for the parliament to consider and confirm.

The former Prime Minister, Gediminas Vagnorius, was endorsed by the Seimas to continue in his office, on March 10, 1998. Vagnorius has proclaimed that his government's main aim is to begin talks on entry to EU and to launch administrative reform. Adamkus' proposal for administrative reform includes merging the Labor Ministry with the Health Ministry and the Education and Science Ministry with the Culture Ministry. Vagnorius endorsed the submitted proposal.

Like its Baltic neighbors, Lithuania is striving to become a member of EU and NATO. Adamkus hopes that Lithuania will be able to reach these goals by the end of his 5-year term, in 2003. Lithuania's aspirations are supported by numerous European statesmen and cultural figures who, on November 28, 1997, in an open letter published in major European newspapers, called on EU to start accession talks with Latvia and Lithuania, not just Estonia. Further support came from Polish President Alexander Kwasniewski during his meeting with Adamkus in Warsaw, on April 2.

Regionally, during the January 22-23 meeting in Riga, the prime ministers of the 11 member countries of the Baltic Sea Council confirmed their desire to promote regional cooperation in order to establish a Europe "without dividing lines." One of the proposals discussed was to create a "Baltic Ring" that would link the gas and electricity systems of the eastern and Western Baltic shores. On February 21, regions from six countries bordering the Baltic Sea signed a cooperation agreement aimed at creating a "Baltic Euro-region." The participants -- representatives from the Danish island Bornholm, Latvia's Liepaja and Lithuania's Klaipeda, the Russian enclave of Kaliningrad Oblast, and Polish provinces of Elblag, Gdansk, Olsztyn and Slupsk -- will collaborate in the spheres of economics, agriculture, transportation, environmental protection, and education. In addition, on February 1, a wide-ranging basket of political and economic agreements took effect linking Estonia, Latvia, and Lithuania with the European Union. The accords, which were signed in 1995, lay the groundwork for eventual membership in the EU.

During 1997, Lithuania registered a 5.8% growth of Gross Domestic Product (GDP) and the inflation rate reached 8.4%. The 1998 budget has been approved (in December) and foresees revenues totaling \$1.72 billion and expenditures \$1.89 billion. The budget deficit is estimated at 1.6% of GDP. According to the Finance Minister, the budget will be more socially oriented than in previous years and corporate and income taxes will not be raised, although there will be increases in taxes on alcohol, fuel and tobacco. According to Lithuanian Foreign Ministry (reported by Interfax),

Lithuania's foreign debt exceeded \$1.4 billion as of the beginning of this year. Adamkus was told by IMF officials that one of the fund's major goals is to see Lithuania eliminate its deficit by 1999. Specific concern was voiced regarding the situation of Lithuania's state-owned banks, while noting that some progress in this area has been made. IMF stresses that the arrival of foreign banks in Lithuania is considered a positive development.

On June 17, the Secretary-General of NATO, Javier Solana, met with Valdas Adamkus to discuss Lithuania's future entry into NATO. Solana welcomed the Lithuanian government's plans to allocate 2% of GDP for defense needs in 2000. He stressed that such allocation would approach the indices in many European countries, making preparations for entry into NATO a more realistic proposition.

### III. PRINCIPAL FINDINGS

#### A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

This report does not make reference to the previous recommendations since the premise was to take a broader look at all aspects of the program.

#### B. PROGRAM IMPACT

KTU/P is the only institution of higher education in the region. Although, at present, it is not a free standing university, an understanding has been reached between Kaunas and Panevezys municipal and university authorities to upgrade the Panevezys campus to a full university status. The Center is seen by all

**MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other education institutions in the country, and the business community.**

of these institutions as an important and integral part of this transformation. Additionally, the Center is perceived as a catalyst for further economic development and integration of the region with the rest of the country. It has already significantly contributed to the development of entrepreneurial activity in the region (based on numerous interviews during previous site visits).

When this project was initially conceived, its main goal was to provide management training for Panevezys and immediate vicinity. It has become clear, however, that even with the various difficulties the project has experienced in the course of its implementation, the reach of delivered training (and therefore, possible impact) has been country-wide. During the second

**Management and computer courses draw participants not only from Panevezys or immediate vicinity but also from other regions in the country.**

quarter, the MTC has increased the number of companies reached from 93 to 128 and out of these,

27 are from other regions of Lithuania, including Vilnius in the south (five), Birzai (three) and Pasvalys (seven) in the north, Kedainiai (two) in the central, and Utena (two) in the east. At the same time, there has also been an increase in the number of companies involved in management and computer training from Panevezys (from 68 to 101, or an 49% increase) as well as a very substantial growth in the number of individual participants (from 43 to 91, or a 112% increase)

*MTC continues to offer courses to KTU/P faculty and staff in an effort to upgrade their qualifications.* During the first and second quarters MTC offered 28 and 37 training activities, respectively. KTU/P faculty and staff took part in 22 and 33 activities, respectively. During the first quarter, the KTU/P participants took part in 15 computer training programs, six telemarketing seminars, and one English course. During the second quarter, the distribution was as follows: four computer courses, one English course, two telemarketing seminars, two entrepreneurship and business planning, one Free Market Institute, 10 leadership seminars, two salesmanship seminars, and one marketing seminar. The MTC staff took part in seven of the programs during the first quarter and in nine during the second quarter. At this time there is no information available what impact this training has had on the participants and whether it has been used in their respective jobs.

During the period from January to June, MTC has offered 14 one-day seminars and 44 multiple-day workshops which included 210 and 508 participants respectively. Women constituted 56% of participants in both types of activities. This is a very encouraging trend since women, as a group, have been disproportionately affected by the dislocations of economic transition to market economy.

**Women continue to be well represented in MTC's training programs**

### **C. PARTNER/PROGRAM SUSTAINABILITY**

#### *PROGRAMMATIC SUSTAINABILITY*

*Since the beginning of the new grant, MTC has increased the number of training activities as well as participants in management training.* During the second quarter, MTC has offered 37 training activities -- 16 computer, 6 English, and 15 management. This represents an increase from 28 the previous quarter. While computer and English training remained at basically the same levels, management training increased from 6 to 15 activities. Importantly, the number of participants in management training activities increased from 70 to 269.

*Increasing number of companies take part in MTC training activities.* During the first quarter, 93 firms, organizations and institutions took part in the various training programs. 65 (70%) of these firms represented new customers. During the second quarter, 128 firms took part in training programs. Of these, 54 (42%) were new participants, 17 (13%) were new participants who attended

more than one program, 25 (20%) were past participants, and 32 (25%) were past participants who attended more than one program. In addition to this increase in participation, MTC has drawn participants from different regions of the country. During the first quarter, 27% of participating companies were from outside of Panevezys, and for the second quarter this number was 21%.

*MTC has successfully developed new programs.* During the first quarter, MTC has developed two new computer training programs (AutoCAD and Internet) and inaugurated Business English training. The latter was an entirely new endeavor for the Center. The new program consists of five courses, fifty hours each. These courses will become part of regular MTC program offering. Although the number of offered management training activities has significantly increased, it is not clear, at this time, how many of these will become part of the regular course offering.

*Although MTC has been successful in increasing the number of training activities since the beginning of the new award, achieving programmatic sustainability will remain an important challenge for the immediate future.* In its quest for sustainability, MTC needs to articulate a strategic vision/plan which will serve as a road map for developing the Center's core programs. Presently, it appears, that many of the Center's training activities are carried out on a more spontaneous rather than planned basis. MTC's sustainability will be greatly strengthened if it can develop a programmatic niche and maintain a competitive edge. On the one hand, as part of this process, MTC needs to conduct market research to identify areas of need and prospective clients and, on the other hand, become more knowledgeable about the Center's competition. Evaluation of other, seemingly similar programs, offered by other institutions can provide an important insight into planning and marketing strategies. One of such approaches might be to develop connected modular courses in the main areas of Center programmatic activity (English, computer, management). This approach would provide both an opportunity for participants to continue upgrading their qualifications as well as for greater flexibility (taking courses at different times rather than in a single progression).

*Identifying, training and retaining well qualified instructors lies at the heart of achieving programmatic sustainability and will remain one of the main challenges for the Center.* Unless MTC makes a concerted effort to develop a stable core of well qualified instructors, the goal of achieving a leadership position as a management training institution will elude it. Under the original award, the Center made a concerted effort to enable for KTU/P faculty to participate in all of the Center's training activities either at minimal or no cost. It would appear that KTU/P faculty would be a natural group from which to draw some of the Center's instructors. The faculty is permanently employed at the university and, therefore, would be unlikely to leave the area, the Center could provide an excellent opportunity for additional income as well as for consulting opportunities through its ties with the business community, and finally, the Center would be an invaluable resource for fostering professional growth. It is important to note, however, that relatively few KTU/P faculty

have become regular instructors in the Center's training programs. There is no obvious explanation for this, and this lack of participation on the part of the faculty should be given serious consideration by the Center's administration.

In developing the pool of instructors, MTC faces a challenge of how to retain the most qualified of them. Since the Center does not employ full-time instructors (and it is not argued that it should), it needs to develop a strategy which would make employment at the Center both attractive and financially rewarding. One component of such a strategy is tied with development of core curricula and a stable schedule of training. Since all Center instructors have a primary job, guaranteeing a certain level of employment at the Center, with competitive remuneration, might prove enough of an incentive for many qualified prospective instructors to become committed to collaboration with the Center.

*Programmatic sustainability could be significantly enhanced by developing collaborative relationships with other educational institutions and engaging business executives in training delivery.* Since MTC is committed to respond to the evolving needs of the business community, its training is expected to be practical and directly applicable/transferable to the work environment. In order to achieve this, those delivering training also need to have real business experience. By involving practitioners in course delivery as guest lecturers or seminar presenters, the Center could enrich its programmatic venue and facilitate an exchange of ideas among the members of the business community. During the spring site visit, the evaluation team tested this idea during interviews with the middle and senior level executives. Many of them expressed willingness to consider such involvement with the Center provided that they would receive support from the Center staff in preparing presentation materials. In actively inviting the business community to take part in Center activities, MTC would not only become an integral part of this community but also a promoter of the concept of community service, a concept which is still a novelty in the region.

In developing its programmatic base, MTC might strengthen its position vis-a-vis current or potential competitors if it enters into collaborative relationships with other institutions in the region, other parts of the country or even in other CEE countries. As an example of such collaboration, MTC could consider the Kaunas Business Center, Kaunas Public Administration Center and collaboration with the Public Administration Advisor in Panevezys, Free Market Institute, Lithuanian Banking Institute (PHARE projects, Distance Learning), International Executive Service Corps (IESC) and its successor. For the broader regional approach, the following programs within the MTEEP portfolio may prove useful: Riga Business School and its English Language Center as a source of guest lecturers and training opportunities for MTC instructors, Olsztyn University of Agriculture and Technology (OUAT) as one of the outstanding training facilities for agri-business management and public administration, University of Lodz (UL) as a resource for Distance Learning programs and

successful customized training, Centers for Business Excellence in Romania as a good example for modular programs for small and medium business development

***Use of foreign consultants for on-going program delivery requires careful consideration.*** The Center has profited (and continues to do so) from training provided by foreign consultants over the duration of the grant. If used strategically, these consultants could make significant contributions to strengthening the programmatic and operational base of the Center. Since foreign consultants are considerably more expensive, the Center should not rely on them to form a mainstay of program delivery (as at the beginning of the project) but use them either for occasional, high profile seminars (increasing Center visibility, attracting high-powered clients) or when their involvement can result in a tangible deliverable, such as training-the-trainers or enhancing the Center's overall performance. A concrete example of such an involvement would be conducting an evaluation of the Center's technological capabilities in an effort to determine whether development of Distance Education programs (perhaps in collaboration with KTU and KTU/P efforts in this direction) should become one of the strategic areas of programmatic development.

#### **ORGANIZATIONAL SUSTAINABILITY**

***Although KTU/P has provided strong financial support to MTC, the institutional relationship between the two entities is still not adequately defined.*** Under the previous grant, KTU/P obtained financing in the amount of \$250,00 from the Government of Lithuania for renovation of the present Center facilities. In addition, KTU/P agreed to cover the costs of electricity, water, and trash removal as well as some of the repair and maintenance costs. This contribution has an estimated value of \$16,000 per year. MTC also does not have to pay rent. Because of the central location of the facilities, the imputed rent value (based on the rules created by the municipal government) is \$7.50 per square meter, bringing the total rent outlay to \$48,000 per year. Furthermore, all full-time Center staff are considered KTU/P employees and receive the standard benefit package.

Despite the strong support, however, MTC and KTU/P still have not developed center by-laws. This provision was one of the central requirements stipulated in the follow-on award. The by-laws would outline the exact relationship between the two institutions including their mutual responsibilities. It was also hoped that the by-laws would provide greater managerial and financial autonomy for the Center. Presently, the financial system at KTU/P is too cumbersome and inflexible to accommodate the requirements of the Center's operations.

***MTC needs to develop and implement policies and procedures to assure its efficient functioning.*** As part of the proposal for the follow-on grant, MTC had to develop a management structure, policies handbooks and job descriptions. The latter have been included in the proposal but it is not clear to what extent these requirements are adhered to in practice. In order to improve the Center's organizational performance, the following areas need to be addressed:

- ▶ Defining policies and procedures with accompanying routines and manuals
- ▶ Clarifying staff roles, functions and performance standards
- ▶ Improving time management and efficiency
- ▶ Staff developing with a strategic plan in mind, including use and training of students to supplement permanent staff assignments
- ▶ Empowering staff to “take ownership” of the Center’s activities and concomitant leadership role in the region

*MTC’s institutional image would be enhanced by developing promotional materials.* As the Center develops its programmatic offerings, it should also develop standardized marketing materials which provide information about the Center, including its goals, institutional affiliations, programs offered, services provided, and so on. The Center should also develop a logo, stationary and business cards for its staff. The Center might also consider investing in mementos such as mugs, pens or pins emblazoned with the Center logo, seminar folders and note pads which would be given out either as part of its training or promotional efforts.

#### *FINANCIAL SUSTAINABILITY*

*Although an accounting system has been developed and approved, it does not appear that this system has been made fully operational.* An IESC consultant has worked with the Center staff to develop an accounting system for financial tracking, including procedures and manuals, operating instructions on the use of Quicken, policies and procedures manual and the chart of accounts. According to the Center Director, MTC accountant adheres to the chart of accounts and maintains financial tracking and reporting based on that system. Evaluation data on instructors’ performance is collected and processed separately.

The reporting procedure provides information on the number of courses offered (by category), the income generated, number of participants by course category, geographic distribution of participants for each course category, and participation of new and repeat clients. This information is, clearly, very useful in supporting the planning and management activities of the Center. At the same time, there does not appear to be a system in place which would determine the break even point for each type of activity. In other words, information regarding income generation alone does not tell whether a given activity is covering costs or making a profit. This is not to argue that each training activity should necessarily be designed to turn a profit. The Center staff might decide to develop a particular training program with an audience in mind which, at least initially, might not be able to pay the required amount to cover the cost of program delivery. Such instances are not unusual with

educational activities, and in many instances this kind of subsidy is covered through revenues generated from other activities. However, the central issue here is to have a pricing system in place which would facilitate a cost-benefit analysis of the profitability.

While it is clear that MTC is generating revenue, this information does not allow one to deduce progress toward achieving financial sustainability due to a lack of cost-benefit information covering program delivery and, subsequently, profitability of specific training activities.

**The MTC has made significant progress in generating revenues**

The Center offers regular training in three areas -- computer technology, business English, and management. In comparing the Center performance for quarter 1 (September-December) and quarter 2 (January-March) from the perspective of revenue generation the following observations can be made:

- ▶ The overall number of courses offered increased in the second quarter, from 28 to 37, or a 32% increase. Importantly, the greatest increase occurred with management training, from 6 to 15, or a 150% increase.
- ▶ The increase in the number of courses offered has been accompanied by an increase in revenues, from \$21,914 to \$33,379, or a 52% increase.
- ▶ Income generated per participant stayed basically the same for computer training (\$62), slightly increased for English training (from \$112 to \$122), and saw a significant jump for management training (from \$48 to \$67, a 40% increase).
- ▶ English training appears to bring in the most income per participant but not in overall terms. For the second quarter management courses generated the highest level of income (\$17,930), followed by computer courses (\$11,053). The English courses were a distant third at \$4,396.

#### **D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

The United States began formally assisting in Lithuania's transformation to a market economy and a democratic society in 1992 through various efforts coordinated by USAID. Through 1996, US assistance has reached \$45 million in technical assistance, training, equipment, and investments. During the first few years, the assistance program was broad-based and designed to reach as many segments of the transforming society as possible. The elaboration of a new strategy began in 1996 after USAID consulted with the Lithuanian Government, Parliament, representatives of the business sector, and non-profit leaders. Based on these consultations, USAID developed a strategy which shifted from sectoral and regional approach to emphasis on effecting policy at the national level.

Four strategic objectives guided Lithuania's development strengthened fiscal management (SO 1 2), a more stable financial environment (SO 1 4), improved safety and policy of the energy sector (SO 1 5), and stabilized democracy and market orientation through increased and better informed citizens' participation in political and economic decision making (SO 2 1)

Despite the various obstacles connected with implementation of the original award, USAID/Vilnius maintained its strong support for the program, evidenced by the follow-on award to a local institution This arrangement is unique within the MTEEP portfolio and may provide some valuable lessons if such arrangements are considered in the future

#### **E. PROJECT MANAGEMENT**

The proposal for the follow-on award elaborated the MTC management structure with accompanying description of duties The Center is managed semi-independently from KTU/P but all regular Center personnel are also KTU/P employees and receive appropriate benefits The Center management structure includes the following full-time positions director, associate director, technical director, program manager There is also a part-time position of Director of Research The overall development of the Center is overseen by the Board of Advisors

The present MTC Director is the former Deputy Director After a long search, a Deputy Director was hired in February but has since been let go The remaining positions are occupied by the staff from the previous grant period

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

##### **A. PROGRAM REACH**

###### *PROGRAM REACH DATA FROM JULY 1, 1997 - JUNE 30, 1998*

Programmatic results discussed in this report reflect information for the first and second quarter The program reach data below includes information for the third quarter

<b>Program Type</b>	<b># Active Cohorts/Programs</b>	<b># Male Participants</b>	<b># Female Participants</b>	<b># Total Participants</b>
Seminars (1 day max)	14	92	118	210
Workshops (multiple days)	44	226	282	508
Other ** presentation	2	44	33	77

**B. SUMMARY OF FINDINGS BASED ON INDICATORS***IMPACT*

Management and computer courses continue to draw participants from Panevezys region and other parts of the country. MTC has significantly increased the number of new clients while maintaining good levels of repeat participation. Interviews indicate that most of participants find MTC training useful and immediately applicable to their jobs. Participation of women in the various training activities remains high, falling into the 43%-56% range.

*SUSTAINABILITY*

MTC is run entirely by Lithuanian staff and continues to enjoy strong financial (mostly in-kind contribution) support of KTU/P. At the same time, the Center and KTU/P still have not developed by-laws nor has the Center developed a strategic plan. These are key issues in making successful progress toward overall sustainability. At the present stage, 45% of MTC's revenues are generated by tuition and fees.

**C. SUMMARY OF FINANCIAL STATUS**

Funding Source	% of Project Support 6/30/98
USAID grant	22%
US Institution	-
Local Institution	33%
Tuition and fees	45%
Other Sources	0%
<b>TOTAL</b>	<b>100%</b>

**D. PROGRAM OBJECTIVES VERSUS ACHIEVEMENT**

MTC made some progress toward achieving self-sustainability and is able to cover approximately 45% of its operating expenses. The Center's training continues to be well attended, and its program reach is much broader than originally envisioned.

## V. CONCLUSIONS

MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other educational institutions in the country and the regional business community. The Center has increased the number of companies participating in its training programs as well as its regional reach. Although MTC has been successful in increasing the number of training activities and the number of participants, achieving long-term sustainability will remain an important challenge for the immediate future. The most crucial components in this process are development of a strategic vision for Center's overall scope of activities and securing a well qualified pool of instructors. Programmatic sustainability could be further enhanced by developing collaborative relationships with other educational institutions and attracting business executives as guest speakers and seminars presenters.

While MTC's revenues have increased in absolute terms, it is not clear where the Center stands in terms of sustainability and/or profitability of program delivery because of a lack of a cost-benefit analysis in planning of training activities.

MTC continues to enjoy strong support from USAID/Vilnius and is working closely with IESC consultants on developing a business and marketing plans as well as on streamlining internal administration of the Center.

## VI. RECOMMENDATIONS

The DATEX MTEEP team would like to offer the following points for consideration:

- ▶ MTC should make it its immediate priority to develop a strategy for programmatic activities. As part of this process, MTC needs to conduct market research to identify areas of need and prospective clients and to become more knowledgeable about the Center's competition.
- ▶ MTC should develop a strategy for identifying and retaining well qualified instructors. As part of this process, the Center might want to approach some of its clients and ask them to become guest lecturers.
- ▶ In an effort to strengthen its programmatic position, MTC might want to consider developing collaborative relationships with other educational institutions in the country as well as in other CEE countries.
- ▶ MTC needs to better define its internal policies and procedures in order to achieve more effective implementation of programs.

- ▶ MTC and KTU/P should finalize their institutional arrangements by developing Center by-laws
- ▶ MTC should develop promotional brochures, logo, stationary, and business cards for its staff
- ▶ MTC should develop program costing procedures

**POLAND: UNIVERSITY OF MARYLAND - COLLEGE PARK**

**EXECUTIVE SUMMARY**

**PURPOSE**

The purpose of the grant to the University of Maryland College Park (UMCP) was to establish a Center of Excellence (the Polish-American Management Center) within the Faculty of Management at the University of Lodz (UL)

**SUMMARY OF OBJECTIVES AND ACHIEVEMENTS**

The grant had six basic objectives which are summarized in the chart below UMCP and its partner have been largely successful in achieving stated objectives, in some respects far exceeding anticipated results while in others such as distance education remaining behind The PAM Center is well established and the EMBA program is functioning smoothly

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
Establish a Center of Excellence to serve as innovative leadership unit of University of Lodz Faculty of Management.	The PAM Center is fully operational and integrated into the Faculty of Management with modern facilities and teaching corps
Revise and modernize the existing 5-year management program at University of Lodz aimed at re-designing curriculum to reflect changing economy; 50 faculty members and administrators trained.	14 UL faculty members went to UMCP for curriculum development in 1997, faculty development workshop at UL attended by 40 Polish faculty 11 UMCP faculty members co-taught in EMBA program.
Create part-time Graduate Management Program with 30 students per year graduating 60 MBA students by the end of the fourth year	Currently two EMBA cohorts with a total of 55 students A third cohort of 40-60 is being recruited for the fall of 1998 The program is on target to achieve this objective
Design and present workshops and executive training courses for managers and executives on appropriate business topics, 200 persons trained in chosen subject areas	Customized training for local firms and non-degree training programs offered regularly under open enrollment, including "mini"-MBA. Over 1000 trained during this reporting period alone Six firms received 23 training programs in 1997 reached 91 well above target.
To develop and strengthen collaborative relationships between UL and the public, no benchmarks proposed.	Breakfast at the PAM Center is now a well established mechanism for reaching business people and the public, reached 128 this period.
To educate public school students and faculty about free market economics and the role of business through distance education 1000 receive instruction in three years	A Distance Education program for public school staff began in October 1997 with total of 51 public school administrators, other training for UL faculty planned well below target.

## SUMMARY OF PROGRAM FINDINGS

***Previous Recommendations.*** Some of the DATEX recommendations have been implemented and others are being addressed in various ways. The PAM Center does not expect to develop its own English Language program since there are alternative language centers. An alumni association is anticipated with the first MBA graduating class this year.

***Program Impact.*** PAM Center programs are reaching the intended audience, drawn mainly from the private sector in the Lodz region. The Distance Education program is only now beginning to have an impact, but has a very promising future.

***Sustainability.*** The PAM Center has a new Director as of May 1998 who is a highly qualified member of the Faculty of Management. The relationship between the Center and the University has been formally defined and all programs are covering more than 60% of their operating costs, exclusive of program development and equipment expenses.

## SUMMARY OF RESULTS IN BRIEF

The first MBA class of 24 students will graduate in the fall of 1998, and a second cohort (one third women) is completing its first year of studies. A third cohort is being recruited for the fall of 1998. Many more mid and senior level managers are participating in non-degree programs than anticipated. The Distance Education program has just gotten under way in the last six months. This reporting period features a substantial increase in the number of participants in non-degree training programs. Projects now generate enough income to cover operating costs, and the Center has achieved name recognition for its excellence.

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

UMCP and UL have made significant progress during the past year in overcoming a difficult start-up period. There were delays in installing the equipment for the Distance Education program as well as problems in establishing a legitimate role of the Center within the University. The request for an extension which has been approved by USAID/Poland was well justified. The DATEX team spent only two days in Lodz and did not formulate any recommendations.

## I. PROJECT DESCRIPTION

### PROGRAM PURPOSE

In May 1994, the College of Business and Management of the University of Maryland College Park (UMCP) submitted a proposal together with the University of Lodz (UL) to develop a self-sustaining Center of Excellence, improving upon existing programs in UL's Faculty of Management and creating new ones. All the activities of the Center were aimed at diverse audiences within the Lodz region.

Following the grant award, UMCP and UL began implementation of the project in 1995. There were, however, several initial delays in start-up which occasioned a request for extension. In June 1997, UMCP asked that the grant be extended for two-year to September 30, 1999, and that \$383,888 in incremental funding be added. In December, UMCP submitted a pipeline analysis showing the amount of grant funds already provided and costs incurred to USAID/Poland. The request has been approved.

Country	Poland
Program Start	1995
PACD	originally 9/30/98, extended to 9/30/99
US Grantee	University of Maryland/College Park
Local Partner	University of Lodz, Polish American Center (PAM)
Total Grant Amount	\$3,017,776

### MAJOR PROGRAM COMPONENTS

***Polish-American (PAM) Center*** UMCP proposed to establish a Polish-American Management (PAM) Center to serve as the innovative leadership unit of the newly created Faculty of Management at the University of Lodz. The Center was to house the activities specified under the grant agreement, including a graduate management education program, workshops and executive training courses, and a distance learning initiative. Since its creation, the PAM Center has created links between the private sector and the University's business management program.

***Executive MBA (EMBA) Program***. The PAM Center was to establish an Executive MBA Program whose mission would be to prepare current and future executives for increased responsibilities and career development. This is to be achieved through refining their skills and knowledge base and by developing a more in-depth understanding of companies in a changing market environment. The EMBA is designed as a two-year, part-time degree program for working professionals, aimed at merging both theoretical and practical knowledge. UMCP proposed that the executive MBA program accept 30 students per year, graduating 60 by the end of the four-year project. The program currently consists of 24 courses and has two participating cohorts with 55 students and another 40 to 60 being recruited, the program is on target.

***Revision and Modernization of the Management Program at UL***. UMCP and UL proposed to complete the process of re-designing the curriculum as well as upgrading and reforming the program.

by assisting in the development of the faculty. This was to be achieved through exchanges: UMCP faculty going to Poland and Polish faculty going to Maryland for short-term training. This is being achieved.

***Non-degree Management Training Programs.*** In addition to the graduate management program, UMCP and UL proposed to design and present workshops and executive training courses targeted specifically at industries and agencies in the Lodz region. The target population included banks, apparel firms, and non-profit organizations, as well as government officials. A target of 200 persons trained was proposed. Today the PAM Center offers short-term management and executive development training which have become the most rapidly growing program areas. Open enrollment seminars, including a "mini-MBA" program, are offered and tailored management training for corporate clients are designed for mid and upper level managers. Customized programs have been delivered to six different companies.

***Post-Graduate Distance Education Program (PDEP)*** UMCP proposed to develop a distance learning program using VCR and cable TV and aimed mainly at high school students and teachers, workers in privatized firms, and the general public in small towns. It was anticipated that during the first three years of the project 1000 persons would be reached through distance learning. However, the Distance Education program, product of collaboration between the PAM Center and the Faculty of Education, did not begin operations until October 1997. It is now reasonable to expect that the program will reach a much wider audience in the years to come, now that the facilities and equipment are in place.

## **II. COUNTRY CONTEXT**

On September 21, 1997, Poland held its third, fully free and democratic parliamentary election since the fall of Communism, in 1989. The result of this election came as a surprise neither to the Poles nor to Western observers. The ruling Democratic Left Alliance (SLD), the successor party to the former Polish United Workers' Party (PUWP), lost its majority position to the Solidarity Electoral Action (AWS), an alliance of over thirty parties, which captured the largest portion of the votes (34%). Although SLD actually boosted its share of the vote from the 1993 parliamentary election to 27%, it lost the leading position because its coalition partner, the Peasants' Party, was able to garner only 7.3% of the vote.

AWS has made it clear from the very beginning that it will not form a government with SLD and, therefore, the only logical coalition partner became the party which took the third place, the Freedom Union (UW, 13.4%), a middle of the road party, strongly favoring free market. As a result, the coalition embodies virtually every tendency, except for the SLD. The new coalition government has been formed in early November by Prime Minister Jerzy Buzek, a little known academic from Katowice with long-standing ties to Solidarity. The coalition has agreed to the following division of

ministerial posts - AWS controlling ten ministries and UW seven. The two deputy premiers are Solidarity's Janusz Tomaszewski, who will also serve as interior minister, and the Freedom Union's leader, Leszek Balcerowicz, who will be finance minister (he is also the author of Poland's radical economic transformation plan known as "shock therapy")

The Polish post-election political scene has witnessed a flurry of activities. On November 13, 1997, AWS filed an application to register a new party. The founding committee of the party, the Social Movement of the AWS, includes Solidarity leader Marian Krzaklewski, Prime Minister Jerzy Buzek, and lower house speaker Maciej Pluzynski. According to Krzaklewski, the new party will espouse Christian values and "market-solidarity" principles.

On December 2, 1997, Lech Walesa, the former Solidarity leader and Poland's former president, officially registered his Christian Democratic Party of the Third Republic. According to Walesa, the party will seek to generate support among the nearly 50% of eligible voters who did not participate in the last elections rather than to challenge AWS for the votes it received. Several observers have commented that registration of Walesa's party may, in fact, suggest that he is getting ready to run in the next presidential elections. The same week, the Polish Social Democratic Party (SLD) elected Leszek Miller as new party chief. Miller, a member of the Politburo at the end of communist rule, has a reputation as a hard liner. His goal for the party is to transform it in order to challenge the current center-right government.

On December 15, 1997, Interior Minister Janusz Tomaszewski announced that the Polish government plans to restructure local government. The plan calls for reducing the number of provinces from 49 to 15 or fewer and for creation of a new administrative unit, the powiat, between the levels of municipal and provincial governments. On March 13, 1998, the government has approved a decentralization plan which calls for decreasing the number of provinces from 49 to 12. The government argues that the change will cut spending and bureaucracy as well as increase regional power and economic activities. The government's proposal met with opposition from the Democratic Left Alliance which proposes 17 provinces, and the Peasant Party which wants to keep the current 49 provinces, invest them with greater powers, and hold a referendum on the issue. On June 5, after numerous difficulties, the parliament passed the administrative reform bill, reducing the number of provinces to 12. However, despite the parliamentary vote, uncertainty remains over how many provinces will be set up in the country. The ruling coalition has announced that it will seek to increase the number of provinces to 15, whereas the opposition Democratic Left Alliance and President Aleksandr Kwasniewski are in favor of 17 provinces. On June 10, Prime Minister Buzek met with President Kwasniewski to seek his support for 15 provinces. However, according to Kwasniewski's lawyer, the president will veto the bill unless it provides for 17 provinces. The issue of administrative reform is likely to dominate the local elections scheduled for October.

On May 26, Education Minister Miroslaw Handke presented an educational reform program to be launched next year. The program addresses primary and secondary education -- the primary school will have six grades (as opposed to current eight), while secondary education will be offered by three-year colleges or two-year vocational schools. Although the legislation does not address higher education, a reform of this sector is expected within two years.

#### **REGIONAL DEVELOPMENTS**

On December 16, 1997, NATO foreign ministers met in Brussels to sign accession protocols with the Czech Republic, Hungary, and Poland. Prior to the meeting, the Polish government has agreed to pay NATO \$44 million a year once it joins the alliance, which is scheduled to do in 1999. As a sign of additional support for Poland's membership in NATO, German and Polish Defense Ministers, Volker Ruhe and Janusz Onyszkiewicz, announced plans to form a German-Polish-Danish corps as part of the process of NATO integration.

On December 8, 1997, the European Union foreign ministers reached a compromise on extending the EU into Central and Eastern Europe. The meeting launching the expansion process was held on March 31 and was attended by Cyprus and the ten prospective members from CEE. The detailed negotiations followed with the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus. Poland was unpleasantly surprised when, on May 25, the European Commission announced that Poland will receive 178 million ecus under the PHARE program instead of the originally envisioned 212 ecus. The reason for the reduction, according to EU sources, is that some projects submitted by Poland are "irrelevant" to its membership preparations and some are considered not ready for implementation. In response, Prime Minister Buzek has set up a commission to examine the reasons for the withdrawal of EU funds.

In April, presidents of Poland and Hungary, Aleksandr Kwasniewski and Arpad Goncz, announced that the two countries are forming an alliance to seek entry to the EU and NATO. Kwasniewski commented that both countries play the role of advocates in the integration process, with Budapest supporting Slovenia and Romania at international forums, and Warsaw representing the interests of Ukraine and the Baltic States. As part of Poland's regional leadership role, on November 15, 1997, Polish Foreign Minister Bronislaw Geremek met Ukrainian President Leonid Kuchma and Security and Defense Council Secretary Vladimir Gorbulin. During the meeting, Geremek affirmed that Poland considers relations with Ukraine a priority and will support Kyiv's aspirations for closer integration into Europe. On May 24, Kwasniewski and Kuchma urged international institutions to urgently grant Kyiv help for vital economic reforms. Kuchma voiced fears that Poland's intended membership in the EU may create a barrier between the two countries.

## ECONOMIC DEVELOPMENTS

On February 27, President Aleksandr Kwasniewski signed the 1998 budget (\$41 billion). The budget projects a deficit of 1.5% of GDP and aims for an inflation rate of 9.5%. The largest expenditures are for social services, health care, defense, and education. In April, the *Sejm* passed a package of bills reforming the social insurance system. Under the new legislation, the compulsory social insurance contribution of the employee is to equal 45% of his wage. The Social Security Agency is to provide 36% of that total, and the newly established pensions fund 9%. Employees will be also allowed to make additional contributions to private insurance companies in order to boost their pensions.

On March 31, 1998, the Buzek government approved a draft foreign exchange law and sent it for consideration to the *Sejm*. According to the draft law, the zloty would effectively become both a denomination and a clearing currency, that is it would be accepted as a currency of foreign transactions and would be exchanged legally at exchange desks and foreign banks in Poland and abroad. The draft also addresses capital foreign exchange transactions which have been subjected to some restrictions. Under the proposed draft, individuals and corporate entities (limited liability companies, joint-stock companies) will be free to purchase any value of currencies at banks with no requirement to communicate the purpose of the purchase to any government entity. These proposals are fully consistent with the responsibilities that Poland has assumed toward the Organization for Economic Cooperation and Development (OECD), which Poland joined in 1997. These actions are also seen as a step forward in Poland's joining the European Union (possibly by the year 2000).

In the late spring of 1998, the government of Prime Minister Jerzy Buzek announced its mid-year economic strategy. The aim of the program, unveiled by Deputy Prime Minister and Finance Minister Leszek Balcerowicz is to (1) maintain gross domestic product (GDP) growth above 6%, (2) hold inflation below 5% by the year 2001, and (3) force unemployment below 8% by the year 2001. The Balcerowicz Program is designed to build on past successes, embodied first in the transformation-stabilization of the economy that took place in the period 1989-1992 and later continued by Minister of Finance Grzegorz Kolodko (Cimoszewicz government). Balcerowicz also seeks to revise and revitalize the government's privatization program by accelerating the pace of selling-off state holdings (which as of July 1997 number 3,605), including the defense industry. The privatization drive will especially focus on transportation, railroads, coal mining, and insurance as well as completing the privatization of banks. The release (in mid-April) of \$415 million from the multi-national Polish Bank Privatization fund will spur that effort.

*The Economist* (25 April 1998) reported the following figures for Poland: GDP growth for 1997 - 6.5% (in comparison to Hungary's 5.3% and Czech Republic's 2.2%), industrial production increased at 14.9% (in comparison with Hungary's 11.2% and Czech Republic's 8.7%), and unemployment stood at roughly 10%. According to Polish government figures (AFP 31 January), the private sector

generates over 65% of GDP and employs almost 69% of the work force. By contrast, agriculture employs 24% of the work force but generates only 6% of GDP, the country received \$6.6 billion in investment last year, the highest yearly amount for any Eastern European country since 1989. Foreign investment since 1989 now totals \$20.6 billion, making Poland the country with the largest foreign investment in the region. The US is the largest foreign investor in Poland (\$4 billion), followed by Germany (\$1.2 billion). The Warsaw Stock Exchange (WSE) lists approximately 150 companies, of which 30% of all shares are owned by foreign investors.

### III. PRINCIPAL FINDINGS

The past year has seen rapid institutional growth for the PAM Center, featuring new program development in Distance Education and partnerships with the Ministry of Education and private firms. There has also been a notable increase in the number of participants in non-degree management training programs.

There have been five DATEX site visits to the University of Lodz under MTEEP, the most recent one in the Spring of 1998 which followed directly upon the MTEEP Directors' Conference. The last segment of the conference took place at Lodz on April 30 and featured a presentation of the Distance Learning program. The DATEX visit did not therefore constitute a full-fledged evaluation. This report incorporates findings from the fall 1997 site visit as well.

#### A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

Following the fall 1997 site visit the DATEX team concluded that in spite of the initial delays in implementation, the MTEEP program at the University of Lodz had made significant progress in program development and delivery and was on track to achieve institutional and financial sustainability. The following are the recommendations from that site visit accompanied by comments on progress toward them.

*The PAM Center should introduce a long-term Business English course into the curriculum, or at least make such a course available.* Business English was not part of the original program design, although the Center's Director is mindful of the importance of the language proficiency of MBA students. Since the MBA thesis papers are being written in English, it is expected that at least one student in each group will have strong English skills. The PAM Center staff indicates that students have the option of arranging business English language training on their own.

*Guest lecturers with practical expertise should be invited to provide the needed balance in EMBA course presentations.* Guest speakers from the business world are currently featured on a monthly

basis in the "Breakfast at the PAM Center" series, although this is not formally part of the MBA program. Some professional adjuncts have taught in appropriate courses.

*UMCP should make a concerted effort to assure the timely arrival of teaching materials from the US.* UMCP and the PAM Center have delivered teaching materials in recent months. The materials were photocopied, case-study copyrights secured, and transparencies were produced. The PAM Center also purchased books for the reference library to facilitate access to the latest business literature. The Center prepared a publication entitled "Business Principles" which was distributed to UL's Faculty of Management and Warsaw Business School.

*UMCP should provide Polish professors with as many opportunities as possible to upgrade their skills in interactive methods through in-country training seminars.* The Institute of New Media now offers the possibility for faculty members to receive training in multi-media methods. Plans are under way to produce a complete training program for students and professors in the Faculties of Management, Law, and Education.

*The PAM Center should begin to develop an Alumni Association of MBA graduates.* The first class of MBA students will graduate in the fall of 1998. The PAM Center is planning to establish an alumni network which will be used to help recruit new students and maintain contact with private firms and agencies.

#### **B. PROGRAM IMPACT**

*The EMBA program is having a discernible impact at the individual level.* Most of the EMBA students are now senior or middle level managers in established firms, although a few are owners or partners in their own firms. Their average age is between 30 and 40 years. Nearly half of them have graduated from a technical university, while others come from economic and management faculties and other departments such as history, biology, and English.

Participants interviewed by DATEX attested to a change in their way of thinking and having acquired a broader perspective of their professional opportunities. They offered several examples of how the EMBA courses have been of immediate benefit to them personally, and also relevant to the work in their firms. Courses in strategic planning have had a major impact on the growth of the firm. Financial management was an area frequently cited as useful to senior managers with overall management responsibilities, even when they themselves did not handle finances. Several mentioned their appreciation of managerial economics which gave them a better perspective on the company environment. A few participants candidly mentioned that they hope to use their EMBA experience to seek employment with other companies, especially foreign firms.

*At the firm level impact is seen in both small Polish-owned firms and larger joint venture and foreign firms.* Students are beginning to deal with the real problems of their firms, and their proposed solutions are having a direct impact on the firms' performance. At least one foreign firm has actively pursued restructuring within a division as a result of the participant's involvement in the MBA program. Another, who owns his own company, has profited from the financial management course in the preparation of an application for a line of credit to a bank in order to expand his business. The courses in human resource management enabled him to introduce new systems for managing his 40 employees.

The EMBA program continues to attract well qualified middle and senior level managers from predominantly foreign and joint venture firms. The EMBA now includes a year-long Group Field Project consisting of consulting assignments with private companies. Under this

**The PAM Center is increasingly being identified by local firms as the provider of quality training and education relevant to their operations**

initiative, EMBA students work on a specific problem identified by the firm, culminating in an academic paper as well as a practical solution to the problem. In the Spring of 1998, EMBA I students were preparing thesis papers based on these group field projects. The fact these firms show a growing interest in participating in the PAM Center program by sending employees to the EMBA program is evidence of impact.

*Post Graduate Distance Education (PDEP) Program.* The PDEP now has the capacity for tremendous impact both within Poland and in the region. The PAM Center began working on a Distance Learning Program in the early stages of the project together with the Faculty of Education. For several months the project was held up for technical reasons. The fiber optic connections from the PAM Center LAN to the University's Telecommunications Center and the computer center were finally completed in September 1997.

Half of the participants in the first training program are from continuing education centers while others are administrators and directors from throughout Poland. This is the first such program operating in Poland and UL is the first university in Poland to establish inter-university connectivity. Faculty of Management professors are collaborating with the UL Faculty of International and Relations and the Ministry of Education in developing Distance Education programs. A proposal has been written to offer training in practical uses of computers. The book *Internet Literacy*, now being used for instruction, is to be translated into Polish.

*UL students can now be on-line for conferences and information sources around the world.* They use essays and multimedia packages specifically designed for the Program. Communication with teachers and other students is now facilitated via voice mail, E-mail, BBS, and the Internet. The

MTEEP Directors at the Spring Conference witnessed how the compressed video equipment can provide two-way communication linking Lodz with the University of Maryland. With the installation of 15 computers and software configured with Windows NT and Office 97, students can be trained simultaneously in the use of E-mail and the Internet.

#### SUCCESS STORY

Among the participants in the EMBA I cohort are four employees of Coats Industrial, the largest manufacturer of industrial thread in Poland. One of the participants, the Director of Personnel Communications, was involved in the firm's decision to participate in the EMBA program. The firm pays 95% of tuition expenses. Headquartered in London, Coats was present in Poland before World War II and was eventually nationalized. With the economic reforms in 1992, Coats returned to Lodz to build a new factory. In 1995, construction was completed and the facility was opened. Today there are 130 workers in five divisions. The top management of Coats is pleased with the PAM Center program and consider it a worthwhile investment in human resource development. The students interviewed by the DATEX team indicated that many of the MBA courses have direct relevance to their jobs. They did complain, however, that none of the case studies used in class were from Poland or Central Europe. They also noted that those Polish professors who have had training in teaching methods in the US have improved their pedagogy considerably.

#### C. PARTNER/PROGRAM SUSTAINABILITY

##### *PROGRAMMATIC SUSTAINABILITY*

The EMBA program now has 55 students enrolled. By the spring of 1998 there were two cohorts enrolled: EMBA I with 24 and EMBA II with 31 participants, the latter cohort one-third women. The EMBA I class is expected to graduate in September 1998. A third cohort of between 40 and 60 students in two class sections is being recruited for admission in the fall of 1998. The PAM Center brochure has been up-dated and revised. In accordance with the EMBA curriculum, preparatory courses for entering students were given in September 1997 for the second cohort. Most of the participants in the EMBA program are recruited directly from a firm which pays the tuition, although some firms pay only half, and few participants are self-employed. Some are from banks, others from manufacturing firms, as well as computer and technology-related industries. Nearly all the participants are middle to senior level managers and a few are the owner of the firms they represent. These firms are involved in the successful economic revitalization of the city and the region.

The Executive MBA (EMBA) program is now in full operation with two cohorts and a third one being recruited.

*UMCP is offering a certificate while UL is planning to offer a Magister degree.* The EMBA admissions process is now clearly articulated and well implemented. The MOU signed by UMCP and UL in July 1997, specifically states that UMCP will continue to provide a formal certificate - not a degree - to all persons who successfully complete the Executive MBA Program of the PAM Center as long as UMCP faculty are teaching there. The Dean of the Faculty of Management has predicted that the government of Poland would officially recognize the MBA degree within two years.

*Faculty development is continuing on schedule.* Roughly two-thirds of the courses taught in the EMBA Program are by Polish faculty while one third are taught by US professors, mostly from UMCP. A total of 14 Polish faculty went to UMCP for periods of two to four weeks in 1997 to work on curriculum development and establish professional rapport with UMCP professors. During the same period, 11 UMCP faculty members traveled to Lodz to co-teach with their Polish counterparts at UL. Workshops at UL to improve the teaching skills of Polish faculty have already taken place and are planned in the future.

Many students commented that the training of Polish professors in the US has been generally successful in improving their teaching methodology, resulting in a more proactive, participatory approach. At the same time, students felt they still could profit from additional training. Although Polish professors received high marks for their theoretical knowledge, their practical application of subject knowledge still needs improvement. Students also expressed a strong preference for working in teams in case analysis. They found this to be a good learning tool and relevant to their changing work environment. EMBA students frequently commented on the need for the inclusion of case studies from Poland and the East and Central European region. Virtually all case studies presented thus far have been from the US.

**All of the students interviewed by the DATEX team indicated they were generally satisfied with the presentation of EMBA courses**

**There has been a substantial increase in the numbers of participants in non-degree programs during this period - reaching over 1000 - a strong indicator of sustainability**

UMCP and the PAM Center targeted 500 executives trained in non-degree executive seminars target for FY 1998 and this has already been surpassed. The PAM Center now classifies its non-degree programs as customized training and open enrollment programs. The PAM Center has continued to design and deliver high quality short-term executive management development programs. The target in the original UMCP proposal of 200 persons trained in non-degree programs was obviously far too modest.

*Customized Training* Customized training involves assessing the training needs of individual firms, designing customized training, and then evaluating the training. In 1997, 23 customized training

programs were provided to six companies, based upon an assessment of their needs. Delphi Automotive Systems, East West Spinning, LG Petro Bank, Makro Cash and Carry, VF Polska, and PKP (Polish Railways). These ranged from standard two-day training sessions to five-day sessions. Makro Cash and Carry continued to be the most important client, followed closely by Polish Railways. In each case, customized training was provided in basic management skills, communications, human resource management, and other selected topics on a fee-for-services basis. For example, a residential management program was developed for middle level managers of VF Polska and Makro Cash and Carry.

**Open Enrollment.** The PAM Center is also continuing to offer successful open enrollment programs, including the increasingly popular "mini-MBA." A total of six open enrollment programs were offered on a fee basis in the fourth quarter of 1997. In addition, there were ten Breakfast Meetings for business people featuring guest speakers. These programs reached a total of 436 participants, of whom 170 were women. The customized training for Makro evolved into a Mini-MBA program which was delivered in seven two-day modules for a total of 100 hours of training. Because of the popularity of the Mini-MBA, the PAM Center are concerned that it may devalue the EMBA program since to the public the difference between the two will not be clear. Topics included in the other training sessions included financial management, health care management, work-based learning, pension reform, and management information systems. All but one of the programs were delivered on a fee basis.

A new a 60-hour training program for Women in Management is being designed for women in upper management positions. The program, intended to give the participants general management skills as well as address specific issues pertaining to women, is the first attempt to address the issue of the "glass ceiling" in the Polish business environment.

One-day seminars have featured such topics as "Unleashing the Power of Self-Leadership" and the "Executive as Negotiator." In March 1996, the PAM Center initiated "Breakfast at the PAM Center," a monthly gathering for business executives which has become an established tradition. Each breakfast, which hosts a guest speaker, averages about 20 participants. The PAM Center occasionally utilizes UMCP faculty who come to teach in the grant sponsored Executive MBA program, in the short-term management training programs and/or participate as guest speakers in the "Breakfast at the PAM Center" series.

**The Post-Graduate Distance Education Program, the major new initiative, was finally inaugurated in October 1997.** The PAM Center collaborated with the Ministry of Education on the development of the first training in Distance Learning methodology, the first such program operating in Poland. This is a one-year postgraduate program which addresses the various aspects of Distance Education -- technology, methodology, psychology -- for 30 participants in primary, secondary, and

tertiary education who already have a Magister degree. Sixteen of them were sponsored by the Ministry. Applicants for the program were recruited through a lengthy process involving 50 candidates. Most of those chosen are receiving financial aid from the Ministry of Education and other sources. They come from educational institutions throughout Poland and will be the future implementors and promoters of the program in their respective institutions. Many are teachers at the secondary and tertiary level, some are educational administrators, and one is from the Ministry of Education itself.

*A new coordinator of the PDEP has been appointed.* The technical management of the Distance Education Program is assured with the appointment of a coordinator who is technically skilled. Under his guidance, the full complement of equipment has been purchased and installed. The PAM Center has purchased video tapes such as "School Across the Ocean" for its library, which students and teachers may borrow. The tapes were produced by Polish TV and financed by the Polish Ministry of Education with guidance from the PAM Center and in cooperation with UMCP and the Prince George's Community College, both partners of the PAM Center. These videos deal with distance education in the US and were filmed at the partners' sites.

Plans are also under way to produce a complete training program for students in the Faculties of Management, Law, and Education. Under the FY 1998 work plan the Distance Education Program is expected to expand upon cooperation with the Faculty of Education and support from the Polish Ministry of Education. Proposed activities include a program in distance learning for high school and college teachers.

#### *ORGANIZATIONAL SUSTAINABILITY*

*The Memorandum of Understanding between UMCP and the University of Lodz formalized the cooperation between the two universities regarding the future of the project.* Signed in July 1997, the MOU represents a commitment to making the PAM Center a leading center of management education. The Center is now institutionally anchored and well established physically, as reflected in the completion of the renovation of the PAM Center.

*There are several significant developments in Polish higher education that should positively affect the PAM Center program.* The Ministry of Education is conducting an overall review of the system of higher education, with a view toward compatibility with European Union standards. According to the Dean of the Faculty of Management, a new amendment will allow universities to create affiliates (satellites) which would provide formal recognition of the status of the PAM Center. A second issue is the introduction of the credit system into the undergraduate curriculum. This would greatly facilitate exchange between universities, as provided under the TEMPUS program, and would open the door to increased relations with Western European universities. The Management Faculty is planning to introduce the credit system for full-time students in the fall of 1998.

*Leadership of the PAM Center was transferred to a local Executive Director (a faculty member of UL) in May 1998.* The new Executive Director is a member of the faculty, has served as Director of the EMBA Program, and is thoroughly qualified for the position

**The PAM Center has completed the renovation of its facilities**

The PAM Center's physical facilities and infrastructure are now well established. The recently renovated Center consists of a suite of administrative offices, an expanding business library, classrooms, Internet capabilities, and access to an adjacent university hotel. Additional instructional space is now being negotiated with the University of Lodz administration. The technical support system now consists of ten telephone lines, voice mail, E-mail, Internet, and a multimedia system. The compressed video equipment now being installed will be vital to the long-term sustainability of the program.

#### *FINANCIAL SUSTAINABILITY*

*The Memorandum of Understanding of July 1997 between UMCP and UL commits both to working toward financial sustainability.* In accordance with the MOU, the University administration agreed to lower the overhead rate from the traditional 50% to 20% for the funds generated by executive MBA tuition. The agreement also stated that the PAM Center should become a self-financing unit within the University by the time USAID funds are exhausted in 1999. The Dean of the Management Faculty assured the DATEX team that the University's commitment to the MOU and UMCP is very strong. Furthermore, he is working toward securing additional space for the PAM Center to accommodate the increase in enrollment. Even more significant is the fact that the Ministry of Education has approved a proposal to build a new facility for the Management Center near the PAM Center.

At the end of 1997 the USAID grant accounted for 45% of all project funding, UMCP 18%, the University of Lodz 7%, and tuition and fees 30%. The PAM Center has built a strong client base with private companies, both in Lodz and in the region. The revenue from tuition and fees is certain to increase over the next few months. All projects are generating income covering over 60% of operating costs. All of the non-degree programs except one open seminar were delivered on a fee-for-services basis. In recent months a customized financial software program has been developed to enable the Center to control multiple project activities and assign specific costs to each project activity.

**The long-term financial sustainability of the Center appears to be assured**

The PAM Center is planning to begin teacher training in Distance Education in its newly created Institute for New Media and Distance Learning in October 1998. This is expected to greatly expand the program's income generation. Also, at the time of the DATEX Spring 1998 site visit, the PAM Center had just received the terms of reference for a PHARE-funded training in distance education.

for trainers and managers from a Danish business college. The question of collaborating with the Danish college in bidding on this project was under consideration.

#### **D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Poland receives the largest share of the US assistance in the CEE region. The strategic plan for Poland, revised at the US Assistance Working Group held in October 1995, shifted away from broad sectoral projects. It is now concentrated on specific strategic objectives which aim at strengthening sustainable institutions and systems able to support and ensure the continuation of the reform process. The revised plan aims at strengthening institutions and systems that will remain in place and support Poland's transition to a market economy, participatory democracy, public-private initiatives at the local level, and at promoting long-term US-Polish institutional relationships.

USAID continues to closely monitor the progress of MTEEP through regular meetings and site visits. The reassignment of oversight responsibilities for the MTEEP program now has one Project Officer monitoring the University of Minnesota (UMN) program in Warsaw and Olsztyn, and another covering the UMCP program in Lodz (along with other management training activities). In 1997 USAID/Poland asked UMCP to prepare a work plan in order to justify its request for a no-cost extension through September 1999. UMCP responded, and the plan was reviewed and approved by the Mission.

#### **E. PROGRAM MANAGEMENT**

The PAM Center's operations are overseen by a Supervisory Board consisting of the UMCP Project Director and five UL faculty members and chaired by the Dean of the Faculty of Management. The relationship between the Center and the University administration and Faculty of Management is now quite good. In the past PAM Center staff were often frustrated in dealing with the University bureaucracy but have been rewarded for their persistence in pursuing program objectives.

In May 1998, the first MTEEP In-Country Coordinator and Director of the PAM Center resigned his post to accept a position elsewhere. However, he was succeeded by the Director of the MBA program who is a faculty member, both well qualified and prepared for the job of Center Director. She is ably supported by an experienced administrative and technical staff. The transition from expatriate to local leadership of the Center has been quite smooth and augurs well for its future. All positions are now filled by local personnel.

**IV. RESULTS IN BRIEF**

**A. PROGRAM REACH**

*PROGRAM REACH DATA FROM JULY 1, 1997 - JUNE 30, 1998*

By the spring of 1998 there were two EMBA cohorts with 24 and 31 participants respectively. The EMBA II class is over one-third women. A third cohort of between 40 and 60 students in two class sections is being recruited for admission in the fall of 1998. For the first time Distance Education is a significant part of the PAM Center program. There are two types of certificate programs for this reporting period: the Mini-MBA and the Post-Graduate Distance Education, one third to one-half women. A major increase in multiple-day workshops is reported, with over 1100 participants mainly in manager training for individual companies. The one and two-day workshops have continued to do well, including the seminar on Distance Education which the PAM Center hosted for MTEEP Project Directors.

<b>Program Type</b>	<b># Active Cohorts/Programs</b>	<b># Male Participants</b>	<b># Female Participants</b>	<b># Total Participants</b>
MBA (list by cohort)	EMBA I	18	6	24
	EMBA II	20	11	31
Certificate (list by type)	Mini-MBA (x 2) (18 two-day sessions)	44	17	61
	Post Graduate Distance Education (One Year)	11	19	30
Seminars (1 day maximum)	Distance Education Seminars (MTEEP Directors' Conference)	30	20	50
	Breakfast at PAM Center (5 meetings)	95	33	128
Workshops (multiple days)	Distance Education (x2)	13	23	36
	Distance Education (x2)	8	7	15
	Manager Training for businesses (e.g. Makro Cash & Carry)	769	334	1103

**B. SUMMARY OF FINDINGS BASED ON INDICATORS**

See Annex #6 for evidence of impact and sustainability

**C. SUMMARY OF FINANCIAL STATUS**

Half of project funding is derived from USAID, although only 10% is from UMCP and nearly a third from tuition and fees. While we have noted elsewhere in this report that at least 60% of all program activities are self-financing, it should be pointed out that this does not include costs related to UL faculty development and UMCP faculty travel.

<b>Funding Source</b>	<b>% of Total Project Support 06/30/1998</b>
USAID Grant	50%
US Institution	10%
Local Institution(s)	10%
Tuition and Fees	30%
Other Sources	-
<b>TOTAL</b>	<b>100%</b>

**V. CONCLUSIONS**

In spite of the initial delays in implementation, the MTEEP program at the University of Lodz has made significant progress in program development and delivery and is on track to achieve institutional and financial sustainability. The program had not had the benefit of a long-term previous collaboration or prior extensive institutional experience with faculty training through grants other than MTEEP. This is the first collaboration with a US university for the University of Lodz. As a result, the challenges for UMCP have not only been in program implementation but also in changing the mind set of university administration and faculty.

The PAM Center has made considerable progress in academic and short-term training programs in recent months. Relations between the Center and the University have improved substantially as reflected in host institution commitments to the Center's future. After much hard work and planning, the Distance Education program is now becoming operational, especially with the installation of the compressed video equipment and the addition of new training contracts.

**VI. RECOMMENDATIONS**

There were no recommendations formulated for UMCP this reporting period owing to the very short site visit.

**POLAND: UNIVERSITY OF MINNESOTA AND OLSZTYN  
UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

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**EXECUTIVE SUMMARY**

**PURPOSE**

The purpose of the award is to develop institutional capabilities within well-established, recognized Polish universities to develop and sustain high-quality academic degree programs designed to provide comprehensive market-sector management and economics education and training

**SUMMARY OF COOPERATIVE AGREEMENT OBJECTIVES**

The project was designed to achieve three goals

- ▶ 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

All of these objectives have been met and in the case of last one, surpassed by creating a new institution within OUAT -- College of Management

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
Develop a cadre of executives and managers in Poland with skills in private enterprise management in a market economy who will have a lasting impact on their community and government.	This objective is being achieved through EMRIM and PDS. The enrollments in the latter have far exceeded expectations.
Re-educate and train Polish public administrators and entrepreneurs in management and economics for a productive market economy.	This is being achieved through Round Table seminars delivered jointly with WSE.
Develop institutional capacities within well-established Polish universities to sustain high-quality academic degree programs for training in market-sector management and economics.	Establishment of College of Management at an Agricultural Academy -- the only such institution in Poland to have achieved this. Redesigning undergraduate curriculum according to UMN standards. Establishing (plan) a new type of educational institution to support dual degree program.

## SUMMARY OF PROGRAM FINDINGS

***Last Recommendations.*** PACAMAM successfully continues to track professional progress of its alumni and current participants. The Center also plans to provide support to its newly established Alumni Association once the new institutional arrangement is implemented in the fall.

***Program Impact.*** EMRIM and PDCP participants highly value the relevance of training to their jobs and view the programs as an important factor in professional advancement. Representation of women in the MTEE courses remains strong and has significantly increased for EMRIM -- from 22% for cohort I to 53% for cohort III. MTEEP has made a long lasting institutional and programmatic impact at OUAT through establishing of two successful management training programs (EMRIM and PDCP) and creating of a College of Management.

***Program Sustainability.*** Programs developed under the current grant are fully sustainable institutionally, programmatically and financially. The new program, which will become effective in the fall, will offer a dual degree -- Executive MA in Business and Public Management -- from the Hubert H. Humphrey Institute of Public Affairs (HHI) and OUAT. In addition to the dual degree, PACAMAM's successor, the International Center for Business and Public Administration (ICBPA) will continue to offer post-diploma program (PDCP) in marketing and management and public administration.

## SUMMARY OF RESULTS IN BRIEF

EMRIM II and III have jointly 63 participants. Women account, for 35% and 53%, respectively, of participants. PDCP has 70 participants, 34% of whom are women.

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Over the course of the grant, PACAMAM has continued to evaluate and modify its academic programs which has led to a well designed and executed program.

Both EMRIM and PDCP continue to receive high evaluation scores and to meet (and often exceed) enrollment targets. As UMN and OUAT prepare to embark on a new project, the PACAMAM successor (ICBPA) should consider, perhaps in collaboration with the College of Management, providing an institutional home to the newly established Alumni Association. As part of programmatic enhancement, ICBPA should consider involving EMRIM and PDCP graduates in course delivery.

**I. PROJECT DESCRIPTION**

**PURPOSE**

The purpose of the award is to develop institutional capabilities within well-established, recognized Polish universities to develop and sustain high-quality academic degree programs designed to provide comprehensive market-sector management and economics education and training

<b>Country</b>	Poland
<b>Program Start</b>	current grant began in 1994, MTEEP activities began in 1991
<b>PACD</b>	6-30-00
<b>US Grantee</b>	University of Minnesota (UMN)
<b>Local Partner</b>	Olsztyn University of Agriculture and Technology (OUAT)
<b>Total Grant Amount</b>	\$2,987,836 + \$250,000

The current collaboration between the University of Minnesota (UMN) and Olsztyn University of Agriculture and Technology (OUAT) builds on the MTEE project started in 1991

The Polish-American Center of Agriculture Marketing and Agribusiness (PACAMAM), established in 1993 within the University of Olsztyn, serves as the institutional base for MTEEP-related activities

The project was designed to achieve three goals

- ▶ To develop a cadre of executives and managers with knowledge and skills in the management of private enterprises in a market economy

*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

- ▶ To train business managers and entrepreneurs in management and economic subjects essential for operating in a market economy

*The one-year Post-Diploma Certificate Program (PDCP)*, with emphasis 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

- ▶ To develop institutional capabilities of the partner institution to offer high quality academic programs in management

*PACAMAM* had become a driving force behind the broad curriculum reform. 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.

In an effort to transform the present collaboration under the MTEEP into a broader strategic alliance between the UMN and the OUAT, the two institutions have developed a proposal for a dual degree program and submitted it to USAID/Poland for consideration. The proposal has been approved by USAID/Poland and at the time of this writing has the full support of the Hubert Humphrey Institute of Public Affairs (HHI). The formal recognition by the UMN Regents is expected by the fall. The new dual degree program will be inaugurated in October 1998. The award, in the amount of \$250,000, is designed as a two-year activity.

Because of the various activities connected with the new award, the Spring 1998 visit was not designed as a full-fledged evaluation visit but rather as an effort to document progress toward the newly elaborated cooperation. Therefore, this report consists of two separate components. The first component presents the activities under the current scope of work and the second component outlines the proposed collaboration.

## **II. COUNTRY CONTEXT**

For the Country Context, please, see the beginning of the Poland section.

## **III. PRINCIPAL FINDINGS**

### **A. STATUS VERSUS PREVIOUS RECOMMENDATIONS**

The following recommendations were made in the July 1-December 31, 1997 Semi Annual Report. As mentioned above, the primary goal of the current visit was to document progress toward the expanded strategic collaboration between OUAT and UMN. Therefore, the recommendations have been addressed only briefly during discussions with the *PACAMAM* administration. Due to proposed institutional changes (moving EMRIM to the College of Management), as of October 1998, *PACAMAM* will lose the direct oversight over this program. However, these recommendations remain valid for the newly designed activities.

*PACAMAM should continue to track and collect professional progress of its graduates and these "success stories" should be included with the quarterly reports.*

*PACAMAM should provide institutional support to the newly established Alumni Association by creating a position of Alumni Affairs Coordinator. The Center should also explore the feasibility of involving the recent EMRIM graduates in the program's delivery as guest lecturers.*

**B. PROGRAM IMPACT**

**EMRIM and PDCP participants highly value the relevance of training to their jobs and view the programs as an important factor in professional advancement**

All those interviewed during the fall site visit provided numerous examples of using training from their respective programs at their places of work. The course evaluations for EMRIM II and III and for PDCP for second quarter provide further evidence of this. Seven EMRIM courses were evaluated during the second quarter. The evaluation questionnaire

addressed the following issues which shed light on the impact of this training: relevance of the course to participants' needs, recognition of local economic situation, gaining skills which can/will be applied at work, and course delivery. The respondents considered most of the courses relevant to their needs (range between 70%-93%), with one course being an exception where only 24% of participants found it relevant. Likewise, the participants highly rated course delivery and instructors' preparation and knowledge (range 77%-97%, with one exception of 40%).

PDCP also received high evaluation scores. Relevance of courses to participants' needs -- ranged between 72%-91%, recognition of local economic situation -- 66%-91%, gaining skill to be applied at work -- 47%-80%, course delivery and instructor competence -- 66%-97%.

The previously observed trend for women's involvement in management training showed significantly higher levels of participation in shorter PDCP courses than in longer and more demanding EMRIM program. This year, this trend has been reversed and there has been a noted growth of women enrollment in EMRIM. In EMRIM I, women accounted for 22% but in EMRIM II, their representation increased to 35%, and in EMRIM III to 53%. In the current PDCP, women account for 34% as compared to 44% last year.

**Representation of women in the MTEE courses remains strong**

*MTEEP has made a long lasting institutional and programmatic impact at OUAT.* MTEEP has established not only the two successful management training programs (EMRIM and PDCP) but also significantly contributed to institutional restructuring at OUAT. The creation of the College of Management has been (according to the university leadership) a direct outgrowth of MTEE activities. To date, OUAT is the only agricultural academy in Poland to have such an institution. Programmatically, the undergraduate curriculum has been created with the active involvement of PACAMAM and is based on Western standards. The most recent development, moving EMRIM from PACAMAM to the College of Management, both complements and strengthens this institution's academic standing. UMN-OUAT partnership is the most successful example within the MTEEP portfolio of restructuring undergraduate curriculum.

## SUCCESS STORY

Mr Adam Stankiewicz is enrolled in EMRIM II. After graduating from the College of Food Science at OUAT in 1994, he started working at a private firm "Era" where he was responsible for logistics and sales. In August 1995, he was hired by Ostroda-Morliny Meat Company, Ltd, as a production supervisor for delicatessen meats. In October 1996, Mr Stankiewicz enrolled in EMRIM and as a direct result of this he was promoted to the position of export specialist. EMRIM training has significantly contributed to development and enhancement of his professional skills and knowledge. He specifically mentioned such areas as negotiation rules and techniques and meat products distribution in international markets. At the beginning of 1998 (after three semesters of EMRIM) he became Deputy Director responsible for sales and distribution at the Karczew Meat Company, Ltd, one of the divisions of the Ostroda-Morliny Company. At the moment, he is the youngest person at such managerial level (he is 29 years old). The Ostroda-Morliny Company employs 1,200 people in its various divisions. In addition to these promotions, Mr Stankiewicz created a marketing department in his division.

### C. PARTNER/PROGRAM SUSTAINABILITY

The new proposal for strategic collaboration between OUAT and UMN envisions as its flag ship activity awarding a dual MBA degree. Implementation of such a program requires, in turn, an appropriate institutional arrangement. These components are discussed below under their functional categories.

#### *PROGRAMMATIC SUSTAINABILITY*

When the current grant comes to an end, in September 1998, EMRIM will be moved from PACAMAM to the College of Management. As a result of this change, EMRIM graduates will receive a degree from the College of Management and not as previously from their respective faculties (Under the existing grant, the graduates of only three OUAT faculties could participate in the program -- Agriculture, Food Sciences, and Animal Sciences). This rule will also apply to the participants currently enrolled in EMRIM II and III. In addition, the new EMRIM program will no longer carry the previous restriction and will operate under "an open formula", namely it will be open to all individuals holding MA degrees and possessing appropriate experience.

In terms of program delivery, EMRIM will continue to be taught by professors trained under the MTEEP, with occasional US lecturers. It is also envisioned that the program will continue to offer a UMN certificate (from Department of Applied Economics). In order to provide the required level of participation by the UMN professors, the present tuition will have to be raised from \$1200 to \$2500 for the program. If, over time, the interest in the UMN Certificate declines, the program will continue to be offered without it.

The new program will offer a dual degree -- Executive MA in Business and Public Management -- from the Hubert H. Humphrey Institute of Public Affairs (HHH) and OUAT. Unlike the EMRIM, the new program will require a high level of competence in English from both the students and Polish faculty. This requirement will be supported by the English Language Center which is also a part of the new proposal.

In addition to the dual degree, PACAMAM's successor, the International Center for Business and Public Administration (ICBPA) will continue to offer post-diploma programs (PDCP) in marketing and management and public administration. These one-year programs have proven very effective in upgrading management education of the business community. The Center will continue to revise and upgrade the PDCP curriculum in order to assure flexibility and responsiveness to developing market needs. The demand for management and public administration training for municipalities will greatly increase when the new administrative law goes into effect, in January 1999. As a result of this change, Poland will gain a higher level of municipal administration accompanied by increased financial independence of the regional units. ICBPA will be one of the most qualified institutions in Poland to provide training at the municipal level.

The third area of ICBPA programmatic activity will include business courses and seminars, computer courses, seminars and conferences, language training, ecology education, and Cambridge English exams.

#### *ORGANIZATIONAL SUSTAINABILITY*

The overall institutional climate at OUAT is very supportive of institutional innovation. The university itself is in the process of becoming a full-fledged university and MTEEP activities only support this quest and strengthen the academic competence of the entire institution. MTEEP continues to enjoy the commitment and strong support of the OUAT leadership.

The dual degree program will be delivered by the reconstituted PACAMAM, renamed International Center for Business and Public Administration (ICBPA). The Center will no longer be a part of the College of Management but will become an independent inter-university unit (Institute) reporting directly to the OUAT Rector and overseen by a Scientific Council. For the duration of the USAID grant, ICBPA will also retain a close relationship to USAID/Poland.

The Scientific Council will be responsible for meritorial (academic) supervision of programs offered by the Institute as well as for supporting doctoral studies at the College of Management whenever these are related to the programmatic activity of the Institute. The Council will consist of 12-15 members representing UMN, OUAT and WSE. The UMN will be represented by faculty from Carlson School of Management, Hubert H. Humphrey Institute of Public Affairs, and Department of Applied Economics. The OUAT will be represented by the Deputy Rector for Science and

Collaboration with Abroad, and selected OUAT faculty The involvement of WSE will come from the departments (collegia) of industrial management, economic analysis, and socio-economic affairs

*FINANCIAL SUSTAINABILITY*

In order to support the proposed level of activity, in addition to the USAID grant, ICBPA will be able to draw on revenues generated from tuition The tuition for the new executive MA program is set at \$3,500 for two years with the proposed class size of 30-35 The tuition for PDCP will also be increased to 3,000 PLN (from 2,500 PLN) In addition, it is hoped that ICBPA will be able to draw on revenues generated during the last phase of the current grant

When the current MTEEP grant started, its implementers had serious reservations about being able to charge sufficient prices to offset the cost of course delivery due to a depressed regional economy Four years later, the prospects look very promising Not only are individual participants able and willing to pay, but there is a growing trend among the employers to cover partially or fully the cost of tuition. This appears to be particularly true of medium to large companies which increasingly value employees' education This general trend is supported by conducive tax laws which allow both for individual and company educational tax deductions

**D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

USAID/Poland continues to be a strong supporter of this program recognizing the commitment and dedication of both institutions involved The USAID officers responsible for the project maintain regular communication with the US and in-country project personnel

**E. PROJECT MANAGEMENT**

MTEEP continues to profit 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 As part of the on-going program administration, PACAMAM administers course evaluations at the end of each offering. This practice provides an important gauge in maintaining the quality of the program The course evaluation results are included with each quarterly report thus allowing for continuity in monitoring

#### IV. RESULTS IN BRIEF

##### A. PROGRAM REACH

PROGRAM REACH DATA FROM JULY 1, 1997 - JUNE 30, 1998

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	EMRIM II EMRIM III	20 15	11 17	31 32
Certificate (list by type)	PDCP (38+34) check gender break down	46	24	70
Seminars (1 day maximum)	1 (jointly with WSE)			
Resource Centers (list by type of activity)	Computer lab and Internet Users	158	129	287

##### B. SUMMARY OF FINDINGS BASED ON INDICATORS

###### IMPACT

EMRIM and PDCP participants highly value the relevance of training to their jobs and view the programs as an important factor in professional advancement. Representation of women in the MTEE courses remains strong. This year, there has been a noted growth of women's enrollment in EMRIM -- in the present cohort women account for 53%. MTEEP has made a long lasting institutional and programmatic impact at OUAT by establishing two successful management training programs (EMRIM and PDCP) and creating the College of Management.

###### SUSTAINABILITY

The overall institutional climate at OUAT is very supportive of institutional innovation and MTEEP continues to enjoy the commitment and strong support of the OUAT leadership. The current grant has successfully developed a well qualified faculty corps to sustain program delivery. The new grant and the requirements of a dual degree program will further strengthen academic capabilities of the Center and OUAT. In terms of assuring financial sustainability, PACAMAM has reevaluated and set new tuition levels to meet the requirements of upcoming program delivery.

**C. SUMMARY OF FINANCIAL STATUS**

<b>Funding Source</b>	<b>% of total Project Support 6/30/98</b>
USAID grant	40%
US Institution	10%
Local Institution	20%
Tuition and fees	30%
Other Sources	-
<b>TOTAL</b>	<b>100%</b>

**D. PROGRAM OBJECTIVES VERSUS ACHIEVEMENTS**

When compared against the stated objectives, the UMN-OUAT institutional partnership not only fulfilled these objectives but, as described under Program Impact, has contributed broader institutional and programmatic restructuring and reform at the Polish institution. This trend will continue when the new USAID grant begins in October 1998.

**V. CONCLUSIONS**

Over the course of the grant, PACAMAM has continued to evaluate and modify its academic programs which has led to a well designed and executed program. Both EMRIM and PDCP continue to receive high evaluation scores and to meet (and often exceed) enrollment targets. Participant interviews and success stories provide clear indication of the impact this training -- professional growth and advancement as well as (in some cases) more efficient performance of the departments or companies for which they work.

These achievements have been made possible by the commitment and dedication of the faculty and administrators from both institutions. This commitment has made it possible to consider and elaborate an even broader collaboration between the two institutions, one leading to a dual degree program.

**VI. RECOMMENDATIONS**

The DATEX MTEEP team would like to offer the following points for consideration

- ▶ As UMN and OUAT prepare to embark on a new project, the PACAMAM successor (ICBPA) should consider, perhaps in collaboration with the College of Management, providing an institutional home to the newly established Alumni Association. Maintaining active contact with alumni can considerably contribute to further strengthening of the institutional base.
- ▶ As part of programmatic enhancement, ICBPA should consider involving EMRIM and PDCP graduates in course delivery. This could be achieved through guest lectures or team teaching. The graduates provide an invaluable resource for bridging the gap between theory and practice, an important component of any executive program.

**POLAND: UNIVERSITY OF MINNESOTA AND  
WARSAW SCHOOL OF ECONOMICS**

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**EXECUTIVE SUMMARY**

**PURPOSE**

The purpose of the award is to develop institutional capabilities within well-established, recognized Polish universities to develop and sustain high-quality academic degree programs designed to provide comprehensive market-sector management and economics education and training

**SUMMARY OF COOPERATIVE AGREEMENT AND ACHIEVEMENTS**

In 1995, an earlier MTEEP grant established a Polish-American Center for Economic and Management (PACEM) as a base for the project's management training activities. 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 MTEE program has accomplished all of the stated objectives and exceeded others (establishing new programs, providing third country training). UMN and WSE collaboration has developed into a new strategic alliance. In order to implement the new institutional arrangements, the current grant has been extended until September 30, 1999 and supported with additional USAID/Poland funding in the amount of \$300,000.

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
Develop a cadre of executives and managers in Poland with skills in private enterprise management in a market economy who will have a lasting impact on their community and government.	WEMBA graduates and participants are employed by the major foreign, joint-venture and Polish companies. WEMBA continues to attract well qualified applicants.
Re-educate and train Polish public administrators and entrepreneurs in management and economics for a productive market economy.	This is being accomplished through Round Table seminars. Under the new institutional arrangement, other programs are planned to reach public administration officials.
Develop institutional capacities within well-established Polish universities to sustain high-quality academic degree programs for training in market-sector management and economics.	The proposed institutional innovation is an excellent example of this.

**SUMMARY OF PROGRAM FINDINGS**

**Last Recommendations.** For the past several months, UMN and WSE have been engaged in finalizing institutional and programmatic requirements connected with the proposed strategic alliance between the two institutions. As a result, implementation of previous recommendations, by necessity,

have taken a back seat. Once the new institutional arrangement is firmly in place, the program administration will be able to devote its energies to establishing an Alumni Association. PACEM administration continues to collect information on professional progress of WEMBA alumni and current participants.

***Program Impact.*** MTEEP has contributed to creation of a qualitatively new institutional collaboration. The new institutional arrangement, accompanied by financial independence, will enable both delivery of a high caliber Western MBA training as well as flexible response to the training needs of the evolving Polish management market. The impact of MTEEP training can be clearly seen at the individual level. The overwhelming majority of WEMBA I graduates (as well as the few WEMBA II students interviewed) see a direct link between their professional advancement and MBA training (raise in salaries, promotions, job offers). PACEM continues to develop training for third-country participants.

***Program Sustainability.*** The collaboration between UMN and WSE under MTEEP has evolved into a strategic alliance which has as its goal establishing a qualitatively new institutional arrangement to support the award of UMN MBA and, in the future, a dual MBA degree. Accreditation of WEMBA at WSE remains the central issue of strategic alliance between UMN and WSE. As part of the transition process, PACEM has made adjustments in marketing strategy and budgeting in an effort to reach financial sustainability. MTEEP programs continue to attract qualified participants and meet enrollment targets.

#### SUMMARY OF RESULTS IN BRIEF

WEMBA II and III have a joint enrollment of 78 of whom, respectively, 22% and 17% are women. The Post-Diploma Studies (developed in addition to MTEEP goals) have three cohorts with joint enrollment of 146. Women constitute 23% of all participants.

#### SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

UMN and WSE are taking all the necessary steps to prepare for the start of the new collaboration in October 1998. In the meantime, all MTEEP activities are continuing on schedule and accomplishing their respective targets.

When the new institutional arrangement becomes effective, in the fall of 1998, WEMBA Office or the Foundation should make a concerted effort to work together with the recent graduates in order to create an Alumni Association and establish a position of Alumni Affairs Coordinator.

**I PROJECT DESCRIPTION**

**PURPOSE**

The purpose of the award is to develop institutional capabilities within well-established, recognized Polish universities to develop and sustain high-quality academic degree programs designed to provide comprehensive market-sector management and economics education and training

<b>Country</b>	Poland
<b>Program start</b>	current grant began in 1994, MTEEP activities began in 1991
<b>PACD</b>	9-30-99
<b>US Grantee</b>	University of Minnesota (UMN)
<b>Local Partner</b>	Warsaw School of Economics (WSE)
<b>Total Grant Amount</b>	\$2,987,836 + \$300,000

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 base for the project's management training activities

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.

In an effort to transform the present collaboration under the MTEEP into a broader strategic alliance between the UMN and the Carlson School of Management (CSOM), the latter approved awarding the UMN's MBA degree to WEMBA graduates. The graduation ceremony for the first cohort took place on October 19, 1997. The strategic alliance envisions new institutional arrangements which already have received official endorsement of both universities. In order to complete the sustainability building process, USAID/Poland has granted a one-year extension to the existing award and additional funding in the amount of \$300,000. Under the new arrangement the grant is scheduled to end on September 30, 1999.

The Spring 1998 site visit was not a comprehensive Monitoring and Evaluation activity. Rather, the goal was to document progress on the proposed design of the new project, scheduled for implementation in October 1998. At the same time, in monitoring the current activity, this report draws on the information provided during the previous site visit as well as on the most recent quarterly report.

**II. COUNTRY CONTEXT**

For Country Context, refer to this section in the UMCP portion of the report presented earlier

**III. PRINCIPAL FINDINGS**

**A. STATUS VERSUS PREVIOUS RECOMMENDATIONS**

The following are the recommendations made during the Fall 1997 DATEX site visit and the summary of progress against them over the past six months

For the past several months, UMN and WSE have been engaged in finalizing institutional and programmatic requirements connected with the proposed strategic alliance between the two institutions. As a result, other issues, by necessity, have taken a back seat. Once the new institutional arrangement is firmly in place, the program administration will be able to devote its energies to other outstanding issues.

*PACEM should continue efforts to track and collect information on utilization of MBA training by WEMBA students.* As noted in the previous report, in an effort to document professional progress, WEMBA I graduates have been interviewed by an independent journalist hired by PACEM. In addition, all MBA graduates (including day time students) filled out an extensive questionnaire which addressed issues of program quality as well as impact of training. This appears to be an effective method to capture relevant information. It remains to be seen whether the program administrators will continue this procedure or opt for a different approach.

Now that MTEEP has 89 MBA graduates (31 in WEMBA I, the rest from DMBA), and the new institutional arrangement will be implemented in the fall of 1998, UMN - WSE consortium should make a concerted effort to assist the new graduates in establishing an Alumni Association and to create a position of Alumni Affairs Coordinator at WSE.

*WSE should consider utilizing WEMBA alumni as guest lecturers for WEMBA III. These individuals would bring to the classroom the practical application of MBA knowledge and experience of the conditions in the Polish market.*

**B. PROGRAM IMPACT**

MTEEP has contributed to creation of a qualitatively new institutional collaboration

The strategic alliance between UMN and WSE has led not only to programmatic restructuring at WSE but acted as a catalyst in creating a new type of an educational institution which actively develops alternative approaches to adult education and re-

training. The new institutional arrangement accompanied by financial independence will enable both delivery of a high caliber Western MBA training as well as flexible response to the training needs of the evolving Polish management market. The new collaboration is discussed in greater detail under Program Sustainability.

*The impact of MTEEP training can be clearly seen at the individual level.* The Economic Studies Center at WSE conducted a survey of all MBA graduates (two cohorts from the Day MBA program and one from WEMBA I). The overarching objective of the survey was to find out if the program satisfied participants' objectives, particularly those pertaining to acquiring knowledge and skills. The survey aimed at answering the following questions:

- ▶ Is the MBA certificate helpful in the pursuit of a business career?
- ▶ Does the curriculum satisfy the main goals of the program?
- ▶ Should the program currently offered be improved as far as the content and teaching methods are concerned?

The overwhelming majority of WEMBA I graduates (as well as the few WEMBA II students interviewed) see a direct link between their professional advancement and MBA training (raise in salaries, promotions, job offers). According to the student questionnaire, 68.8% see 'significant improvement' in their careers, 50% feel that their promotion opportunities and prestige have also significantly improved, and 43.8% claim significant improvement in salaries. (For more details on the results of the survey see the previous report.)

*Women enrollment in WEMBA remains below USAID targets.* Women constitute 22% of the participants in WEMBA II and 17% in WEMBA III. This is lower than in WEMBA I (with 26%) and certainly below the USAID goal of 50%. It is not clear why the participation of women has declined, and this issue should be given additional consideration in future reporting.

#### SUCCESS STORIES

Mr. Emil Konarzewski is a WEMBA I graduate. After graduation, Mr. Konarzewski joined a Polish owned ATM Company as its Managing Director of Internet Service Sales Department. Already by the end of 1997, he was promoted and became the company's President of the Board. At the beginning of 1998, he has undertaken restructuring of the entire company. As a result, one part of the company became a separate joint stock company (ATOM, S.A.) and the rest of the company has experienced 30% per quarter sales growth. Mr. Konarzewski expects the company to continue its aggressive growth rate for a relatively long time. Presently, the company actively seeks a strategic investor to develop ATOM's, S.A. market offer.

Mr Tomasz Czechowicz, a WEMBA II participant, is an owner and a manager of a JTT company. This year, Mr Czechowicz has been awarded a prestigious Business Center Club prize for the best up and coming Polish company and has been recognized as the "Best Young Polish Manager of the Year, 1998."

**C. PARTNER/PROGRAM SUSTAINABILITY**

The discussion below deals with the continuing implementation and progress on the MTEEP activities as well as with an update of the new collaborative effort, scheduled to start in October 1998.

The collaboration between UMN and WSE under MTEEP has evolved into a strategic alliance which has as its goal establishing a qualitatively new institutional arrangement to support the award of UMN MBA and, in the future, a dual MBA degree. From its inception, WEMBA has targeted middle and upper managers of large national, joint venture and international firms who take an active part in their professional and career development. In other words, WEMBA's strength and market competitiveness is in the program's exclusivity and quality. In order to maintain this leadership role WEMBA must have programmatic, organizational and financial elasticity (flexibility). The implementation of the new program will be supported by the following measures:

- ▶ An agreement between CSOM-UMN and WSE regarding creation of a joint MBA program at WSE
- ▶ Resolving the issue of the degree and diploma received by WEMBA graduates. This issue is intrinsically related to the WEMBA receiving AACSB accreditation as well as accreditation from other, particularly European, accrediting institutions
- ▶ Providing an institutional character to the Polish-American WEMBA Program
- ▶ Creation of a Foundation for Support of WEMBA.

These issues are discussed below according to their functional categories:

**PROGRAMMATIC SUSTAINABILITY**

**MTEEP programs continue to attract qualified participants and meet enrollment targets**

Presently, 36 (28 male, eight female) students are enrolled in WEMBA II, and 41 (34 male, seven female) in WEMBA III, exceeding the original target enrollment of 30. Following the prominent coverage of the first WEMBA graduation in the Polish media, the program administration expects an even greater response for the next fall's admissions. On April 26, WEMBA's staff held an "Open Day"

for prospective students. WEMBA I and II students were on hand to answer questions about the program as well as to share professional insights. The program was well attended, confirming both on-going demand for managerial training and recognition of WSE as a leader in this field.

Likewise, PACEM's programs developed outside of the programmatic requirements of MTEEP, continue to be in demand. During the second quarter of FY 1997/98, the second edition of Managerial PDS was concluded in Katowice. The third edition continues on schedule. To meet the growing demand, a fourth edition will be offered and the initial organizational steps have been undertaken.

During the second quarter, PACEM conducted three Executive Workshops -- Corporate Restructuring, Managerial Economics - Investment Project Evaluation, and General Management. For the first two workshops the recruitment process was conducted through the National Investment Fund, and for the third through the Chamber of Commerce. The total number of participants was 26 -- 18 men and 8 women.

*PACEM continues to develop training for third-country participants.* World Learning Foundation (WLF) asked PACEM to develop a training program for the Latvian Stock Exchange officials and administrators. The WLF thought highly of the programmatic component of the program but considered the per participant costs too high. Although the program has not been implemented, PACEM clearly presented its institutional capabilities to serve as a third-country training institution.

#### *THE NEW PROGRAM*

Under the proposed arrangement, WEMBA will remain the center piece of academic activities. In addition, the new inter-university unit will develop and deliver other programs such as one-year long PDS, executive seminars and other customized training courses. The long-term programmatic plans also envision offering of a full-time MBA program, but implementation of this activity will have to wait until Polish law recognizes MBA as a legitimate degree.

*Finding the appropriate solution to resolve the issue of WEMBA degree awarded by the WSE will remain at the center of WSE programmatic and institutional activities in the near future.* Since the Polish Ministry of National Education (MEN) does not recognize MBA program as an academic masters level program, MBA graduates cannot receive a Masters degree from any of the Polish institutions of higher education. At present, WEMBA graduates will receive their MBA from CSOM and may have a choice of diplomas from WSE. At this stage of collaboration, WSE can award either a Post-Graduate Diploma, a Special Magister-level Diploma or other appropriate degree depending upon which additional WSE requirements WEMBA students might wish to fulfill. This arrangement is considered temporary and it is only a matter of time before Polish Law on Higher Education will be either changed or amended in order to adjust to the requirements of the European Union.

However, under present conditions, as long as WEMBA graduates receive a UMN degree, the program will retain its competitive edge and will be considered as one of the leading MBA programs in Poland (This opinion is expressed in the official proposal submitted by WEMBA administrators to the WSE authorities )

*Accreditation of WEMBA at WSE remains the central issue of strategic alliance between UMN and WSE.* In order to achieve a stated goal of a joint UMN-WSE MBA, WEMBA needs to receive accreditation from AACSB. At present, there is no Polish institutions whose MBA program is accredited by AACSB. At the same time, AACSB is beginning to explore possibilities to accredit off-shore programs and WEMBA hopes to become a pilot project. WSE is a very good candidate for such an undertaking because it is a premiere institution of economic and managerial education in Poland, and as such has been highly evaluated by OECD and by the Community of Europe Management Schools (CEMS) which chooses only one institution in a given country for membership.

In addition to pursuing AACSB accreditation, WEMBA as an inter-university unit can pursue accreditation from North Central Association of Universities and Colleges (NCAUC). Currently, UMN has a five-year exemption to grant an off-shore degree.

#### *ORGANIZATIONAL SUSTAINABILITY*

As part of the reorganization, PACEM will be transformed into a new entity. The proposed organizational structure for implementation of the new program includes the following elements:

*Polish-American WEMBA Program at WSE.* The program will receive supervision and programmatic guidance from the *Polish-American Programmatic WEMBA Council* which will make decisions regarding the form of cooperation, direction of WEMBA development, recruitment issues, and faculty development. The Council will consist of 4-6 members representing both partners. The executive functions of the Council will be carried out by the WEMBA Office and its Director on the Polish side, and by the Polish Project Coordination at CSOM. All financial aspects of the program will rest with the *WSE Foundation for Support of WEMBA*. The Foundation will also oversee development of other programs such as PDS, executive workshops and customized training as well as promote and finance faculty training and research needed to support delivery of MBA. The Foundation hopes to develop a vibrant inter-institutional research collaboration and exchange with institutions in Poland as well as abroad. The results of these research activities will be joint training materials, textbooks and case studies.

As soon as the Foundation is legally established, WSE will transfer to the Foundation the office space currently occupied by PACEM and the three lecture halls (building 'S')

PACEM has submitted the new proposal to the WSE authorities and the University Senate has approved the new strategic alliance. Before the new arrangement can be implemented, the Foundation must be registered in the Polish court.

#### *FINANCIAL SUSTAINABILITY*

*PACEM has made adjustments in marketing strategy and budgeting in an effort to reach financial sustainability.* A new schedule for marketing activities has been developed with a goal of assuring a high rate of response. Another important consideration was to make the new strategy cost effective. PACEM has undertaken a thorough evaluation of a wide variety of promotional ideas and identified what it considers to be the most important marketing activities for WEMBA. These include placing up to four newspaper ads in nation-wide editions of daily papers, organizing an "Open Day" with participation of WEMBA I and II students, and placing an advertising banner on the WSE building informing about the WEMBA application.

The new operational budget will be used to benchmark future expenses as well as for evaluation of present program expenditures. The current spending levels for WEMBA necessitate greater resource generation from other PACEM programs (Executive Workshops, PDS). As a result, the Executive Workshop activities have been redesigned to concentrate on (a) developing a set of training sessions for a particular institutional partner and (b) to open participation in the WEMBA concentration core courses to qualified outside participants.

#### THE NEW PROGRAM

The Foundation will be responsible for all financial activities of the various programs. In addition, it will also accept donations from companies and private individuals from Poland and abroad. The initial operational capital will consist of revenues collected from WEMBA I, II and III and other training programs. These funds are presently deposited in the WSE account.

#### **D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

For the general information please refer to this section in UMCP portion of this report.

USAID/Poland strongly supports the new strategic alliance between the UMN and the WSE. The Mission realizes that in order to effectively implement and institutionalize the dual-degree project, additional time and funds are necessary. To that effect, the Mission has designated additional funds in the amount of \$300,000 to facilitate obtaining this goal, scheduled for 1999.

**E PROJECT MANAGEMENT**

Until the end of the grant the project will be managed by the same well qualified WSE team. As part of the implementation process of the new institutional arrangements, the WEMBA director will be responsible for the overall management of the project and the PACEM Director will have the responsibility for finalization of arrangements between UMN and WSE. MTEEP continues to enjoy strong support of the Rector and Deputy Rector for External Relations and has a good working relationship with the Faculty of Management. Likewise, the program profits from a very supportive interaction between the UMN and WSE staff.

PACEM continues work on preparation and implementation of the Information Management System. The initial equipment purchases have been made, and a new time table for the project has been reevaluated. When the program becomes operational, it will significantly reduce the day-to-day operational costs as well as improve the quality of programmatic and administrative services to students and faculty. The new system is scheduled to be fully operational by the fall of 1999.

**IV. RESULTS IN BRIEF**

**A. PROGRAM REACH**

*PROGRAM REACH DATA FROM JULY 1, 1997 - JUNE 30, 1998*

<b>Program Type</b>	<b># Active Cohorts/Programs</b>	<b># Male Participants</b>	<b># Female Participants</b>	<b># Total Participants</b>
MBA (list by cohort)	2 3	28 34	8 7	37 41
Certificate (list by type) management	MPDS I MPDS II MPDS III (not part of original MTEEP)	40 32 40	11 13 10	51 grads 45 50
Workshops (multiple days)	3	18	8	26
Other ** (specify)	two publications			

**B. SUMMARY OF FINDINGS BASED ON INDICATORS***IMPACT*

The results of the questionnaire administered to WEMBA I graduates unambiguously indicate that MBA training is highly valued on the job market and has significantly improved professional opportunities of the graduates. Sixty-eight point eight percent have cited significant improvement in their careers, 50% feel that their promotion opportunities and prestige have significantly improved, and 43.8% confirm significant improvement in salaries.

Although WEMBA III has exceeded enrollment targets, participation of women has declined from 22% to 17%.

*SUSTAINABILITY*

MTEEP has a well developed faculty core to deliver WEMBA training, and the program administration is run entirely by the local staff. Pricing of the various programs has been re-evaluated to assure financial sustainability at the end of the grant period.

**C. SUMMARY OF FINANCIAL STATUS**

Funding Source	% of Total Project Support 6/30/98
USAID grant	60%
US Institution	5%
Local Institution	20%
Tuition and fees	15%
Other Sources	-
<b>TOTAL</b>	<b>100%</b>

**D. PROGRAM OBJECTIVES VERSUS ACHIEVEMENTS**

MTEEP has achieved all the objectives stated in the grant documents. In addition, the project developed and implemented additional training programs in other regions of Poland (PDS in Management in Katowice) as well as prepared training for third-country participants.

## **V. CONCLUSIONS**

UMN and WSE are taking all the necessary steps to prepare for the start of the new collaboration in October 1998. In the meantime, all MTEEP activities are continuing on schedule and accomplishing their respective targets. The impact of WEMBA training is very strong at the individual level (promotions, new job offers) and in some instances at the level of institutional performance (procedures, sales and marketing plans).

## **VI. RECOMMENDATIONS**

The DATEX MTEEP team urges that the following actions be considered:

- ▶ When the new institutional arrangement becomes effective, the WEMBA Office or the Foundation should make a concerted effort to work together with the recent graduates in order to create an Alumni Association and establish a position of Alumni Affairs Coordinator.
- ▶ As part of alumni activities, the WEMBA Office may want to consider asking alumni to become guest lectures in on-going WEMBA courses. Such lectures would bring to the classroom the practical application of MBA knowledge reflecting the specific conditions of the Polish market.

**THE SLOVAK REPUBLIC: UNIVERSITY OF PITTSBURGH**

**EXECUTIVE SUMMARY**

**PURPOSE OF GRANT**

The purpose of the original grant to the University of Pittsburgh (UPitt) was to establish a sustainable Center of Excellence to train an elite core of Slovak business and economics faculty at the Economics University of Bratislava (EUB) UPitt has since ceased its partnership with EUB and begun working with Comenius University

**SUMMARY OF GRANT OBJECTIVES AND ACHIEVEMENTS**

There were six basic objectives in the UPitt scope of work, which were not altered in the change of partners (see the chart below) One set of objectives centered on building Weekend Executive (WEMBA) and Full-Time MBA programs and improving undergraduate business education The other set concerned improving both undergraduate and postgraduate education in economics

<i>Objectives</i>	<i>Achievements towards Objectives over Life of Project</i>
Professional faculty development program in Business at Comenius University; 30 one-semester Slovak faculty visits to UPitt.	A total of 16 faculty Slovak members have effected study tours to Pittsburgh, and another six are in process (43 targeted in year three)
Professional faculty development in Economics, 48 semesters (12 faculty for 4 semesters each) of faculty visits to UPitt Department of Economics	Five Slovak faculty began studies at UPitt in the fall of 1997 four have been accepted into the Masters degree in economics Another group is being selected to begin in the fall
WEMBA Business executives to be educated in modern methods in 15-25 students per class as follows year one - 15, year two - 15+20, year 3 -15+20+25, year 4 - 20+25+25	WEMBA I and II both currently have 13 students and WEMBA III has 19 enrolled for a total of 45, compared with 60 anticipated in year three
Full-time MBA. To begin in September 1998 and be completed in one calendar year; 45 students and possibly up to 100	The Faculty of Management is beginning to recruit the first class for full-time MBA to begin in the fall of 1998
Center for Postdoctoral Studies and Research Jointly established by Faculties of Management and Economics to provide postdoctoral education to 15 Slovak faculty per semester	This Center does not yet exist as such. Collaboration between the two faculties is being encouraged toward that end.
Improved undergraduate and graduate Economics education. Slovak faculty who return from UPitt will teach courses in economics beginning in spring of 1999	This will not occur until the Slovak participants return from UPitt next year

Improved undergraduate and graduate education in Business Slovak faculty who return from UPitt will co-teach courses in business beginning in year two of grant.	Slovak faculty trained at UPitt and teaching in Comenius and EUB have reached 2400 students, compared with 3000 anticipated by 1998 (Economics 750 Management 1650)
Academic infrastructure development. The library will be upgraded and computer network established.	UPitt faculty have donated 620 titles to the library and there are 189 journals An Economics & Finance Computer Laboratory is expected to be installed in 1998

**SUMMARY OF PROGRAM FINDINGS**

**Previous Recommendations.** The DATEX team urged that a strategic plan be elaborated reflecting the long-term objectives of the WEMBA and MBA programs It further proposed that both programs develop a business plan identifying the levels and sources of financing

**Program Impact.** The participants in the WEMBA program are mainly from important and highly visible companies This fact has helped in publicizing the program and in recruitment

**Sustainability** A critical issue of sustainability hinges on the quality and commitment of Slovak faculty teaching in the Faculty of Management Also important is the ability to secure adequate financing to sustain the new Full-Time MBA. It is too early to assess sustainability of the Economics program

**SUMMARY OF RESULTS IN BRIEF**

The Faculty of Management at Comenius University now has three WEMBA cohorts enrolled, with a total of 45 students Recruitment has begun for the first cohort of full-time MBA students The Faculty of Mathematics and Physics has four faculty members studying economics at UPitt and another seven are being selected to go in the fall of 1998

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

Although the UPitt program is behind in attaining original output targets, it is doing reasonably well in light of the change of partners This year has been a critical turning point in grant activities with Comenius University The management education program, with three WEMBA cohorts, is now under new Faculty of Management leadership, and a strategic planning process has been initiated The economics education component is now operational as well Comenius University should seek to learn from other MTEEP programs such as those applying distance education

## I. PROJECT DESCRIPTION

### PROGRAM PURPOSE

The original cooperative agreement between UPitt and USAID was signed in October 1995 with a completion date of December 1998. Under the agreement, UPitt was to enter into a partnership with the Economics University of Bratislava (EUB). The program was to consist of two components: Management Education (including both a Weekend MBA program (WEMBA) and a Full-Time MBA) and Post-Graduate Economics education. The WEMBA program began in January 1996, the Economics program in February 1996, and Full-Time MBA in September 1997. However, by November 1996 all three were experiencing problems. Following the visit of UPitt Project Directors to Bratislava that month, UPitt decided to dissolve its relationship with EUB.

<b>Country</b>	The Slovak Republic
<b>Program Start</b>	1995
<b>PACD</b>	originally 12/31/98, extended to April 30, 2000
<b>US Grantee</b>	University of Pittsburgh
<b>Local Partner</b>	Comenius University, Faculty of Management
<b>Total Grant Amount</b>	\$3,000,000

With the approval of USAID/Slovakia and ENI Bureau, UPitt entered into an agreement with Comenius University, formally signed on January 28, 1997. According to the terms of the agreement, UPitt would organize the WEMBA program and Full-Time MBA at the Faculty of Management and economics training with the Faculty of Mathematics and Physics at Comenius. Due to the delays caused in changing partners, in July 1997 UPitt requested a no-cost extension to the grant to April 30, 2000. The Katz School will provide some oversight until the end of 1999, although there will be no on-site supervision after that summer.

### MAJOR PROGRAM COMPONENTS

***WEMBA and Full-Time MBA Programs.*** The first component of the UPitt grant program, the WEMBA and the Full-Time MBA, was incorporated into the Faculty of Management at Comenius University. One WEMBA cohort, carried over from the previous university partner, is nearing graduation. A second cohort is into its second year, and a third began in January 1998. The WEMBA program is being taught by a combination of Katz School and Faculty of Management professors, adjunct faculty from the Economics University, and a few from the private sector as well as. The Bratislava MBA Case Competition involving Katz MBA students, WEMBA and Faculty of Management students has been held twice, since April 1997.

***Faculty Professional Development Program (FPDP) in Economics.*** The second component, a Faculty Professional Development Program in Economics for members of the Mathematics and

Physics Faculty, got under way in the fall of 1997 when five faculty members from Comenius University arrived in Pittsburgh for a two-year period of training in advanced economics. These participants will be expected to return to the Faculty to teach courses in Economics which are part of the professional program in Mathematical Economics and Finance that admits 30 students per year. Eight additional participants will arrive in the fall of 1998.

## **II COUNTRY CONTEXT**

The government of Prime Minister Vladimír Mečiar continues to receive criticism at home and abroad for backsliding on political reform, despite Slovakia's relatively good economic performance. Mečiar's government has been the subject of criticism by the European Union (EU) and the United States who questioned his commitment to good governance and the rule of law. Slovakia was the only Eastern European state blocked from the first wave of EU entry talks because it had not met the criteria for civil and minority rights.

When President Michal Kováč's term of office ended in March 1998, Prime Minister Mečiar increased his power by taking over the presidency. The day after assuming most of the powers of the vacant presidency, Mečiar canceled a referendum on seeking NATO membership and on holding direct elections for president. Several times the divided Slovak parliament failed to muster the two-thirds majority needed to elect a new president. The five disparate opposition political parties have formed the Slovak Democratic Coalition whose stated purpose is to "re-establish the rule of law and respect for the constitution, maintain economic growth and guarantee qualification for the EU and NATO." Its mission is to unseat the Mečiar government in the elections due in September 1998. Mečiar then unveiled a controversial new election law proposal which engulfed his ruling coalition in a fresh wave of criticism. The government maintained that the law was designed to restore order and consensus in Parliament by reducing the number of small parties fighting to secure narrow interests. But the opposition claimed the measure would virtually outlaw coalitions, discriminate against independent candidates, and give an overwhelming advantage to Mečiar's own political party (HZDS).

And despite positive economic growth, there were signs of weakness in the Slovak economy. In an investors service report of April 1998, Moody's lowered the country ceiling for foreign currency bonds and notes due to Slovakia's consistently high fiscal and current account deficits financed increasingly by foreign borrowing. The high interest rates were increasing the burden of servicing domestic debt, forcing Slovak firms and banks to finance their operations abroad. The rating agency noted that Slovakia's good record on GDP growth, investment, and industrial growth was based on high levels of public spending and rapidly growing short-term foreign debt. The Moody report predicted pressure for devaluation of Slovak currency to grow in 1998 which could in turn lead to difficulties in private sector debt payments.

The Law on Further Education regarding Slovak universities, approved by the government in July 1997, is still tied up in the legislative process. Since Slovakia does not have a sitting President, bills requiring his signature are on hold. The goal of the bill is to legally cover activities and conditions of educational institutions in three areas: degree programs, professional education, and civic education. The law would grant universities the right to issue certificates - as distinct from degrees - that would have legal authority. Under the existing system, a degree has a direct relationship to earnings associated with jobs in the public sector, although not to private sector employment. Under the bill, tuition payments would mainly be the responsibility of the student, which would be a major change.

### III. PRINCIPAL FINDINGS

Although the UPitt program is behind in attaining original output targets, it is doing reasonably well in light of the change of partners. This year has been a critical turning point in UPitt grant activities with Comenius University. The program is now under new Faculty of Management leadership, and a strategic planning process has been initiated. The WEMBA program now has three cohorts with a total of 45 students. All participants in the first two cohorts were men. For the first time, four women were admitted into the WEMBA III cohort.

There have been four DATEX site visits to Slovakia, the most recent of them in the fall of 1997 when the UPitt relationship with Comenius University was only ten months old. At that time the DATEX team traveled through the country interviewing participants at their place of business. There was no visit scheduled in the spring of 1998, although in December two DATEX team members traveled to Pittsburgh to debrief the UPitt MTEEP faculty on findings from the fall site visit. There was also a luncheon meeting with UPitt and Comenius representatives at the MTEEP Directors' Conference in Poland.

#### A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The following are recommendations derived from the fall 1997 DATEX site visit and a summary of progress against them over the past six months:

*The DATEX team urges that a Strategic Plan be elaborated that reflects the long-term objectives of the WEMBA and MBA programs.* Discussions on this subject continued during the DATEX team debriefing in Pittsburgh in December, during which time the Katz faculty stated their commitment to helping to convene a strategic planning meeting. With their assistance, the Vice Dean of the Faculty of Management organized a strategic planning retreat together with UPitt's MTEEP In-Country Director which took place in April 1998.

*Comenius University should make clear what degree or certificate will be awarded to Full-Time MBA graduates.* Recruitment for this program is proceeding now. Applicants for the program are

being told that the question of obtaining a Comenius MBA degree is dependent upon the legislation in parliament, but that there is now evidence of the great demand for MBAs within Slovakia and abroad

*A Business Plan should be elaborated for both the WEMBA program and the Full-Time MBA program which specifies the levels and sources of financing* It is anticipated that both the WEMBA and Full-Time MBA programs will be fully financed through tuition

*UPitt should make a concerted effort to submit quarterly reports on time, so that DATEX may incorporate their information into its reports.* UPitt has submitted a quarterly report for the January to March 1998 period

#### **B. PROGRAM IMPACT**

*The WEMBA program has begun to have a significant impact on participants.* WEMBA participants are recruited primarily from middle and senior level management of established Slovak companies, some of them still being privatized but most of them private Slovak firms or foreign companies with Slovak participation. One of them, VSZ in Kosice, is the largest company in the country, a highly diversified steel firm with some 24,000 employees. VSZ has sent four of its senior managers to the WEMBA program. Other participating companies such as Ceram Cab in Nove Sady, represent joint ventures. Many students are doing well in their studies and applying lessons learned to the management of their companies.

*WEMBA students and faculty have benefitted from several program initiatives in recent months.* In March 1998, WEMBA I executives visited Pittsburgh where they participated in lectures and discussions on topics relevant to their studies. They also spent a half day at each of several corporations in the Pittsburgh area. Some visited the financial district in New York as well.

An intensive course in English writing skills for business reports was offered for faculty and senior staff of the Faculty of Management beginning in February which required extensive homework. Twelve persons began the course and seven remained at the end of two months. A course in spoken English is scheduled to begin in June.

In addition to their use in the WEMBA program, the facilities are expected to be used for courses on European integration in the future. Funds are being sought for badly needed library resources within both Faculties. UPitt has been working to build up the Faculty of Management's library with the installation of a new electronic database research system for accessing periodicals,

**The WEMBA classroom facilities in the Management Faculty are now fully renovated**

at a three-year cost of about \$25,000. The library now has a total of 187 journals and UPitt faculty have donated 620 recent titles.

*The Faculty Professional Development Program (FPDP) in Economics is now under way, although its impact is still sometime away.* Comenius University's Faculty of Mathematics and Physics (FMP) entered into an agreement with UPitt's Department of Economics to help expand its program of Mathematics of Economics and Finance (MEF) which it started three years ago. The MEF is a five year program consisting of three years work at the undergraduate level and two years at the masters level. Most of the economics and finance courses are taken in the last two years. The social and economic changes beginning in 1989 have created a need for mathematically well prepared specialists with knowledge in economics and finance. Graduates of this faculty have been finding themselves in careers involving economics and finance for which they had not been prepared.

The FMP signed an agreement with UPitt to send faculty members to Pittsburgh for two academic years of professional development training. During those two years the Slovak faculty members take three standard first year doctoral courses and two electives. In the second year they take two optional field specializations and a third as an elective. They must also undertake a research project in economics. They can elect to receive a Master's degree by passing the doctoral comprehensive exams in Micro and Macroeconomics.

Five faculty members from the FMP Faculty have begun training within the Department of Economics at UPitt. After a very competitive and rigorous selection process, three men and two women were chosen for the first group and arrived in Pittsburgh in September 1997. Two men were physicists and one a mathematician, while the two women are mathematicians. The three men had their doctoral degrees and had been teaching for many years. The women were younger and were just beginning their academic careers. All took core courses in economics, including statistics, micro and macro-economics, and game theory the first year. The original five were interviewed by the DATEX team at Pittsburgh. In general they were quite satisfied with the program although they concede that it is academically quite demanding. The older participants said they were having trouble regaining study habits. Some were having difficulty understanding courses such as game theory in which English language content is most important. One of them was obliged to return to Slovakia for health reasons, although a sixth participant was chosen to go to Pittsburgh for one semester.

**Participation of women in the Comenius University Program is growing**

As a result of a concerted effort to recruit women into the WEMBA III cohort, for the first time this year four women students entered the WEMBA program. Seven of the 18 who took the GMAT course were women, as were four of the seven participating in the English language training. Possibilities of short-term management training for the National Women's Democratic Union are also being

discussed Two of the four post-doctoral students in the economics training program at UPitt are women, one of them designated the outstanding student in microeconomics

#### SUCCESS STORY

Typical of the participants in the WEMBA I cohort is Ladislav Major, Quality and Marketing Manager and one of the founders of ProCS (Process Control Systems) Located in the small town of Sala, ProCS is the number one power engineering firm in the country ProCS was formed in 1992 as an off-shoot of one of the largest companies in Western Slovakia, a producer of fertilizer The new firm's sales grew 120% from 1995 to 1996 and today most of those sales are in export markets ProCS was the first Slovak company to receive the ISO 9000 certification for Quality Management With the rapid growth of Pro CS, Mr Major has found numerous ways to apply the lessons learned in his WEMBA classes He has used strategic planning courses to prepare a five-year plan for bank financing Courses in human resource management have given him a handle on hiring specialists to help in restructuring the firm He has set up an information system subsidiary to develop a wide area network Mr Major is excited about the prospects for the future success of ProCS and is ready to help the WEMBA program grow and develop, as an alumni, drawing upon his experience as a senior manager

#### C. PARTNER/PROGRAM SUSTAINABILITY

##### *PROGRAMMATIC SUSTAINABILITY*

***The WEMBA Program.*** The first Strategic Planning Meeting took place in April 1998 The UPitt Project provided DATEX with a memorandum summarizing the meeting In attendance were UPitt Project Directors and In-Country Coordinator, the Dean and Vice Deans of the Faculty of Management, the USAID MTEEP Project Manager, two WEMBA students, the MBA coordinator, and the Chairman of the Board of Directors Documents outlining proposed new Full-Time and Part-Time MBA programs (in both English and Slovak) were distributed, together with a Business Plan, Marketing Plan, and Faculty Development Plan Discussion focused on the ability of the Faculty of Management to initiate the new MBA program while at the same time also recruiting for WEMBA IV USAID and UPitt representatives questioned whether Comenius would have the capacity to assume full responsibilities when UPitt's role ends in early 2000 The Dean and Vice Dean gave assurances that they would be ready, although plans to launch the Slovak language MBA have been dropped

***A key issue debated was the Faculty Development Plan.*** At stake was the question as to whether there is sufficient faculty capacity to begin the Full-Time MBA and WEMBA IV at the same time It was concluded that a faculty matrix be drawn up to illustrate both the quantity and quality of faculty needed The matrix would show courses, program, offering date and faculty availability The

student representatives stressed the importance of having American professors and the UPitt linkage as attractions to the WEMBA program. The challenge over the next two years will clearly be to build the effectiveness and credibility of Slovak faculty.

*The nature of the diploma (degree) to be awarded in the WEMBA and MBA programs is still the subject of discussion and contention.* Although UPitt consistently maintained in writing and in presentations to participants that they were to receive an MBA certificate upon completion of the three-year program, students have continued to lobby for a degree. This culminated in the decision of the Katz School in November 1997 to formally allow WEMBA participants to complete their MBA degree at Pittsburgh, provided they fulfill the residency requirements. It is not known how many will actually follow this option. Although in the short run this may have taken some of the pressure off UPitt, it does not address the basic issue of developing a legitimate MBA degree program at Comenius University.

*While the Law on Further Education legislation addresses issues relating to the introduction of fees, it apparently does not include a proposal for restructuring the existing degree system.* As in other CEE countries, the WEMBA program at Comenius finds itself completely outside the university degree structure since the MBA is not a recognized degree. Slovak universities do not have the right to confer this degree. There is clearly a market for the MBA, as reflected in the increasing number of programs that purport to offer an MBA diploma of some sort and the number of firms who hire holders of MBA's. This applies especially to foreign firms that are familiar with the value of the MBA. Thus, until the MBA becomes officially recognized, universities in the region that are developing MBA or MBA-type programs culminating in a degree are seeking alternative solutions. UPitt, however, is convinced that this issue will be muted if the certificate awarded is of the highest quality.

Scheduled to begin in the fall of 1998, recruitment for this English language MBA program has begun. The issue of equivalency or comparability between WEMBA and the Full-Time MBA will need to be carefully examined. Both are expected to result in a certificate, although the Full-Time MBA will be a 15-month program while the WEMBA is three years. Both have the same content and require 51 credits.

*Bratislava MBA Case Challenge Competition.* The Case Competition held at Comenius University in April 1997 was organized by the Comenius Faculty of Management and the Katz School, with funding from the local Deloitte Touche accounting affiliate. By all accounts it was quite successful. It was followed by a second competition a year later which was equally successful. A small grant has also been secured from a German computer software company to fund the development of case studies, and other alternative funding sources are being explored.

*ORGANIZATIONAL SUSTAINABILITY*

The Faculty of Management is now working toward the integration of the WEMBA program into the Faculty and taking a more active role in recruitment for the Full-Time MBA. Although the Faculty has a large undergraduate and graduate degree program, it has limited experience in administering continuing education (evening) programs other than WEMBA. It still needs to build up the administrative apparatus and personnel to manage the WEMBA program. The key to a smooth transition from UPitt management of the WEMBA and MBA programs to Comenius management now resides in the recent selection of the Vice Dean of the Faculty to be the Director of the MBA program. He took up his responsibilities in the spring of 1998 and works closely with the UPitt In-Country Director. It is expected that he will take over complete responsibility for running the program in early 1999. The Vice Dean was primarily responsible for organizing the Strategic Planning Retreat. However, the Faculty's operational support to the WEMBA (e.g. photocopy facilities, timely payment of invoices) still leaves something to be desired.

**The relationship of the WEMBA program to the Faculty of Management (FM) is being more clearly defined**

*WEMBA Faculty development will become an increasingly important issue during the transition period.* There are currently several Slovak faculty from the Economics University and the private sector, as well as the Comenius Faculty of Management teaching in the WEMBA program. However, the recruitment and assignment of qualified Slovak professors will continue to be an important issue as the program grows. UPitt and the Faculty of Management leadership agree that qualified teachers for the WEMBA program must be recruited from wherever possible, including outside of academia. Several adjunct professors now teaching in the WEMBA program are senior managers in private companies. It is expected that the revenues generated from tuition fees will be used in part to enhance the salaries and benefits of the Comenius faculty teaching in the WEMBA and MBA programs or participating in the Faculty Professional Development Program in Economics. These funds are also expected to pay for research grants to Comenius faculty engaged in teaching in any of these programs.

Although the FPDP in Economics is a faculty training program, there was no degree envisaged in the UPitt proposal. The second semester (spring 1998) was a good one for the Slovak participants, one of whom was at the top of her class in microeconomic theory. A second group of eight Slovak professors was selected in the spring of 1998 to travel to Pittsburgh in the fall to begin the program.

**Four of the Slovak faculty participants in the Economics Education component have been accepted into the Master's degree program in Economics at UPitt**

Those who complete the training at Pittsburgh will be expected to teach a certain number of economics courses upon return to Comenius. Between 12 and 15 faculty members were targeted to participate in the FPDP over the life of the project. The UPitt MTEEP Project Director has observed that a cadre of this size within three years would mean that the MEF program will have more full-time faculty members than the CERGE program (Czech Republic) established in seven years. Under the MTEEP grant this component would have provided a cadre adequate for generating a second generation of faculty. Currently the clearest commitment to faculty development under the MTEEP grant is the MEF program being implemented with the Faculty of Mathematics and Physics.

*The returned FMP faculty members will also be the core cadre for a Joint Research Center in Economics and Management.* Establishment of a Center of Excellence was included as one of UPitt's original project objectives. With the severing of the relationship between UPitt and the EUB at the end of 1996, plans for linking the management and economics components within Comenius University are only now getting under way. This is expected to consist of a joint research and faculty development center in management, economics and mathematical methods to bring the faculty members and graduate students of the Faculty of Management and Faculty of Mathematics and Physics together. The Center might either be a separate organizational unit or simply an association of interested faculty members for the purpose of promoting faculty and graduate student research.

#### **FINANCIAL SUSTAINABILITY**

An agreement regarding MBA Programs Revenue was entered into between the authorities of Comenius University and UPitt on January 28, 1997, specifically concerning the control and accountability of tuition funds and other income received by the Faculty of Management in cooperation with UPitt in fulfillment of the MTEEP grant.

**The WEMBA program has been successful in generating income since it is able to charge tuition fees, a clear indication of demand.**

The main purpose of the agreement was to establish an MBA Programs Account to keep the revenues from WEMBA from being co-mingled with other accounts. It stipulates that all interest income earned on the account remain in the account. Withdrawals and disbursements from the account require the signatures of both a representative of UPitt and the Dean of the FM. The funds generated from the WEMBA program are to be used only for the expenses incurred in the delivery of the education and research services under the WEMBA, the full-time MBA, and the Development Program in Economics. The agreement is in effect until the end of the grant period, so there is no guarantee that it will continue after USAID funding runs out. The pricing of the Full-Time MBA program was discussed during the April Strategic Planning Meeting. It was proposed that it be priced above other similar programs being offered by competitors in Slovakia to underscore its quality to potential students.

The decision reached during the planning meeting to raise the price from about \$3,000 to \$5,700. By comparison, the WEMBA program charges \$10,000 over a three-year period.

#### **D. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

The University of Pittsburgh program falls within USAID/Slovakia's Strategic Plan, and the Mission continues to be generally supportive of its efforts. The USAID 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. Two indicators of progress toward these results are the number of students taught by "enhanced" faculty and the number of postdoctoral faculty trained in economics. By 1997 a total of 1,500 students was to be reached and 3,000 by 1998. UPitt reported in its January-March 1998 quarterly report that the number of students reached was estimated to exceed 2,400. The number of faculty trained was targeted at 20 in 1997 and 43 in 1998. The report indicated a total of 16 faculty trained, with six more in the process.

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. The partnership between UPitt and Comenius University focuses on enhancing the skills of university faculty members and managers who can profit from modern training in management and economics. The USAID Mission has been quite supportive of UPitt during difficult times. It is significant to note that the USAID Project Officer attended the strategic planning meeting held in April and played an active role.

#### **E. PROGRAM MANAGEMENT**

At the beginning of 1997, the responsibility for In-Country Project Director passed from a representative of the UPitt Economics Department to a faculty member of the Katz Graduate School of Business. The In-Country Director now spends roughly half of his time in Slovakia managing the WEMBA program and the other half continuing to teach courses at UPitt. His principal assistant, a Slovak woman who contributed much to developing the program, has recently resigned to take up another position.

Although the MTEEP office is located in the Faculty of Management of Comenius University, the Faculty has not been directly involved in the day to day operations of the WEMBA program and recruiting until recently. The selection of a Vice Dean of the Faculty of Management responsible for the MBA Program is the most significant development since UPitt began working with Comenius. It represents a commitment of the Faculty to local leadership and ownership of MTEEP activities.

The WEMBA program now has a duly constituted Advisory Board consisting of prominent Slovaks from key businesses, including Chirana-Prema, and Polnabanka, and a managing partner of the local affiliate of Deloitte Touche. The Board met for the first time in the fall of 1997 and the Chairman of the Board participated in the April strategic planning meeting.

The Faculty of Management has instituted an MBA Round Table meeting of faculty members which is becoming a regular vehicle for promoting communication within the executive management training program. The meeting of the Round Table held in October and attended by the DATEX team, had a good mix of faculty, adjunct teachers from the private sector and from the Economics University.

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

##### **A. PROGRAM REACH**

###### *PROGRAM REACH DATA FROM JULY 1, 1997 TO JUNE 30, 1998*

There are currently three WEMBA cohorts at Comenius University's Faculty of Management. Both WEMBA I and WEMBA II have 13 participants, with four participants having dropped out of the latter. The third WEMBA cohort has 19 participants enrolled, including for the first time four women. Plans are still under way to launch a Full-Time MBA program in September 1998. The Case Challenge also had 14 women out of a total of 55 participants.

<b>Program Type</b>	<b># Active Cohorts/Programs</b>	<b># Male Participants</b>	<b># Female Participants</b>	<b># Total Participants</b>
PhD*		2	2	4
MBA (list by cohort)	WEMBA I WEMBA II WEMBA III	13 13 15	0 0 4	13 13 19
Seminars (1 day)	GMAT preparation one-day course	11	7	18
Workshops (multiple)	Faculty English Language Training (14 half days)	3	4	7
Business Counseling	Chemical and software companies	3	0	3
Resource Centers**	On-line electronic database in Faculty of Management for accessing library periodicals			
Other ***	MBA Case Challenge Competition (three days)	41	14	55

\* Participants already have equivalent of PhD degree but are working toward Masters in Economics at UPitt in Post-Doctoral Program

\*\* No data are available on number of persons using the center

\*\*\* Participants in the three-day MBA Case Challenge receive a certificate and winners receive cash award

**B. SUMMARY OF FINDINGS BASED ON INDICATORS**

See Annex #9 for evidence of impact and sustainability

**C. SUMMARY OF FINANCIAL STATUS**

The largest portion of funding in Slovakia is still USAID (50%) and the second largest is UPitt (23%) The UPitt program is jointly implemented by the Katz Graduate School of Business and the Economics Department The US institution's contribution to the project therefore includes both of these units The UPitt share of funding stayed about the same as during the last reporting period, while the share of tuition and fees increased slightly from 22% to 24%

Funding Source	% of Total Project Support \$130,998
USAID Grant	50%
US Institution	23%
Local Institution	3%
Tuition and Fees	24%
Other Sources	%
<b>TOTAL</b>	<b>100%</b>

## V. CONCLUSIONS

The UPitt-Comenius University relationship is now a year and a half old. The most important issue facing the UPitt and Comenius program is the availability and quality of Slovak faculty in the WEMBA and MBA programs. It is questionable whether the Faculty of Management will be able to field a sufficient number of their own faculty to meet the need in all of the programs now being planned. The question of the MBA degree is not so pressing now that there is clearly a market demand for the MBA program. The financial sustainability of the proposed Full-Time MBA program now seems assured since it is not a degree program and is thus not proscribed from charging tuition by the University. However, an issue which arises over the time required and the relative outcomes of pursuing the WEMBA program versus the full-time MBA remains to be ironed out.

The post doctoral program in economics, after extensive re-thinking and planning, now appears to be off to a good start with four Mathematics and Physics faculty members now studying in Pittsburgh. All have been accepted into a Master Program in Economics and another group is being selected to go to Pittsburgh.

It would be beneficial for the Vice Dean to be able to make contact with other MBA programs within MTEEP to gather lessons learned from their experience. Several times DATEX has suggested more collaboration between Comenius and CMC in the Czech Republic. Perhaps for historical reasons this relationship might not be especially well received in the Slovak Republic, even though there have been some personal ties within the two institutions. However, there are several MTEE programs similar to that at Comenius whose experience could be directly relevant. DATEX facilitated introductions among local partners during the Spring MTEEP Project Directors' Conference held in Poland.

**VI. RECOMMENDATIONS**

- ▶ DATEX proposes that Comenius seek to recruit executives from corporate sponsors of the WEMBA program who perceive a direct interest in management training for their executives and are willing to help sustain the program
- ▶ DATEX proposes that UPitt and Comenius consider travel to other MTEEP partner universities to study their MBA programs. For example, the distance education program at the University of Lodz in Poland could have relevant application within the WEMBA program at Comenius
- ▶ DATEX proposes that a shorter certificate program of a year or less (a "mini" MBA, such as that developed at University of Lodz) be developed to accommodate those unable to complete the full three-year WEMBA program
- ▶ DATEX urges all MTEEP grantees and their partner institutions involved in MBA programs to join UPitt and Comenius in their proposal to organize a regional Case Challenge Competition

**A. INTRODUCTION**

MTEEP has now completed its seventh year. Several of the grantee programs have been in operation since 1991 and most are scheduled to close out by the end of 1999. In the DATEX 1997 Annual and Semi-Annual Reports, we pointed out that with the increased maturity of MTEEP activities, there is a growing concern with measuring and understanding their impact and sustainability. In this section we examine the effect of MTEEP interventions on the individual participants, as well as the businesses and agencies in which they work. We also look at the sustainability of the institutions that MTEEP has assisted. In this session, we review program impact, partner/program sustainability, program management, lessons learned, and finally present overall conclusions. The following is a summary of each section.

***Program Impact (including program reach)*** The program reach charts present information and analysis for a full year, from July 1, 1997 to June 30, 1998. We also examine the change and evolution of the MTEE Project in this section in more qualitative terms. We identify the trends in the impacts of MTEEP grantee institutions and their partners on participants, project staff, faculty, and business owners.

***Partner/Program Sustainability*** We define sustainability along three dimensions: programmatic, organizational, and financial. These aspects of sustainability are viewed in the context of the sustainability plans elaborated by each of the partner institutions as they are facing the phasing out of USAID funding. The issues that have traditionally been examined in this section are included in the section below in Lessons Learned.

***Program Management*** In order to analyze program management across projects, we have employed the same two questionnaires as in past reports, one for US and In-Country Project Directors and the other for Local Partner Representatives. Results from these questionnaires reflect opinions on project management from the three different perspectives about project strengths and weaknesses.

***Lessons Learned*** This section replaces cross-project themes and incorporates those issues previously examined in the section above in partner/program sustainability. It is intended to be a distillation of the lessons derived from the experience of MTEEP grantees and their partner institutions, as well as USAID, in the implementation of the Management Training and Economics Education Project.

***Conclusions.*** Program-wide implications of the information in this chapter are presented.

**B. OVERALL MTEEP IMPACT**

The overall MTEEP goal is to contribute to the growth of Central and Eastern European market economies. Evaluation of the impact these programs have had over the past year in achieving this goal is outlined in quantitative terms in Table 2. MTEEP Program Reach Data from July 1, 1997, to June 30, 1998. This is the first time we have presented a 12-month program reach chart. It must be kept in mind that total numbers are not comparable with those of a year ago, since five programs have graduated from MTEEP and are not included. As in the 1997 Annual Report, we have described the impact of these programs on the participants in more detail in the country reports.

Table 2 shows the gender breakdown for participants in each activity and the percentage of female participation wherever disaggregated data are available. The first program types are academic (PhD and MBA) and certificate, both long-term programs. Short-term Training activities include one-day seminars and multiple-day workshops for general audiences. Business Counseling and Special Company Interventions consist of direct firm-level activities. The last two program types are Resource Center and Other, which often show impact on large groups from a variety of institutions and activities including libraries, breakfast presentations, and conferences.

**MTEEP PROGRAM REACH DATA FROM JULY 1, 1997, TO JUNE 30, 1998**

*Table 2 MTEEP Program Reach Data from July 1, 1997, to June 30, 1998*, presents the results of the MTEEP activities in quantitative terms during a full twelve-month period since the last Annual Report. Impact is reflected in the number of participants reached by an activity. It must be kept in mind that figures for the degree and certificate programs represent participants who follow a course of studies for extended periods of time, hence their numbers tend to be cumulative. The participants in short-term training and other activities, on the other hand, are involved in programs of shorter duration. The same person may participate in the same type of activity (e.g., seminar, workshop) several times in the course of the year.

- ▶ 15,713 participants were reached in all MTEEP activities during the 12-month period
- ▶ Of these, 10,631 participants were reached in the more traditional program areas: academic and non-academic training, business counseling and special interventions
- ▶ SUNY/CPED in Hungary reached the largest single number in any category: nearly 2,500 participants through special company interventions, 22% of them women
- ▶ Women comprise some 39% of participants in all program types. The largest percentages of women attendees were in one-day seminars (53%) and certificate programs (46%)

**OVERALL PROGRAM RESULTS**

*Table 2. MTEEP Program Reach Data For July 1, 1997 to June 30, 1998*

Program Type	Country	Institution cohorts, programs, companies	# Male Participants	# Female Participants	Percent Female	# Total Participants		
<b>TABLE 2A ACADEMIC PROGRAMS</b>								
<b>PhD*</b>	Slovakia Latvia	UPitt SUNY-Buffalo	2	2	50%	4		
			1	2	40%	5		
		<b>SUB-TOTAL</b>	<b>3</b>	<b>2</b>		<b>5</b>		
<b>MBA</b>	Albania	UNL/UT (2) **	7	16	70%	23		
			12	22	65%	34		
	Hungary	SUNY/CPED (2)	60	7	10%	67		
			145	19	12%	164		
			Latvia	SUNY-B (6)	28	10	26%	38
					17	17	50%	34
					22	18	45%	40
					23	17	43%	40
	Poland	UMCP (2) UMN/QUAT(2) UMNWSE(3)	25	31	55%	56		
			40	44	52%	84		
			18	6	25%	24		
			20	11	35%	31		
			20	11	35%	31		
	Slovak Rep	UPitt(3)	15	17	53%	32		
			26	9	26%	35		
			28	8	22%	36		
			34	7	17%	41		
13			0	0%	13			
		<b>SUB-TOTAL</b>	<b>15</b>	<b>4</b>	<b>21%</b>	<b>19</b>		
			<b>581</b>	<b>274</b>	<b>32%</b>	<b>855</b>		
<b>Certificate</b>	Albania	UNL(1)	2	2	50%	4		
			56	297	84%	353		
	Hungary	IU(6) SUNY(2)	123	25	17%	148		
			45	5	10%	50		
			Poland	UMCP(8) UMN/QUAT UMN/WSE(3)	138	71	34%	209
	46	24			34%	70		
	40	11			22%	51		
	32	13			29%	45		
	Romania	WSU [3 progs]	40	10	20%	50		
			17	8	32%	25		
				<b>46%</b>	<b>1,005</b>			
		<b>SUB-TOTAL</b>	<b>539</b>	<b>466</b>		<b>1,005</b>		
		<b>TOTAL TABLE 2A</b>	<b>1,123</b>	<b>742</b>	<b>40%</b>	<b>1,865</b>		

**OVERALL PROGRAM RESULTS**

Program Type	Country	Institution cohort, program, companies	# Male Participants	# Female Participants	Percent Female	# Total Participants
<b>TABLE 2B SHORT-TERM TRAINING</b>						
Seminars (1 day maximum)	Albania	UNL(2)	143	189	57%	332
	Hungary	<sup>1</sup> IU (23)	164	123	43%	287
		<sup>2</sup> SUNY/CPED (9)	129 n/a	79 n/a	38% <sup>3</sup> n/a	250 <sup>4</sup> 309 <sup>4</sup>
	Lithuania	KTU/P (18)	112	145	56%	257
		KTU/P (24)	122	224	65%	346
		KTU/P (28)	142	251	64%	393
	Poland	UMCP(6)	117	47	29%	164
145			123	46%	268	
Romania	WSU(38)	92	129	58%	221	
Slovak Rep	UPITT	11	7	39%	18	
<b>SUB-TOTAL</b>			<b>1,177</b>	<b>1,317</b>	<b>53%<sup>3</sup></b>	<b>2,845<sup>4</sup></b>
Workshops (multiple days)	Albania	UNL	17	15	46%	32
	Hungary	IU(24)	345	207	38%	552
		SUNY/CPED (4)	33	14	30%	47
	Latvia	SUNY-B (3)	9	12	57%	21
			7	1	12%	8
	Lithuania	KTU/P (44)	226	282	56%	508
	Poland	UMCP(6)	33	57	63%	90
			8	7	47%	15
			769	334	30%	1103
	UMN/WSE (1)	12	5	29%	17	
Romania	WSU (3)	62	28	31%	90	
Slovak Rep	UPitt (3)	26	11	30%	37	
<b>SUB-TOTAL</b>			<b>1,547</b>	<b>973</b>	<b>39%</b>	<b>2,520</b>
Business Counseling	Albania	UNL [4 ctrs]	212	251	54%	463
	Romania	WSU (518)	314	119	27%	433
	Slovak Rep	UPitt(2)	3	0	0%	3
<b>SUB-TOTAL</b>			<b>529</b>	<b>370</b>	<b>41%</b>	<b>899</b>
Special Company Intervention	Albania	UNL	3	4	57%	7
	Hungary	<sup>2</sup> IU(4) SUNY/CPED(73)	n/a 1940	n/a 555	n/a 22%	n/a 2495
<b>SUB-TOTAL</b>			<b>1,943</b>	<b>559</b>	<b>22%</b>	<b>2502</b>
<b>TOTAL TABLE 2B</b>			<b>5,196</b>	<b>3,219</b>	<b>38%<sup>3</sup></b>	<b>8,766<sup>4</sup></b>
<b>TOTAL 2A &amp; 2B</b>			<b>6,319</b>	<b>3,961</b>	<b>39%<sup>3</sup></b>	<b>10,631<sup>4</sup></b>

**OVERALL PROGRAM RESULTS**

Program Type	Country	Institution cohorts, program, companies	# Male Participants	# Female Participants	Percent Female	# Total Participants
<b>TABLE 2C NON-TRADITIONAL ACTIVITIES</b>						
Resource Center (list by type of activity)	Hungary	IU(39)	1219	815	40%	2034
	Poland	UMN/QUAT(Computer Lab & Internet Users)	287	129	31%	416
	Romania	WSU 19 Research Requests	11	8	42%	19
		<b>SUB-TOTAL</b>	<b>1,517</b>	<b>952</b>	<b>39%</b>	<b>2,469</b>
Other	Hungary	IU (2) presentations	69	36	34%	105
		(4) round tables	101	41	29%	142
		<sup>2</sup> (5) open enrollment	n/a	n/a	n/a	n/a
		SUNY/CPED Participant Training programs ( 4)	11	5	31%	16
		TQM academic, but not MBA	1155	857	57%	2012
		Conference 1-4 day	37	1	3%	38
	Lithuania	KTUP(2)	44	33	43%	77
	Latvia	SUNY-B -Pre-MBA -General Eng	25	43	63%	68
			46	49	52%	95
	Slovak Rep	UPitt Post Doc (1)	3	2	40%	5
MBA Case Challenge Competition (three days)			41	14	25%	55
		<b>SUB-TOTAL</b>	<b>1,532</b>	<b>1,081</b>	<b>41%</b>	<b>2,613</b>
		<b>Total Table 2C</b>	<b>3,049</b>	<b>2,033</b>	<b>40%</b>	<b>5,082</b>
		<b>GRAND TOTAL</b>	<b>9,368</b>	<b>5,994</b>	<b>39%<sup>3</sup></b>	<b>15,713<sup>4</sup></b>

- Notes
- \* Faculty development of local staff funded under MTEEP
  - \*\* Numbers in parenthesis indicate numbers of classes and/or cohorts
  - 1 Listed figures for this activity reflect 1/98-6/98 available numbers - 7/97-12/97 figures unavailable
  - 2 Complete M/F breakdown not available for this program activity
  - 3 Percentage derived from available total numbers of male and female participants and not total number of participants
  - 4 Sum represents total participants and is not based on the strict addition of listed numbers of male and female participants

## ACADEMIC AND CERTIFICATE PROGRAMS

***Economics PhD, MBA and certificate training programs.*** Table 2 shows that in the last 12 months there are four Slovak professors in a post-doctoral program currently at the University of Pittsburgh (another six are due to begin studies in the fall of 1998 ) One Latvian professor is completing his PhD in Management at SUNY-Buffalo Seven MTEEP programs (UNL/Albania, SUNY-B/Latvia, SUNY/Hungary; UMCP, UMN/OUAT, and UMN/WSE in Poland, and Slovakia/UPitt) have had 855 participants in MBA programs in five countries, of whom one-third are women The first MBA graduating classes received their degree in Albania at the University of Tirana and the Warsaw School of Economics in Poland, and new cohorts began their studies in the programs in Albania, Latvia, Poland and Slovakia this spring The Riga Business School, Latvia (SUNY-B) has six MBA cohorts, the largest number in any MTEE Program Roughly half of the Riga MBA students are women The lowest percentage of women has been in the WEMBA program in Slovakia, although the latest cohort admitted four women in a class of 19 students

***Certificate programs.*** For this reporting period there are seven MTEEP programs with certificate programs in five countries (UNL/Albania, IU/Hungary, UMCP, UMN/OUAT, and UMN/WSE in Poland and WSU/Romania) These programs registered just over 1,000 participants, with the Indiana University program in Hungary accounting for more than a third of total SUNY in Hungary and the University of Maryland in Poland both counted over 200 participants in certificate programs Women account for nearly half of all the participants in these programs, with IU having the highest participation, 84% out of a total of 353

## NON-ACADEMIC PROGRAMS

***Short-Term Training*** Seminars and workshops have traditionally been the activities which attract the largest numbers of participants in MTEEP programs One-day seminars attracted more than 2,800 participants, while multi-day workshops registered 2,500

***Business Counseling and Special Company Interventions.*** Business Counseling targets mainly business owners and managers from private firms This was a significant feature of the WSU program in Romania where there were 433 sessions conducted, UNL reported 463 in Albania The SUNY/CPED program in Hungary reported 73 special company interventions involving 2,495 participants

## OTHER ACTIVITIES

The remaining two categories included in the chart - Resource Center and Other - include a variety of activities which are becoming increasingly important to outreach in MTEE Programs Resource Centers are usually located on the university campus, most often within the library While these

centers have come to be very important components of MTEEP activities, project staff initially were inclined not to keep track of the number of people who used the facilities. This is the case with Comenius University in Slovakia where an electronic information system has been installed in the library. The Indiana University program in Hungary has experienced a substantial increase in the number of persons availing themselves of the resource center at BUES. The major activity of the SUNY/CPED program in Hungary consists of the Total Quality Management sessions provided to 2,012 participants, more than half of them women. The English language program at Riga Business School is another example of an activity that falls into the "other" category. Together, the resource centers and these other activities accounted for 5,082 participants during this reporting period.

#### DEGREE AND CERTIFICATE PROGRAM DATA THROUGH JUNE 30, 1998

In *Table 3 Program Reach Life of Project Data Through June 30, 1998*, we present the composite figures for all of the programs that have graduated participants in academic and certificate programs, regardless of whether they have had close-out evaluations. This table does not include the short-term training programs, for which there is no degree or certificate. The first two categories indicate the number of participants and graduates in academic (PhD and MBA) programs. The third category is the number of participants who have been enrolled in certificate programs.

The CERGE-EI program in the Czech Republic has graduated seven PhDs in Economics since the beginning of the program in 1991. There are eight MBA programs in six countries (the degrees in Bulgaria were Masters rather than MBA). Out of a total of 1028 participants in MBA programs, 334 have received MBA degrees. By far the two largest MBA programs thus far have been the Riga Business School and the Czech Management Center, although the Technical University of Budapest now has a sizeable MBA enrollment. We are able to account for 240 who have received certificates, although there have been some 1,923 participants in certificate programs.

There was only one close-out evaluation during the 12-month period: the Washington State program in Romania. We have, therefore, not included a close-out program reach chart in this report. Instead we report on the programs that have degree and certificate graduates (*Table 3*). In the last Semi-Annual report there were six programs reported as being closed-out: University of Delaware in Bulgaria, the University of Pittsburgh in the Czech Republic (CERGE-EI and CMC), SUNY-Buffalo in Latvia, Texas A&M International in Lithuania, and Washington State University in Romania. However, two of these - Latvia and Lithuania - have been extended and are therefore included in this report. The Washington State University program in Romania closed out at the end of 1997, and is also included in this report. Thus we are reporting on nine programs in six countries.

**Female Participation.** The percentage of female participants in MBA programs has remained fairly constant at about one-third of the total. Of the 334 MBA graduates, 79 have been women. The

## OVERALL PROGRAM RESULTS

percentage of women participants in certificate programs, however, is nearly half (46%) Of the 240 who have received certificates, a similar proportion (113) were women

**OVERALL PROGRAM RESULTS**

*Table 3 Cumulative Degree and Certificate Program Data Through June 30, 1998*

Program Type	Country	Institutions, (cohorts, programs, companies)	# Male Participants	# Female Participants	% Female	# Total Participants	# Male Grads	# Female Grads	# Total Grads
PhD	Czech Rep Slovakia * Latvia*	UPR/CERGE (6)**	73	38	34%	111	N/A	N/A	7
		UPRt	2	2	50%	4	N/A	N/A	N/A
		SUNY Buffalo	1	0	0%	1	N/A	N/A	N/A
		<b>SUB TOTAL</b>	<b>76</b>	<b>40</b>	<b>34%</b>	<b>116</b>	<b>N/A</b>	<b>N/A</b>	<b>7</b>
MBA	Bulgaria Czech Rep Latvia Albania Hungary Poland Poland Poland Slovakia	UD (MA/AEP)	6	2	25%	8	5	2	7
		UPR/CMC (5)	122	24	16%	146	122	24	146
		SUNY-B (5)	155	137	47%	292	46	58	104
		UNL(2)	19	38	67%	57	7	16	23
		SUNY(2)	205	26	11%	231	N/A	N/A	N/A
		WSE(3)	88	24	21%	112	N/A	N/A	35
		UMCP(2)	38	17	31%	55	N/A	N/A	N/A
		OUAT(2)	49	33	40%	82	14	5	19
		UPR(3)	41	4	9%	45	N/A	N/A	N/A
		<b>SUB TOTAL</b>	<b>723</b>	<b>306</b>	<b>30%</b>	<b>1,028</b>	<b>180</b>	<b>106</b>	<b>334<sup>1</sup></b>

**OVERALL PROGRAM RESULTS**

Program Type	Country	Institutions, (cohorts, programs, companies)	# Male Participants	# Female Participants	% Female	# Total Participants	# Male Grads	# Female Grads	# Total Grads		
Certificate	Bulgaria	UD									
		<sup>2</sup> AEP (1)	21	19	48%	40	13	7	20		
		<sup>3</sup> AMP(2)	17	34	67%	51	13	33	46		
	Czech Rep	<sup>4</sup> SBCP(3)	44	104	70%	148	N/A	N/A	N/A		
		UPM/CERGE(19)	333	219	40%	552	N/A	N/A	N/A		
		Albania	UNL(1)	2	2	50%	4	N/A	N/A	N/A	
		Hungary	IU(6)	56	297	84%	353	N/A	N/A	N/A	
		Hungary	SUNY(2)	307	48	14% <sup>5</sup>	376 <sup>1</sup>	N/A	N/A	N/A	
		Lithuania	TAMIU (ETP-2)	26	41	61%	67	26	41	67	
		Poland	WSE(3)	112	34	23%	146	40	11	51	
		Poland	UMCP(8)	55	36	40%	91	N/A	N/A	N/A	
		Poland	OUAT(1)	46	24	34%	70	N/A	N/A	N/A	
		Romania	WSU(3)	17	8	32%	25	35	21	56	
				<b>SUB-TOTAL</b>	<b>1,036</b>	<b>866</b>	<b>46%<sup>4</sup></b>	<b>1,923<sup>1</sup></b>	<b>127</b>	<b>113</b>	<b>240</b>
		<b>GRAND TOTAL</b>			<b>1,835</b>	<b>1,211</b>	<b>40%<sup>5</sup></b>	<b>3,067<sup>1</sup></b>	<b>307</b>	<b>218</b>	<b>581<sup>1</sup></b>

\* Faculty development of local staff funded under MTEEP

\*\* Numbers in parenthesis represent numbers of cohorts, programs, and/or companies

1 Sum represents total participants and is not based on the strict addition of listed numbers of male and female participants

2 AEP-Advanced Economics Program

3 AMP-Advanced Management Program

4 SBCP-Small Business Certificate Program

5 Percentage derived from available total numbers of male and female participants and not total number of participants

**CHANGE AND EVOLUTION OF MTEEP PROGRAMS**

In this section we look beyond the quantitative measures of impact and identify trends in impact in qualitative and attitudinal terms

*Participation in the MTEEP programs has effected attitudinal change in many participants.* In every MTEEP country, the DATEX team has heard testimony as to the management changes in clients and implementors through their involvement with MTEEP activities. New Western business concepts are being introduced into the curricula through training in the classroom, seminars and business counseling, fostering the introduction of new ideas into the business and governmental communities. For example, managerial economics is a course that is cited as being very helpful to MBA students, even those working in government agencies. In some cases, these programs are educating a generation of people using new approaches. This holds true in the business world where exposure to management training accelerates this process. For example, participants in Poland's UMN/OUAT Executive Master of Rural Industries Management (EMRIM) and Post-Diploma Certificate Program (PDCP) commented that in addition to specific usage of the new knowledge gained from the programs, a valuable result of this training was a broadening of their perspective on economic development and a better understanding of company operations.

The responses received in the Local Partners' Questionnaires (see section D Project Management) provide a different measure of the impact that MTEEP has made in changing people's way of thinking. Local partners have identified specific ways in which this program is making a difference to them, their faculty, and their clients. Thinking about the impact of activities has become an integral part of their cognitive process. People are looking beyond implementation and thinking about why and how their work is important and are examining ways to work more efficiently.

**The quality of teaching in partner universities has improved**

Many university professors are being trained in US institutions through short study tours and long-term academic training, while others are co-teaching, with US professors, courses in market economics and management using Western teaching and training business methodologies. Those professors interviewed stated that this type of training is of great benefit to them and to the students. This added expertise increases both their credibility and confidence in addressing the issues related to the emerging markets of their countries.

Some of these local professors are finding lucrative employment in the private sector, but a growing number are contracting to provide consulting services for businesses while remaining on staff at their universities. This has a dual benefit. They are able to apply their academic expertise in a practical setting and see academic training translated into reality. The students receive the benefit of their professors teaching them using real life local examples, thus enabling them to better understand how a free market system works in their own countries.

## OVERALL PROGRAM RESULTS

TQM Centers in Hungary provide an interesting example of how practical expertise is applied. The eight TQM Centers have instituted total quality management programs as a comprehensive approach to management. Consequently, universities are revising their undergraduate curriculum to include TQM training and counseling. The Technical University of Budapest established an MBA in Engineering Management, due in part to MTEEP support for faculty and curriculum development.

Business center counselors are feeling the impact of MTEEP in Romania. All of the counselors in the Centers of Business Excellence Network (CBEN) are university professors. Counselors interviewed during the past several site visits have agreed that work with the CBEN and involvement with MTEEP have changed their understanding of management, economics, and business. But more importantly, it has changed their approach to these subjects and the way in which they teach them. They state that the quality of their teaching and the response of students to their classes has definitely improved. Furthermore, they attest to the fact that the CBEs are becoming centers of business culture, where business owners and managers can share their experiences and ideas while learning new techniques and gaining access to market information.

*Long-term academic programs provide immediate benefits.* Students in academic and certificate programs have cited many examples of the application of studies in the workplace, even as they continue in their programs. Most of the students are working while going to school. Current students at the EMBA program at the University of Lodz in Poland and the WEMBA program at Comenius University in Slovakia and Riga Business School in Latvia have especially noted their ability to apply the knowledge gained in strategic planning, marketing and financial management courses within their places of employment. Some are in key positions within major corporations. Graduates from the Warsaw School of Economics (Poland) attest to significant professional growth as a result of their MBA training. Several graduates indicated that they have received increased job responsibilities, promotions, and in some cases exciting new opportunities with other employers.

In each of the countries where these programs are operating there are indications of a positive change in the clients' approach to doing business. Nearly all of the business centers are collecting fees for their services, reflecting the value placed on them by the client firms. In Romania, despite almost no access to credit or grant funding for SMEs, the Centers are still servicing clients requesting business plans and feasibility studies for their intrinsic value alone, not just to meet a loan application requirement. The BUES Management Development Center in Hungary has established an SME Academy which sprang from a Business Management Program aimed at upgrading the skills of manager assistants. The Academy started a program focusing on SME finances and accounting which had to close registration early at nearly double the initial targeted enrollment.

**MTEEP business counseling centers and firm-level assistance activities have improved the quality of business operations**

## OVERALL PROGRAM RESULTS

During three country site visits in the fall of 1997 (Poland, Romania, and the Slovak Republic) the evaluation team made it a point of interviewing clients and past participants in their place of business. These visits were highly beneficial because the business managers and entrepreneurs were able to physically point out the changes made as a result of their involvement with MTEEP and the resulting differences in their operations. The evaluation team could actually see the improvements. Furthermore, the pride and sense of accomplishment of these individuals was tangible.

There has been an increase in the number of specialized training programs being contracted and developed for medium-sized or larger firms, particularly for privatizing companies. As a result, MTEEP is having a real impact on the way in which firms in Hungary, Romania, and Poland are managing their organizations. The business centers are also conducting more specialized training for managers of firms of all sizes. This reflects the growing appreciation for the skills and business approaches being fostered under MTEEP. In IU's program with the MDC at BUES in Hungary, many of the initial customized training interventions are becoming extended into an ongoing set of training and consulting activities for these companies. The UMCP project with the University of Lodz in Poland continues to deliver high quality, short-term executive management development programs for firms across Poland, with local and national participants. A spin-off of these activities has been the development of mini-MBA programs specifically designed for company executives.

In Romania, the CBE Network has developed the local capacity of business counseling to the point that the Centers are being contracted by other centers outside of the network to train their counselors. The Polytechnic University of Bucharest is conducting most of this training. WSU recently provided similar training in Moldova, and the majority of the training was conducted by Romanian trainers.

Business research is providing key data that local businesses have not previously had access to. This is a small but growing segment of several MTEEP programs. The Romania and Lithuania programs have used these services to help local business people learn the value of obtaining good market information and business data. This has resulted in contracts for specialized data gathering, which in Romania has grown such that each business center has decided to develop its own capability rather than centralize through the Polytechnic University center.

### **C. PARTNER/PROGRAM SUSTAINABILITY**

The deadline for sustainability is fast approaching for all MTEEP programs. Each program is currently scheduled to end no later than 1999, barring possible extensions. All of the MTEEP programs have been wrestling with this issue since their inception. The chances of MTEEP programs achieving sustainability are closely tied to a few critical elements. The commitment of the local partner to the goals and objectives of the program is essential. The flexibility to respond to changing and evolving market needs has become paramount, especially considering the pace of change in the

economic conditions in some of the partner countries. The programs must have the financial capacity to fund activities at current levels beyond project funding.

This section has previously examined the issues of sustainability which is assessed across three areas -- programmatic, organizational, and financial. Programmatic sustainability addresses the ability of the programs to maintain and further develop their services and program delivery following the end of USAID funding. Organizational sustainability deals with the relationship between the MTEEP programs/centers and the sponsoring local universities and partners. Financial sustainability concerns the ability of the projects to fund their activities, usually through tuition and fee collection, and/or outside funding.

Each of these aspects of sustainability is addressed in the individual program reports. A more in-depth analysis of the individual programs is contained in their specific chapters. In this Annual Report we have chosen to examine the issues of sustainability under the heading of Lessons Learned.

#### **D. PROJECT MANAGEMENT**

As the MTEE Programs approach the end of USAID funding, sustainability of their efforts becomes more critical. Program management is one category DATEX uses to measure the progress of the program and its chances of sustainability. Since the start of its contract, DATEX has collected information through two survey questionnaires issued twice a year. The questionnaires have remained essentially unchanged over the six times they have been distributed.

*The US/In-Country Project Director's Evaluation of MTEEP Local Partner(s) Questionnaire*, is issued to US Project Directors and, where they exist, the In-Country Project Coordinator. The questionnaire asks the respondents to assess each of their CEE partners in terms of cooperation, current abilities and progress, commitment and potential. Questions on the overall status of the programs are presented as well. For the current analysis, there were fewer responses due to the decrease in the number of continuing programs and to the tardiness in obtaining completed questionnaires from the institutions. In total, we received six responses from US-based Directors, and five from In-Country Coordinators. The only program for which there was no US grantee response were the two University of Minnesota projects in Poland. SUNY/IPD In-Country Director for its Hungary project did not respond to the questionnaire by the time this report went to production.

The other questionnaire, *Evaluation by Local Partner of USAID MTEE Program*, asks the lead representative from each local partner to address categories about the relevance of the MTEE Program, program management by the US partner, program content and impact, as well as to provide a self-assessment of their own abilities. Several questions about the overall program are also included. Twelve responses were received from our Local Partner representatives, a decrease from

the previous survey Local partners from three programs did not respond Albania, University of Lodz, and Warsaw School of Economics

Three summary assessments are presented Three are updates from previous reports 1) assessment over time of US Project Directors and In-Country Coordinators of their local partners, 2) assessment over time of Local Partner Representatives of the MTEE Program at their respective institutions, and 3) comparison, for the current survey period, of US Project Directors, In-Country Coordinators, and Local Partner Representatives focused on the perceived ability of the local institutions to carry out the MTEE Program

#### D 1 PROJECT DIRECTORS' ASSESSMENT

In the past year, the US Project Directors' and In-Country Coordinators' assessment of their partners shows some improvement in a number of key areas of sustainability Project Directors' assessments generally range between 3.6 and 4.3, and the average response to the 25 items being rated between 1 (unsatisfactory) and 5 (excellent) is 4.05, an increase over the fall assessment indicating that in most areas partners are felt to be performing well

*In the current survey, there are three areas where there are significant increases in the perceived strength of the Local Partner over past surveys.* These areas are ability to provide quality service, ability to attract and retain clients, and potential to administer programs during change Providing quality service is an area of perceived increasing strength for the partners, while attracting and retaining clients is critical for sustainability as is the flexibility required to administer programs during change

**The US Project Directors and In-Country Coordinators have again rated two areas as consistent strengths for their partners during the use of this survey: commitment to free market reforms and commitment to USAID (MTEEP) program**

There are two other areas where partners have been seen as having relative strength over the past two years, these are 1) ability to adjust to changing politics and economics, and, 2) ability to determine local needs

*Local Partners are viewed to have increased their strength over time in two areas: attracting and retaining clients.* This reflects the maturation of the programs and their readiness to carry on as self-sustaining institutions after donor assistance is completed

*There are also areas of perceived weaknesses of Local Partners and some improvement in areas of traditionally weak ratings.* The one area where US Project Directors and In-Country Coordinators have consistently noted a weakness is in the ability of their partners to effectively market programs However, this area has shown improvement in the past six months Financial stability is also an ongoing concern, but this also has improved since the semi-annual report There

are two other areas where Local Partners have been perceived to be weak over the time the questionnaire has been issued. These areas are ability to engage in effective long range strategic planning and ability to self-evaluate and effectively apply findings.

*US grantees continue to assist their partners in these areas of perceived weaknesses.* IU has a faculty advisor who has one major objective as working with BUES/MDC in developing a strategic plan for the SME programs. Several US grantees are doing more self-evaluation, as is noted in the increase in assessments of exit and, in some cases, impact questionnaires in their quarterly reports. This activity needs to be better integrated into the work of the partners to help them in their decision-making. Virtually all grantees are working with their partners to identify sources of funding to strengthen the long-term financial viability of their efforts.

## D 2 LOCAL PARTNERS' ASSESSMENT

Responses to the Local Partner Questionnaire remain similar to the previous three times it has been issued. The average response for the 32 categories is 4.33 out of 5, and almost 50% of the average responses are between 4.3 - 4.5. As with the fall survey, Local Partner responses remain approximately 0.3 higher than Project Director responses. Overall, Local Partners clearly feel programs are in good shape.

*Local Partners in general view the support they receive from their US Partners as strong, and have felt this way over time.* In such areas as US staff qualification, appropriateness of translations, US staff responsiveness to needs and responding to financial commitments, US Partners are felt to be doing a good job.

*However, there are three areas where US Partner support is viewed as relatively weak.* One area is in making good use of local examples. The second is in providing sufficient technical assistance, an area which is considered of growing importance to Local Partners. The third is engaging in meaningful long range, strategic planning.

*In terms of MTEEP components and activities, Local Partners generally feel that the program is relevant to participants and that most participants are satisfied.* Further, they believe that programs are generally well planned and appropriate. Local Partners also have noted a number of areas of program weakness over time. Three areas stand out: ability to retain staff, ability to retain clients, and ability to provide quality services. They have also indicated two areas of perceived increasing concern: ability to attract clients and to adjust to changing political circumstances. Interestingly, there has been perceived improvement in these last two areas during the past six months.

It is also interesting to note that 75% of the Local Partners feel that their faculty/staff turnover is lower or the same as in other programs in the host university

As Project Directors see a number of improving areas in local partner performance, local partners themselves are now seeing more areas of improvement in their own abilities. This is a sign of the maturation of each program as it prepares for self-sustainability and the end of donor assistance

### **D 3 COMPARATIVE ASSESSMENT AMONG RESPONDENTS**

This is the fourth comparison among respondents which looks primarily at local partner capability to carry on the MTEEP program. In general, the responses for each group are slowly merging, with In-Country Coordinators showing the lowest average responses and the Local Partners the highest (by approximately 0.3 in average response)

*Local Partners as well as US directors identify their abilities to engage in meaningful, long range strategic planning as their most significant perceived weakness, and the item for which the ranking went down the most from the last review.* While this issue is less visible among the responses of the US and In-Country grantee respondents, they agree that long range planning of a sustainable program is proving to be a challenge. Another area where assessments appear to be merging is regarding the ability to retain qualified faculty/staff, which again Local Partners see as a significant weakness and their US partners agree. There is even stronger agreement around the perceived strengths of Local Partners. Two areas stand out. These are ability to provide quality service and ability to attract clients.

*However, there are several areas of interesting perceptual differences.* Local Partners consider themselves strong in self-evaluation, which both Project Directors and In-Country Coordinators consider to be one of their Local Partners top two weaknesses. There is a similar difference in perception regarding Local Partner ability to market programs, where the Project Directors/In-Country Coordinators see as a weakness and Local Partners do not.

### **E. LESSONS LEARNED**

In this section we have compiled a list of lessons derived from the experiences of MTEEP grantees and their partners during over seven years of project implementation. The purpose of these lessons learned is to facilitate the future design of similar management training projects. They are grouped into three headings: general issues, academic, and non-academic training programs.

**GENERAL ISSUES****1. STATEMENT OF PROGRAM OBJECTIVES**

Grantee institutions should have a clear statement of the objectives to be achieved in the program. If the goals are broadly described, then instruments for implementation should be specified as well as steps toward achieving the objectives. Indicators of success should also be outlined. It is important to understand the situation in the proposed country of training and, consequently, set the program goals most appropriate for the given context (political stability, level/stage of economic development). For example, it is very unlikely that an MBA program will become sustainable in a country such as Albania which is beset by political instability and economic difficulties without being subsidized for the foreseeable future. The Albanian government does not yet allow for charging tuition, and there are few companies capable of paying training costs.

**2. RELATIONSHIP BETWEEN GRANTEE AND PARTNER INSTITUTIONS**

The administration of the participating US and host (partner) institution should have as good an understanding as possible of what the project is trying to accomplish and how the institution will benefit from it. If this is not so at the beginning of project implementation, every effort should be made to accomplish this as soon as possible. A clear awareness of the host university hierarchy of project goals can be very helpful in overcoming the initial barriers, such as institutional inertia and fears of faculty members.

**3. IMPLEMENTING PROGRAMMATIC CHANGES WITHIN HOST UNIVERSITIES**

The introduction of Western economics and business management into universities in the CEE region, in the early 1990s, constituted a paradigmatic change in the way the field of management was viewed. Although most of the universities assisted under MTEEP had courses in Management leading to the *Magister* diploma, their curricula were based on Marxian economic principles and bore no resemblance to the way economics and management were taught in the West. In addition, the managerial studies in the region fell under the academic degree structure as opposed to the position occupied by the MBA, which is a professional degree. As a result, the MBA degree with its Western curriculum could not be easily incorporated into the existing educational structure.

Thus, MTEEP grantees and their partners are finding ways to have their programs of business management training incorporated into the host university curricula. The experience of MTEEP would seem to indicate that the most effective way to bring about changes in program development and delivery is to establish a semi-autonomous (or autonomous) institution (Center of Excellence). Although part of the larger university structure, the Center should have enough institutional and

financial independence as well as flexibility to develop programs, introduce new procedures, and demand new standards of performance

It is necessary to carefully think through how new programs will fit or merge into the existing academic structures. Such barriers to change as institutional inertia and fear of change (of becoming irrelevant) on the part of faculty need to be assessed. In the final analysis it appears that it is less difficult to develop and deliver a training program in an autonomous center than to set out to reform the curriculum of a department, particularly at the undergraduate level. The latter can be achieved (although not without difficulties) once there is a critical mass of Western-trained faculty at a given institution which then can become the champion and implementor of such changes. A fair degree of financial independence is crucial in order to develop effective training, including the ability to offer incentive packages and shift funds quickly within the project.

#### **4. ORGANIZATIONAL SUSTAINABILITY**

Securing institutional autonomy for a center is crucial in order to eventually achieve sustainability, if this is set as a goal for a given center. Sustainability requires a memorandum of understanding between the university and the center clearly outlining agreements between and responsibilities of each entity toward each other for a) the duration of the grant, b) the period immediately following the end of funding, and c) agreement on the process of negotiation/re-negotiation of arrangements. Also pertinent to sustainability is the establishment of advisory boards and alumni associations which could serve as a link between the university and the business community and its developing needs. This relationship is also a new facet of economic and social transformation taking place in the region.

#### **5. PROGRAM IMPLEMENTATION**

It is important to have a full-time, well qualified in-country project director for the implementation, development and promotion of collaboration between the grantee and partner institutions. Decision-makers within the host institution need to be regularly informed of what is going on, what the project will accomplish, as well as its successes and difficulties. In other words, they should have a sense of ownership of the enterprise. The project should aim at developing an esprit de corps. An important part of this process is to involve local partners in program development and delivery as much as possible at the earliest date. They need to feel that they are an integral part of the undertaking and, therefore, have something to contribute. The most damaging perception would be that the project is being imposed upon them.

#### **6. INTERACTION BETWEEN AND ACROSS PROJECTS**

An attempt should be made from the very outset of the program to establish a sense of "community" between and among grantee and partner institutions and to develop a vehicle for fostering

communication and sharing of ideas, discussing problems, and solutions. While there is no substitute for frank and regular dialogue between partners, another means of fostering communication is via a neutral monitoring body (such as DATEX) which has a broader view of the project.

#### **7. USAID RE-ENGINEERING AND OVERSIGHT: USAID/WASHINGTON - MISSIONS - GRANTEES**

With the implementation of USAID's re-engineering process, program decision-making began to devolve to the Missions. New strategic objectives were defined by both the ENI Bureau and Missions and, in some instances, this required on-going projects to adapt to these revised objectives. In most instances the SO which encompassed the MTEEP activity was aimed at developing the small and medium enterprise sector. The process of re-defining Strategic Objectives proved to be a difficult experience for some MTEEP universities.

In no case was there baseline data against which to measure achievements of MTEEP grantees and their partners under the new SOs. There was usually little quantitative data to determine the impact of MTEEP activities, either at the individual or firm level. For example, while some MTEEP participants have completed advanced degrees and are on the job, we have had only anecdotal evidence of what impact their training has had on their jobs. While grantees and partners can say how many businesses have been reached through seminars and workshops, little can be said with any certainty about how their businesses have changed as a result of that experience. Each Mission is responsible for developing its own results framework as a planning and management tool.

USAID needs to develop a flexible mechanism which could quickly and effectively achieve agreement between the original goals of the grants and the new requirements as both the economy and local institution evolve. Otherwise, the projects are placed in a difficult position to maneuver between the wishes of missions and requirements of USAID/Washington contracts office. There is a need to establish clear lines of communications between the three parties (USAID/Washington, Missions, and grantees) and work toward mutual understanding. When problems arise, the grantee needs to clearly understand what is required and who has the signatory authority. MTEEP experience shows that if this is not clear, the situation may be frustrating to the grantee and partners institutions and become very detrimental to the viability of the project.

#### **ACADEMIC PROGRAMS**

#### **8. ACADEMIC DEGREE AND CERTIFICATE PROGRAMS**

In the course of designing the training program, the US grantee institution should clearly understand how the proposed training is likely to fit into the existing academic and institutional structure of the host university. If the intended training does not easily fit, as in the case of MBA professional

programs, there needs to be a clear statement of how this program will be continued after the expiration of funds in order to maintain sustainability. What degrees or certificates will be offered and by whom? How will the transition be made between the training product, if it is different after the funding period?

It is possible that during the course of the program, expectations on the part of the concerned institutions and/or participants may evolve toward a greater level of collaboration and eventually lead to qualitative changes of project design. The opposite may just as well be true. Official recognition of the degree or certificate is important and should be considered as the goal from the very beginning. It should be determined which local degrees are possible to award and under what conditions (possible additional requirements). What additional recognition such as foreign (European or US) certification would be desirable or necessary for continuity of the project?

#### **9. ACCREDITATION**

The MBA programs are achieving recognition and legitimacy in the CEE marketplace, as reflected in the high caliber of students who enroll in them and the demand for their graduates. However, accreditation of the MBA degree in MTEEP programs continues to be an issue. The need for accreditation becomes apparent with academic degree programs, since the MBA is not officially recognized by most of the Ministries of Education in CEE countries. Only one government - Albania - has officially recognized the MBA degree thus far. As the Western (and more specifically, American) style of management training has taken hold in the region, the need for independent accrediting institutions has been increasingly recognized. Several such organizations have emerged in the region, some national and some regional. These organizations have met with different response from the training community and still are in the process of establishing their credibility and authority.

Several governments have begun comprehensive reviews of their system of higher education with a view toward consolidation and accreditation of academic and professional programs. The accrediting process aims at establishing common educational requirements applied to all universities. Hungary, for example, has formed commissions for this purpose. The law stipulates that the process must be finished by January 2000. There are presently four universities in Hungary that have MBA programs. The Technical University of Budapest proposed educational requirements for MBA classes and submitted them to the Ministry of Education. The four universities agreed to the proposed requirements and the final decision will be up to the government.

Regardless of how each country decides to go about its educational restructuring, one issue seems to be clear. If the local institution aims to achieve a leadership role in the field of management, the training it offers must be officially recognized either domestically, regionally (EU) or perhaps by bringing in US accrediting bodies. Although the latter is a very complicated process, it becomes particularly pertinent if the continuing collaboration is envisioned between the two institutions, such

as the offering dual or joint degrees. This is an area to be explored. MTEEP experience seems to bear out the fact that if an institution wants to be a recognized entity in a given area of training, it needs to have some recognition in order to attract qualified participants willing to pay the necessary tuition. This is clearly linked to achieving financial sustainability. MTEEP programs can be catalysts for educational restructuring and reform.

#### **10. PROGRAMMATIC SUSTAINABILITY**

Faculty training, development and retention lie at the core of successful program delivery and, at the same time, represent the main challenge for program transition. These needs can be better supported when the project meets the requirements of institutional/organizational sustainability. Instruments for sound faculty development include faculty performance mechanisms and interim evaluations which afford the ability to introduce mid-program corrections.

#### **11. CASE STUDIES AND CASE COMPETITION**

The MBA curriculum in US business schools depends to a large extent on the use of case studies of corporations. US faculty members who have come to the CEE region to teach in MBA programs have generally been obliged to rely upon case studies developed in the US on American or Western European companies. These cases are not immediately relevant to the realities of the CEE region and can only partially fulfill the pedagogical needs of professors teaching there. They pre-suppose a legal and regulatory environment, business practices, and infrastructure that is quite different from that in the CEE region. What is needed, therefore, is a whole new reference library of cases developed in the CEE region on firms operating there.

Some of the best cases developed thus far have been programs by professors involved with small business development centers. Their work in counseling at the firm level affords them access to businesses they would not otherwise have. Washington State University and its partner universities published a collection of case studies derived from business counseling experience in Romania. CMC claims to be the largest single source of original case studies on companies in transition economies.

An MBA Case Competition, the Bratislava Case Challenge, was held at Comenius University in Slovakia in April 1997. Organized by the Faculty of Management and the University of Pittsburgh's Katz School of Business with support from Deloitte-Touche, the three-day competition pitted nine teams consisting of two to three UPitt MBA students, one to two from the WEMBA program and one Faculty of Management graduate student. A second Bratislava Case Challenge took place a year later following the same format. The University of Maryland has also begun to organize similar case competitions with the University of Lodz.

Since both the use and development of this methodology is new to the region, programs could consider running special case studies workshops or competitions familiarizing participants (both faculty and students) with the writing and uses of case studies. The Katz School and the Comenius Faculty of Management have proposed that an Invitational Case Challenge for teams from throughout the region be organized for April 1999.

#### NON ACADEMIC PROGRAMS

### **12. BUSINESS ENGLISH PROGRAMS**

English language components of MTEEP programs have in some cases been very successful and are likely to be sustained. One of the best examples is the Riga Business School's English Language Center (ELC) which provides important programmatic support to the MBA program and is already self-sustaining. The Center's focus is on teaching high quality, practical business English to people who want to improve their marketability to companies involved in international business, primarily with Western clients. Its competitive market advantage is its advanced business English curriculum and superior quality training. Based on its market research, ELC's management is targeting lucrative markets in Riga and is even pursuing distance learning possibilities.

In those instances where MBA training was designed with a strong English language component, it may need to be an integral part of course delivery. Some programs may opt to leave the language competence to individuals. In any case, when designing a program it is important to know whether there will be enough participants with the required language skills. As these programs evolve, the English language instruction (and in some cases, a center) can become an independent unit within the center, generating considerable revenues.

### **13. BUSINESS COUNSELING CENTERS**

What is an appropriate measure of success for business counseling centers? A successful center should have enough flexibility and capability to develop new programs and to adjust existing ones to the changing needs of the market. For example, the type of training activity most needed initially is one-on-one business counseling of individual small business owners and managers, but as the economy grows so do management training needs. The demand for customized management training increases as the privatization process evolves and target audiences grow to include medium-sized and larger enterprises. Catering to these training needs assures a market capable of paying substantial fees. This degree of flexibility is not so crucial for academic programs, which function within a different environment where the stress is on delivering a standard set of courses.

**14. RELATIONSHIP BETWEEN BUSINESS COUNSELING CENTERS AND HOST INSTITUTION**

If they are to be effective, Business Counseling Centers must become fully institutionalized and adopted within the host institution. When this occurs, even activities that are not fully self-sustaining can be continued following MTEEP funding. The programs that are financially strong then serve to further strengthen the partner institution. Two examples in Hungary serve to illustrate this point. IU's Career Development Office (CDO) and Center for Business Education (CBE) are not generating sufficient revenue to sustain their operations. However, the CDO has been incorporated into the BUES organizational structure, granted office space, and promised enough institutional support to ensure its continuation. The CBE, on the other hand, was located on the BUES campus, but separate from the Management Development Center (MDC). As a result, it has had to modify its services to focus on students and faculty and has not been able to serve as a resource to MATCH clients as originally intended. The CBE will not be sustainable unless it is absorbed into the MDC. The SUNY/CPED program in Hungary has established eight TQM Centers, and while only one of them is self-financing each of the centers has become a part of the host university which is likely to retain it after MTEEP funding has ended.

In order to achieve sustainability, local partner institutions must receive tangible benefits from business counseling activities. Few universities will be interested in supporting small business outreach activities if they do not receive something in return. In each of the partner institutions the business centers established under MTEEP provide important support to private sector development, particularly for the SME sector. However, it is often difficult to charge small businesses fees sufficient to meet the costs. For example, the MDC had minimal SME outreach and no programs specifically targeted at women and minorities until IU began promoting them. The women entrepreneurs and Roma programs cannot yet charge fees. However, these program components have generated considerable positive media attention, and each session has been well attended. The resulting public relations boost for the university impressed university officials who are now committed to continue these programs with university funds when MTEEP ends. Even financially successful centers can be demanding for universities who provide faculty release time and office space. These burdens are shouldered when the activities serve to strengthen their reputations and standing in the academic and business communities.

**15. GENERATING REVENUE THROUGH FEES**

In order to attain financial sustainability, business counseling programs must develop the ability to receive fees for services provided. Directly related to this is the ability to rapidly respond to changing market needs to insure continued demand for services. The MATCH program in Hungary is developing distance learning capabilities to be used in management training. MATCH has also started offering fewer open enrollment programs and is instead increasing certificate activities and

customized training This reflects a maturing market in Hungary that requires less general management training, and more training customized to the specific needs of the firm Corporate clients are also able to pay higher fees than individuals or government agencies, and are more likely to see that these interventions have direct benefits that justify the expense

## **F. CONCLUSIONS**

Since its beginning in 1991, MTEEP grantees and their local partners have achieved the MTEEP program purpose of developing institutions in creating, running or expanding programs in the areas of management training, market economics education, and support programs Many of the initial goals and objectives as set forth by the project designers have also been achieved Although, in some cases, the initial design emphases have changed, as the economies and local institutions of Central and Eastern Europe have evolved, the grantees have generally been flexible and adapted their programs to meet these changes In this evaluation report emphasis is placed upon the capability of these local institutions to continue to conduct Western-style management training and support programs begun under MTEEP as the end of USAID funding approaches

### **IMPACT**

Impact of MTEEP programs is evaluated both in terms of reaching those individuals who are key to the economic transformation and in terms of creating institutional capacity for self-sustaining training and education programs In the past year standard academic and non-academic programs reached over 15, 700 people, this is a significant number, especially considering that it does not include those people trained in continuing programs which have graduated from USAID funding assistance

### **ACADEMIC AND CERTIFICATE PROGRAMS**

Academic and certificate programs among continuing grantee institutions are reaching maturity and the number of graduates has increased to 581, a 40% increase over last year, with more graduates projected for 1999

### **SHORT-TERM TRAINING**

Short-term training remains a strong element of most programs, split between seminar and workshop formats and business counseling and customized company training Seminars and workshops constitute over 60% of the 8,760 participants receiving short-term training

Only two programs are involved in special company interventions (typically special consulting and training contracts with mid-sized and large private and privatizing firms) However, this is an area viewed as having long-term importance as the private sectors continue to grow and mature in the CEE, program faculty and staff continue to gain experience, and financial sustainability concerns grow More than 2,500 people receiving this type of short-term training, an increase of about 80% over last year

#### **SUSTAINABILITY**

As many of the MTEE programs enter their last year or years of grant support, their primary concern has become achieving independence from USAID funding Sustainability is examined in three areas programmatic, organizational, and financial Measurement of sustainability is sometimes more difficult to achieve than is measurement of impact, as indicators can be less precise than they are for impact Each project is evaluated separately, in general, all are making progress towards achieving programmatic and organizational sustainability and all but Albania are making progress towards achieving financial sustainability

#### **ACADEMIC AND CERTIFICATE PROGRAMS**

For academic and certificate programs, the key factor for programmatic sustainability is the quality of the faculty involved For virtually all grantees, a major aspect of academic program development has been the development of local faculty to broaden their knowledge and skills in business management and economics as well as to strengthen their teaching methods through the introduction of case study development and utilization, use of teams and more participatory styles Some academic programs have also made the decision to include a balance of local and external faculty and experts involved to maintain program prominence and international standing Managing this process and assuring sufficient financing is a challenge for all institutions going this route

#### **NON - ACADEMIC PROGRAMS**

The value of non-academic programs (such as business counseling centers, short-term training, and specialized company interventions) to the host university is growing as participating faculty are able to utilize these efforts as a laboratory for the practical application of theoretical approaches to market development The development of case studies through these centers is proving to be a legitimate research function appropriate to a university setting

A mixed strategy of program offerings is developing as the model for financial sustainability of non-academic programs Special company interventions with mid-sized and larger firms often become the income generator that allows less profitable programs to be offered

**NON-TRADITIONAL ACTIVITIES**

Other sources of revenue earners which are helping more programs to become sustainable include non-traditional training activities as practiced in six countries that have reached over 5,000 participants during the past year. These activities include English language, Total Quality Management training, and the provision of information services through Resource Centers.

**THE ROLE OF WOMEN IN MTEEP ACTIVITIES**

Nearly 6,000 women have been reached by MTEEP training programs during the past twelve months. While there is a great variation by country and program type, the overall participation rate of women has remained somewhat constant over the last two years at about 40%. This is a significant increase over the first year of our evaluation reports.

**PROGRAM MANAGEMENT**

There is an increasing merging of opinions between US and Local Partners on the value of the MTEEP programs and the capability of Local Partners to manage them. Both feel weaknesses by the Local Partners in the areas of retaining qualified faculty, and long range strategic planning. Both have noted increased successes by the Local Partners in their abilities to provide quality service and to attract clients.

However, there are areas of different perceptions between the grantees and the Local Partners on the latter's capabilities. Local Partners consider themselves strong on self-evaluation and ability to market programs whereas the grantees indicate these are major weaknesses.

**LESSONS LEARNED**

In this report the DATEX team has summarized lessons that have been learned from the collective experience of the MTEEP grantees and their partner institutions since the project began in 1991. We have identified successes as well as areas of weakness of the MTEEP programs being implemented in nine countries of Central and Eastern Europe with a view toward assisting designers in the development of future business management training and market economics education projects in the Newly Independent States and elsewhere. New institutions are being created which represent a new approach to management and economics education in the CEE region. Programs under MTEEP are making a significant contribution to the creation of a business culture in transition economies.

The effects of re-engineering are still being felt throughout all the MTEEP programs, in many cases re-focusing their target population. Some MTEEP grantees began implementation with very broadly stated objectives and few measurable indicators. Those that have been most successful have

## OVERALL PROGRAM RESULTS

incorporated their goals and objectives into those of the host university and still managed to bring significant change in concepts and methodology. They have usually established centers of excellence that are relatively autonomous yet integrated within the university.

A majority of MTEEP grantees are involved in MBA-type academic programs. These programs are challenging the traditional educational systems in the region in fundamental ways. The issue of accreditation of these programs is one of the most important facing MTEEP grantees and their partner institutions. The MBA degree has not yet been formally recognized by governments in the CEE region and the accreditation process is proving to be long and complicated. Meanwhile, MBA graduates are finding little difficulty on the job market and more private firms are financing their employees' training in MTEEP sponsored programs.

Non-academic programs - short-term training and business counseling as well as Business English - account for a large and growing number of MTEEP participants. Business counseling centers have demonstrated the ability to change with market trends, adapting to the needs of growing economies. These centers are solidifying relationships with host universities while managing to maintain a degree of operational autonomy. To remain sustainable, they will have to continually seek new target clientele and generate sufficient income from fees to grow.

# ANNEX # 1

ALBANIA UNIVERSITY OF NEBRASKA - LINCOLN

## EVIDENCE OF IMPACT

Activities were completely closed down from March until September 1997

### Impact Level

#### Indicator

#### Summary of Findings

#### Acquisition

Students, counselors & clients acquire skills, knowledge and confidence in subject matter

Data not available at this time

Target participation numbers are reached for clients, businesses and outreach programs, in terms of capacity, regional reach and gender distribution

MBA program is now at full capacity with a second cohort.

#### Satisfaction

Participants and staff positively rate their experience

MBA participants interviewed were mostly favorable toward their experience

There is a high demand for the program and services offered

24 of the original 30 MBA students returned to complete their studies after the university closure in 1997

Program retains faculty and students (MBA)

23 students of the 24 graduated in the first cohort

Program is responsive to participants' and staff's needs

Only Shkodra BAC is fully operative

Cross marketing occurs

Data are not available

#### Utilization

Graduates acquire benefit from program (MBA)

First MBA graduates in Spring 98 benefitted from being pioneers in highly visible program

Clients can demonstrate that they have applied information to their work (BACs)

No data available

#### Change

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

Number of assisted businesses indicating improved performance

No data available

**EVIDENCE OF SUSTAINABILITY**

The MBA program is maturing while the BACs are further behind

**Sustainability Level**

**Indicator**

**Summary of Findings**

**Programmatic**

Permanent Albanian faculty is trained and in place (MBA)

A total of ten Albanian faculty have been trained at UNL. Four more faculty returned Albania from UNL in the Spring of 1998 and one began teaching in the MBA program in May

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

Most Computer equipment and software was safely stored returned and connected to BACs, paying salaries for BAC local staff, and providing books to libraries. A shipment of 60,000 books was sent from UNL in late 1997

Increase in number of counseling hours and training events (BACs)

Detailed data is now available at the UT BAC, counseling is being offered at three BACs

Training and/or counseling conducted by qualified Albanian staff (BACs)

Albanian staff at all centers, information not gathered on qualifications

**Organizational**

Increasing percentage of local staff with administrative/management authority and responsibility

BAC directors named by Rectors at all four centers. Four directors went to Washington State Univ for training in spring 1998 for training

MBA coordinator has been operating since the beginning of the program

MBA recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students

The 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 that the UT MBA Director regularly monitors the program

Long range strategic plans for funding and program development are developed implemented evaluated and revised when needed

Several BACs had started developing plans in Fall 1996 and have begun revising plans since new start up

Legal status of BAC centers is established

The BACs are officially affiliated with their host universities

**Financial**

Fee collection and other alternate funding mechanisms established and operating (where permitted)

Tuition policy was set by a local university committee. UT BAC looking at issue of legality of charging fees

Increasing percentage and sources of institution/program funds from non-USAID sources At current time 45.6% of funds are from USAID and 34.2% are from UNL

## ANNEX #2

### HUNGARY INDIANA UNIVERSITY

#### EVIDENCE OF PROGRAM IMPACT

Impact Level	
Indicator	Summary of Findings
<b>Acquisition</b>	
Clients acquire skills, knowledge and confidence in subject matter	Past participant profiles indicate new skills are being acquired, e.g. in accounting, marketing
Participation reflects equitable gender distribution and regional reach of program	MATCH's program for SME Financial Advisors is 92% women, other programs range from 25-46% women participants, MATCH is based entirely in Budapest, with regional outreach only through customized training programs to firms outside of the city
Target participation numbers are reached and maintained for clients/businesses	Most programs at capacity MDC consulting clients continue to grow SME Academy close to break-even enrollment. Women's programs full
<b>Satisfaction</b>	
Clients and staff positively rate their experience	Client profiles and exit questionnaires showing high satisfaction
There is a high demand for the program	Demand seems high for programs
Cross-marketing occurs	Participants in women entrepreneur's courses have enrolled in the SME 260 hour program, SME 260 hour program participants have enrolled in manager assistants programs. Some customized training clients have joined TARS
Program is responsive to clients'/businesses needs	MDC routinely adapts existing training modules to meet changing clients' needs. New programs being developed in response to market demands. MATCH funds used to develop all new training modules
<b>Utilization</b>	
Participants can demonstrate that they have applied information to their work	Client profiles indicate increase in sales, improved operations
MDC is seen and used as a resource by Hungarian firms - requests for cooperation with CBE by past participants	MDC follow on programs with companies are increasing. CBE has yet to develop into a resource for Hungarian firms
Participants acquire benefit from having completed program - increase in scientific awards of and participation in international research programs by BUES professors - number of students finding jobs and firms finding employees through CDO (% SMEs)	Increasing number of students attended fall career fair co-sponsored by CDO and AISEC. CV book published by the CDO has sold to many large firms in Hungary. Hiring figures still unavailable
<b>Change</b>	

**Impact Level**

**Indicator**

**Summary of Findings**

Number or percentage of participants' businesses stating improvement in sales/operations

Client profiles indicate better marketing and management leading to more profitable companies networking leading to potential business clients and partners

Number of assisted firms still operating within 6 months of intervention

Information not available USAID/Hungary follow-up survey may provide information

**EVIDENCE OF PROGRAM SUSTAINABILITY**

Action is being taken to move programs toward a sustainable status Both the CDO and CBE understand that financial sustainability is an issue, even with university support to maintain their operations

Sustainability Level	
Indicator	Summary of Findings
<b>Programmatic</b>	
Demand for services and training is high	Customized training programs highly active and in demand TARS seems to have solid and growing support. Strong interest in programs for manager assistants SME training demands growing Roma and Women's programs in high demand
Training is conducted by trained Hungarian instructors	MDC staff are well qualified and conduct almost all MATCH activities, and all customized training
Necessary space, computers Library materials and support staff are available	MDC has excellent facilities Office space was donated by BUES to the CDO
<b>Organizational</b>	
Increasing percentage of local staff with administrative authority and responsibility	All in-country management is now in the hands of Hungarians New Assistant Program Manager will be American to facilitate close out logistics, reporting and contractual requirements met
Self-evaluation mechanisms are developed and implemented, findings are applied to operations	Needs assessments being conducted, exit questionnaires being used
Long range strategic plans for funding and program development are developed implemented, evaluated and revised when needed	IU faculty advisor addressed development of strategic plan during last half of 1997 MDC has strategic plan in place, which includes MATCH activities
<b>Financial</b>	
Fee collection and other alternate funding mechanisms are established and operating	Fees collected with most MATCH activities, many approaching self-financing
Increasing percentage and sources of institution/program funds from non-USAID sources	No significant change from previous report.

# ANNEX #3

## HUNGARY STATE UNIVERSITY OF NEW YORK

### EVIDENCE OF IMPACT

Impact Level	Indicator	Summary of Findings
<b>Acquisition</b>		
	Participants and clients acquire skills, knowledge and confidence in subject matter	Faculty member participants become TQM resource persons within their organization All US study tour participants interviewed highly rate the practical application of skills acquired TQM Centers preparing businesses for ISO 9000 certification
	Target enrollment is reached in terms of capacity goals gender distribution and regional reach of program	Women's participation was 28% from Jul-Dec '98 It ranged from 9% to 38% in the programs from Jan-Jun '98 with total women's participation (where gender figures are available) at 18% 10% of the first MBA cohort are women 12% in second cohort. Generally, programs are at capacity
<b>Satisfaction</b>		
	Participants, clients and staff positively rate their experience	Study tour participants graduate assistants interviewed expressed high satisfaction with the program
	There is a high demand for the programs and services offered	Demand remains high for most programs
	Program retains faculty and students	Faculty has been retained at universities visited initial MBA cohort has lost 6 of 70 students after two semesters No figures yet available for the 2 <sup>nd</sup> cohort.
	Cross marketing occurs (TQM)	Repeat business remains common US study tour or US expert seminar, followed by TQM Center training, then implementation
	Program is responsive to the needs of participants, clients/businesses, and faculty	New programs organized in past year on wine/tourism, business ethics and OM/HR in response to interest expressed which were at or exceeded capacity The TQM Centers continue to meet expectations of clients as evidenced by expanding client base and complexity of contracts being signed, high participant interest also evidenced
<b>Utilization</b>		
	Clients participants, and businesses can demonstrate that they have applied course or TQM information to their work and have acquired benefits from having completed program	ISO 9000 certification in combination with TQM implementation is increasingly common among companies participating in TQM training
	Programs or TQM Centers are seen and used as a resource by employers	Companies see direct correlation between TQM seminar content and quality control within organization - manufacturing and service Increased consulting activities as follow on to in-company training

Impact Level	
Indicator	Summary of Findings

**Change**

Number or percentage of participants' businesses stating improvement in sales/operations

No figures are available to measure this however business representatives state satisfaction and claim there have been improvements in these areas

## EVIDENCE OF SUSTAINABILITY

Sustainability Level	
Indicator	Summary of Findings
<b>Programmatic</b>	
Permanent faculty is well trained and its teaching is well received	Study tours have trained faculty at all local partners institutions TQM teaching has found such favor with partners that each university has integrated concepts into curricula
Necessary space computers, library materials and support staff are available	Program has recently purchased significant amount of equipment for each Center additional purchases of materials and resources are in process
Demand for TQM services and training is high (TQM)	Demand strong TQM is growing field TUB MBA with TQM focus is at full capacity
Training is conducted by certified TQM instructors (TQM)	Yes faculty have received SUNY support at least once, including US study tour
<b>Organizational</b>	
Increasing percentage of local staff with administrative authority and responsibility	All TQM Centers, TUB MBA and CPED (i.e., all local components) run by local faculty and personnel who have received SUNY development support.
Self-evaluation mechanisms are developed and implemented findings are applied to operations	At the end of each program, participants and lecturers complete questionnaires after 6 months, typically, a 40% random sample of past participants are surveyed regarding utilization and change No additional impact data for this period Comprehensive final evaluation to be conducted in the fall
Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	TUB MBA long range plan is being implemented All TQM Centers have commitment of their universities
<b>Financial</b>	
Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	TUB MBA will be self-financing through tuition often paid for by students' companies TUB TQM Center generating significant revenue from fees Other TQM Centers do not all charge fees, but are fully integrated into university which supports their activities
Increasing percentage and sources of institutional/program funds from non-USAID sources	Regional TQM Centers will be largely supported by their partner universities with some assistance from fees TUB MBA & TQM Center have secured other US as well as European funding Wine/tourism program has large Hungarian cost-sharing

## ANNEX #4

### LATVIA STATE UNIVERSITY OF NEW YORK - BUFFALO

#### EVIDENCE OF PROGRAM IMPACT

The SUNY-B/RBS program continues to meet USAID/Latvia targets, evidence of utilization and change has increased as the number of graduates grows Present MBA students also describe utilization of education in the work environment

Indicator	Summary of Findings
<b>Acquisition</b>	
Participants acquire skills, knowledge and confidence in subject matter	MBA graduates accepted in marketplace, ELC test scores consistently increase - all levels
Enrollments reflect equitable gender distribution	% of women participants increased to 52% in most recent MBA VI class
Target enrollment numbers are reached for entering class cumulative pre-MBA enrollment: FY 96 - 254 FY 97 - 350, FY 98 - 418	Applicants for MBA and ELC are continuing to exceed capacity
Target enrollment numbers are retained through program, cumulative MBA graduates FY 96 - 20, FY 97 - 50, FY 98 - 84	Fifty MBA graduates by end of FY 98 MBA attrition averages around 10% to , General English attrition reduced to 20% from 40%
<b>Satisfaction</b>	
Participants positively rate their experience	Participants find the courses well delivered and relevant to their needs
Faculty and staff positively rate their experience	Faculty training received high marks as relevant.
There is a high demand for the program	Numbers of 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, with high% applying for pre-MBA program
Program is responsive to students and faculty s needs (availability of library resources, courses and seminars of interest, computer resources, etc )	Renovations of RBS classroom space continue new lecture rooms and coffee room
<b>Utilization</b>	
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 introduce new procedures, restructure departments in firms
ELC and short-cycle participants can demonstrate that they have applied course information to their work	No data available
<b>Change</b>	
RBS is seen and used as a resource by employers	Employers continue to sponsor additional students in RBS programs

**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, FY 98 - 14	Full complement of trained faculty for MBA courses since January 97, RBS and ELC directors now Latvian all 3 Latvian ELC faculty have received TESOL degrees
Visiting faculty effectively adapt their courses to local issues and needs	Student questionnaires indicate this is so and has influenced visitors to change approach in at least one instance
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, new classrooms are made available Computer lab is completed
<b>Organizational</b>	
Advisory Board membership is now primarily Latvian	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, ELC staff is Latvian
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 for pre-MBA and later MBA, quality and quantity of applicants increase
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	New Plan in progress by Advisory Board and RBS director to be completed in July
<b>Financial</b>	
Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Renting training space, identified alternate donor sources received government allocation for full-time students as do other RTU faculties, won small contracts to increase revenue
Increasing percentage and sources of institution/program funds from non-USAID sources	Dependence is decreasing, now 26% of funds from USAID vs 34% in 1997, tuition and fees rose from 31% to 55%

## ANNEX #5

### LITHUANIA KAUNAS TECHNICAL UNIVERSITY - PANAVEZYS

#### EVIDENCE OF PROGRAM IMPACT

Impact Level	Indicator	Summary of Findings
	<b>Acquisition</b>	
	Participants acquire skills, knowledge and confidence in subject matter	No systematic questionnaire has been conducted However, those interviewed remark positively on their experience
	Enrollment reflects regional reach of program	Yes, participants come from the region as well as from cities outside the region
	Enrollments reflect equitable gender distribution	In the last year approximately 64% of participants have been women
	Target enrollments are reached for entering class	Information is not available for target levels under the follow-on grant.
	<b>Satisfaction</b>	
	Participants positively rate their experience	No systematic questionnaire has been conducted However, those interviewed remark positively on their experience
	Faculty and staff positively rate their experience	Available information is inconclusive
	There is a high demand for the program	Yes There is also a considerable interest in "follow-on" programs
	Program retains faculty and participants	Comprehensive information is not available for the follow-on award Courses offered differ from those offered under the original award
	Program is responsive to participants and faculty's needs	Interviews with participants indicate it to be so
	Cross marketing occurs	There is a considerable number of repeat customers both from companies and from individuals
	<b>Utilization</b>	
	Participants can demonstrate that they have applied information to their work	Present and past participants discussed the immediate application of skills
	The Center for Management Technology and Business Training is seen as a resource by employers	Employers stated that they are looking forward to developing specialized training via the Center

**Impact Level**

**Indicator**

**Change**

Number or percentage of assisted businesses indicating improvement in performance

**Summary of Findings**

Information collected during previous visits supports 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

**EVIDENCE OF PROGRAM SUSTAINABILITY**

Sustainability Level	Indicator	Summary of Findings
<b>Programmatic</b>		
	Visiting faculty effectively adapt courses to local needs	Information is not available for the follow-on award
	Necessary space, computers, library equipment and support staff are available	Yes
	Increase in number of training events	Number of training events increased from the first quarter to the second from 28 to 37, a 32% increase. The most sustained increase has been in management training – from 6 to 15.
	Training and/or counseling conducted by qualified Lithuanian staff	Local trainers are participating as Center trainers, however, only few KTU/P professors are instructors at the Center.
<b>Organizational</b>		
	Increasing percentage of local staff with administrative authority and responsibility	All Center staff, including Director, are Lithuanian and have administrative authority and responsibility.
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality participants	Information not available for the follow-on award. However, judging by the increasing numbers of training activities, MTC is reaching its audiences.
	Self-evaluation mechanisms are in place; findings are applied to operations	Information not available for the follow-on award.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	A business plan has not yet been developed.
	Legal status of center is established	The Center for Management Technology and Business Training is a part of KTU/P. However, the by-laws have not yet been signed.
	Satisfactory administrative support systems exist	Program has retained the necessary staff. Additional staff may need to be hired to more adequately support Center's activities.
<b>Financial</b>		
	Fee collection and other alternate funding in place (where permitted)	These are in place. 45% of revenues are generated by tuition and fees.
	Increasing percentage and sources of institution/program funds from non-USAID sources	Local institution accounts for 32% (mostly in-kind) and USAID for 22%.

## ANNEX #6

### POLAND - UNIVERSITY OF MARYLAND COLLEGE PARK

#### EVIDENCE OF IMPACT

##### Impact Level

##### Indicator

##### Summary of Findings

#### Acquisition

Students and Participants acquire skills, knowledge and confidence in subject matter

Participants report an appreciation of interactive teaching methods which relate to practical issues

Enrollment reflects regional reach of program

EMBA applications reflect the population of the Lodz region The PAM program targets Lodz businesses and 5 adjacent vorvodships

Enrollments reflect equitable gender distribution

6 of 24 EMBA I enrolled students are female and 11 of 31 EMBA II customized training enrollment is one-third female certificate programs, nearly half female

Target enrollments are reached for entering class and workshops

The EMBA target was reached with the first cohort and exceeded in EMBA II PAM Center Workshops enrollments are meeting targets Enrollments are deliberately capped and, therefore, will not exceed

#### Satisfaction

Students and participants positively rate their experience

EMBA participants are generally favorable toward the program UMCP reports high satisfaction rates on PAM Center workshop questionnaires

Faculty and staff positively rate their experience

Faculty and staff are generally pleased with the PAM Center administration and program

There is a high demand for the program (EMBA)

Enrollment continues to exceed expectations

Program retains faculty and students (PAM)

The attrition rate in the EMBA program is quite low

Program responsive to students and faculty's needs (PAM)

Students highly rate course content Workshops offered so far are meeting needs based on needs assessments and evaluation questionnaires

Cross marketing occurs

Several past participants in short courses indicated that they are considering enrolling in EMBA.

#### Utilization

Graduates acquire benefit from having completed program

There are no EMBA graduates as yet, but many participants are already using the knowledge from courses in the workplace Some have been assigned greater responsibility and better positions

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

**Impact Level**

**Indicator**

**Change**

Local government and businesses use EMBA and PAM Center as a resource

**Summary of Findings**

The Breakfast at the PAM Center program has served as a catalyst for business activities the Center library is well used

## EVIDENCE OF SUSTAINABILITY

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

Sustainability Level	Indicator	Summary of Findings
<b>Programmatic</b>		
	Permanent faculty is well trained and its teaching is well received	Polish faculty are learning modern management teaching techniques and continuing to team teach with UMCP faculty. Students appreciate the changes in Polish faculty who have been trained in the US in interactive methods.
	Visiting faculty effectively adapt their courses to local issues and needs	US faculty continue to receive high marks for course presentation. However, students want more local case studies.
	Necessary space, computers, library materials and support staff are available	The renovation is now complete, with 15 computers installed and internet connectivity established.
	Curriculum is approved by the degree-granting institution	The EMBA program was approved by the Lodz Academic Senate in April 1996.
<b>Organizational</b>		
	External advisory board membership has a balance of US and Polish representation	The Project Director convened the first meeting of this board in June 1996 and the second in June 1997.
	Increasing percentage of local staff with administrative authority and responsibility	All administrative staff including the In-Country Director, are local. The new EMBA program Director is from UL faculty. The Long Distance Learning Program has appointed a local Coordinator.
	Recruitment and administrative processes result in an equitable selection of targeted numbers of high quality students	Recruitment process is clearly articulated and effective in attracting qualified participants. Participation of women is improving.
	Self-evaluation mechanisms are developed and implemented, findings are applied to operations	Self-evaluation methods are being applied to planning and implementation of the PAM Center program.
	Long range strategic plans for funding and program development are developed, implementing, evaluation and revised when necessary	PAM Center submitted to USAID a plan for the duration of the grant in connection with the request for grant extension which has been approved.

## Financial

**Sustainability Level**

**Indicator**

Tuition policies, fee collection, and other alternate funding mechanisms are established and operating

Increased percentage and source of institution/program funds from non-USAID sources

**Summary of Findings**

Program development has been fully funded by the grant. Tuition payments fully cover costs of course presentation. The short courses are self-sufficient. Two-thirds of EMBA costs are covered by tuition.

Several sources are being pursued. Short cycle courses are paid on a fee for service basis.

## ANNEX #7

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

#### EVIDENCE OF PROGRAM IMPACT

Impact Level	Indicator	Summary of Findings
<b>Acquisition</b>		
	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, which meets the stated program objectives
	Enrollments reflect equitable gender distribution	<ul style="list-style-type: none"><li>• In EMRIM II, 35% are women, in EMRIM III - 53% This is the first time that the USAID/Washington's target of 50% has been achieved</li><li>▸ In PDCP, 34% are women This constitutes a decrease in female participants from 44% the previous year</li></ul>
	Target enrollments are reached for entering class	<ul style="list-style-type: none"><li>▸ In EMRIM III admitted 32 students</li><li>▸ For PDCP, 2 parallel cohorts are enrolled, with total number of 70 participants, thus exceeding the original goal</li></ul>
<b>Satisfaction</b>		
	Students positively rate their experience	No official student questionnaire has been conducted Although numerous interviews over the course of the program document high level of satisfaction with training
	Faculty and staff positively rate their experience	During this visit there were no faculty interviews
	There is a high demand for the program	EMRIM continues to attract qualified participants demand for PDCP has increased to necessitate offering two parallel classes
	Program retains faculty and students	<ul style="list-style-type: none"><li>▸ In EMRIM II only 1 student (F) dropped out</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
<b>Utilization</b>		
	Graduates acquire benefit from having completed program	<ul style="list-style-type: none"><li>▸ Participants tell of successful transfer of EMRIM skills and knowledge</li><li>▸ PDCP participants demonstrated applications (marketing and business plan creation choosing profitable products networking organizing NGOs)</li></ul>
	Cross marketing occurs	No specific evidence of cross marketing this time

**Change**

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)

With the impending administrative reform PACAMAM/ICBPA will become an important resource for municipal training

**EVIDENCE OF SUSTAINABILITY**

Sustainability Level	
Indicator	Summary of Findings
<b>Programmatic</b>	
Permanent faculty is well trained and its teaching is well received	Local faculty are team teaching in each module Increasing number of EMRIM courses are taught by local faculty PDCP is taught entirely by the local faculty
Visiting faculty effectively adapt their courses to local issues and needs	Several participants spoke highly about 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 for EMRIM
<b>Organizational</b>	
Executive Supervisory committee has balance of U S and Polish representation	This aspect will conform with the requirements of the new dual degree program (Fall 1998)
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	The continuing EMRIM (II and III) and PDCP participants 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.
<b>Financial</b>	
Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	This has been done
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

## ANNEX #8

### POLAND UNIVERSITY OF MINNESOTA AND WARSAW SCHOOL OF ECONOMICS

#### EVIDENCE OF PROGRAM IMPACT

Impact Level	Indicator	Summary of Findings
<b>Acquisition</b>		
	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>▶ Women constitute 22 per cent of the participants in WEMBA II and 17 per cent in WEMBA III. This is lower than in WEMBA I (with 26%) and certainly below the USAID goal of 50%</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>▶ 41 are enrolled in WEMBA III exceeding the target of 30</li><li>▶ Short-cycle programs usually meet the enrollment requirements</li></ul>
<b>Satisfaction</b>		
	Participants faculty staff & students positively rate their experience	<ul style="list-style-type: none"><li>▶ Formal ratings for WEMBA I indicate that the students rate the program highly</li></ul>
	There is a high demand for the programs & services	<ul style="list-style-type: none"><li>▶ WEMBA enrollments exceeded expectations. After WEMBA I graduation, interest in the program shows considerable increase</li></ul>
	Programs retain faculty and students (WEMBA)	<ul style="list-style-type: none"><li>▶ 31 WEMBA I participants received diplomas and 4 letters of recommendation. Only one person dropped out. All students in WEMBA II are continuing.</li></ul>
	Programs are responsive to students' and faculty's needs	<ul style="list-style-type: none"><li>▶ According to student questionnaire 80% indicate that their expectations regarding program objectives have been met.</li></ul>

**Utilization**

Graduates acquire benefit from having completed program

The questionnaire and interviews indicate that MBA training has made an important contribution to professional growth – promotions, raises

Cross marketing occurs (programs)

Yes for the short programs

**Change**

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

## EVIDENCE OF SUSTAINABILITY

Indicator Level	Indicator	Findings
<b>Programmatic</b>		
	Permanent faculty is well trained and its teaching is well received (WEMBA)	Local faculty are either team teaching with UMN faculty or on their own. The faculty is well established to carry out the program delivery requirements.
	Visiting faculty effectively adapt their courses to local issues and needs	The student questionnaires indicate that most of U.S. professors do.
	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. Space continues to be a challenge, particularly for the library.
	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	This information is not available because a new institutional arrangement has been put in place.
	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	Both WEMBA and short-cycle programs are being evaluated and changes incorporated into new course offerings.
	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.
<b>Financial</b>		
	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Tuition for the third cohort has been modified not only to reflect growing costs but also to move the program towards self-sustainability.
	Increasing percentage and sources of institutional/program funds from non-USAID sources	15% of funding comes from tuition and fees.

## ANNEX #9

### SLOVAK REPUBLIC UNIVERSITY OF PITTSBURGH

#### EVIDENCE OF IMPACT

The impact of the UPitt program in Slovakia is evident mainly in the WEMBA program, now completing its third year of operations. There are three WEMBA cohorts and a fourth is currently being recruited. The Post Doctoral Program in Economics began in the fall of 1997 with the arrival of five Comenius University faculty members at Pittsburgh (four are remaining). The Full-Time MBA is scheduled to begin at Comenius University in the fall of 1998.

#### 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, including financial planning for major corporate expansion

Target participation numbers are reached in terms of capacity, gender distribution & regional reach

All of the WEMBA participants currently are male, drawn from the senior management ranks of large and mid-sized firms, many in the Bratislava area but including regional towns

#### Satisfaction

Students, faculty & staff positively rate their experience

WEMBA students at Comenius are satisfied with the program, but lobbied to have the option of obtaining a UPitt MBA degree which has been granted

There is a high demand for the program

Demand continues to be high, although the issue of the MBA degree poses a problem for recruitment.

Program retains faculty and students

There has been slight attrition in enrollment; the WEMBA program now has several adjunct faculty from outside the university

Program is responsive to students' and faculty's needs

Interviews with participants indicate that the WEMBA program is often immediately relevant to their personal needs and the interests of their firms

#### Utilization

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

Several Comenius faculty are in great demand as consultants and advisors to businesses and government agencies

## EVIDENCE OF SUSTAINABILITY

### Sustainability Level

#### Indicator

#### Summary of Findings

### Programmatic

Permanent faculty are well trained and its teaching is well received

16 faculty have received training at UPitt (16 EUB and 11 Comenius) & six are in training; participants appreciate the difference such training makes in their teaching

Visiting faculty effectively adapt their courses to local issues and needs

UPitt faculty generally use US case studies. More case studies of CEE enterprises would be helpful, such as those from neighboring CMC

Necessary space, computers, library materials and support staff are available

Classroom and office facilities have now been fully renovated. Support staff from Management Faculty are insufficient for needs

Curriculum is approved by the degree-granting institution

Faculty of Management offers a Master's in Management (Magister) but new courses are to be introduced into this curriculum for the Full-Time MBA. Still a critical issue

### Organizational

Advisory Committee membership has a balance of US and Slovak representation

The recently formed Advisory Committee consists primarily of prominent Slovaks

Increasing percentage of local staff with administrative authority and responsibility

Administration of the WEMBA was initially by UPitt employees, as of April 1998 a Slovak Vice Dean is Director of the WEMBA program

Self-evaluation mechanisms are developed and implemented, findings are applied to operations

This needs to be further developed

Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed

A strategic planning workshop took place in April 1998 (No details available)

### Financial

Tuition policies, fee collection, and other alternate funding mechanisms are established and operating

An Agreement between UPitt and Comenius (Jan 1997) spells out the use of an MBA Account for revenues generated from tuition

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

WEMBA is becoming self-sustaining with tuition of \$10,000. The pricing of the new Full-Time MBA program has been decided upon at around \$5,700

**ANNEX #10**

*Table 4 Analysis of Project Director Questionnaire Responses*

Item: Local Partners	5/98 Average Response (N=19)	12/98 Average Response (N=34)	5/97 Average Response (N=35)	12/97 Average Response (N=38)	5/98 Average Response (N=6)
Cooperation in developing curricula	38	38	38	39	42
Cooperation in acquiring and housing equipment	41	35	34	35	42
Cooperation in providing space for program	46	37	39	39	42
Cooperation in cutting red tape for program	41	34	34	37	40
Ability to attract qualified staff	41	36	36	41	38
Ability to retain qualified staff	41	35	36	40	43
Ability to attract clients	39	39	39	40	48
Ability to retain clients	38	38	39	39	47
Ability to adjust to changing politics	39	38	37	36	42
Ability to adjust to changing economics	39	38	38	38	43
Ability to provide quality service	39	37	42	39	47
Ability to determine local needs	39	38	40	39	35
Ability to develop new programs	36	36	36	38	35
Ability to engage in effective long range strategic planning	34	34	35	37	30
Ability to self-evaluate and effectively apply findings	33	32	32	34	33
Ability to effectively market programs	36	34	32	34	37
Commitment to free market reforms	--	44	46	44*	48
Commitment to USAID program	--	41	43	42*	47
Commitment to leading reforms	--	36	36	41*	37
Commitment to the people leading reforms	--	37	36	41*	40

Item: Local Partners	S/96 Average Response (N=19)	12/96 Average Response (N=34)	S/97 Average Response (N=35)	12/97 Average Response (N=38)	S/98 Average Response (N=6)
Potential to administer the program during change	39	35	35	39	47
Potential to provide leadership for the program	39	33	36	41	45
Potential to provide innovation for the program	43	33	37	39	42
Potential to lead strategic planning for program	36	35	34	39	37
Potential financial stability	33	29	33	34	37
Faculty/staff turnover similar to other programs	100%Y	57%Y	84%Y	97%Y	75%Y
Staff would leave for better paying positions	18%Y	57%Y	58%Y	<b>68%Y</b>	

**Table 5 Local Partners Questionnaire Analysis**

Item: MTEEP Program...	12/96 Average Response (N=19)	5/97 Average Response (N=26)	12/97 Average Response (N=15)	5/98 Average Response (N=12)
Relevance to needs of participants	46	47	47	47
Recognizes economic situation	43	44	46	44
Makes good use of local examples	40	40	43	43
Places right balance between theory and practical application	44	43	44	45
Most participants are satisfied	45	46	45	47
Materials developed can be applied	44	44	45	44
US staff sufficiently qualified	48	48	49	49
US staff respond to needs	45	46	48	45
Program properly administered	45	45	47	47
Length of stay of US staff sufficient	40	41	44	43
US partner meets financial commitments in timely manner	42	45	45	45
Current ability to attract qualified staff/faculty	42	43	43	44
** to retain staff/faculty	40	39	40	43
** to attract clients/students	46	44	45	46
** to retain clients/students to program completion	43	40	44	42
** to adjust to changing political circumstances	40	36	42	43
** to adjust to changing economic circumstances	43	41	46	47
* to provide quality services	46	44	47	44
** to determine local needs	42	41	45	41
* to develop programs for local needs	42	41	42	43
** to engage in meaningful long range, strategic planning	41	42	39	40
** to self-evaluate and effectively apply findings	42	43	42	42
** to effectively market programs	43	42	42	41
In last 6 months, changes in faculty ability	44	45	45	46
* permanent changes in course offerings	44	45	44	47
* , participants applying what they have learned	45	43	46	46
Program content matches ability of participants	42	43	42	43
Provides sufficient technical assistance	41	40	41	41
Programs well planned and appropriate	43	45	44	42

Item: MTEEP Program	12/96 Average Response (N=19)	5/97 Average Response (N=26)	12/97 Average Response (N=15)	5/98 Average Response (N=12)
External staff well trained/organized	4.6	4.6	4.8	4.7
Sufficient training for staff	4.4	4.4	4.2	4.3
Translation appropriate and effective	4.8	4.6	4.8	4.6
Program charges fair price	100%Y	100%Y	100%Y	100%Y
Demand equals or exceeds capacity	67%Y	77%Y	100%Y	100%Y
Faculty/staff turnover lower or same as other programs	75%Y	88%Y	100%Y	75%Y
In last 6 months, emerging competition	35%Y	32%Y	27%Y	22%Y

Note Responses - 2 = poor, 3 = adequate, 4 = good, 5 = excellent

*Table 6 Comparison Assessment Among Respondents - May 1998*

Item: Your (for local partner)/Partners	Local Partner Average Response (N= 12)	In-Country Director Average Response (N= 5)	US Director Average Response (N= 8)
Ability to attract qualified faculty/staff	4.4	3.8	3.8
Ability to retain qualified faculty/staff	4.3	4.2	4.3
Ability to adjust to changing politics	4.3	3.7	4.2
Ability to adjust to changing economics	4.7	3.7	4.3
Ability to provide quality service	4.4	4.3	4.7
Ability to determine local needs	4.1	4.0	3.5
Ability to self-evaluate and effectively apply findings	4.2	3.1	3.3
Ability to effectively market programs	4.1	3.0	3.7
Ability to attract clients	4.6	4.0	4.8
Ability to retain clients	4.2	4.0	4.7
Ability to develop new programs in response to local needs	4.3	4.0	3.5
Ability to engage in meaningful, long range strategic planning	4.0	3.8	3.0
Progress in maintaining or increasing the stature of the program	—	4.0	4.5
Progress in maintaining or expanding sources of non-USAID funding	—	3.5	4.2
Potential to administer the program during change	—	3.8	3.7

Note responses - 2 = poor, 3 = adequate, 4 = good, 5 = excellent