

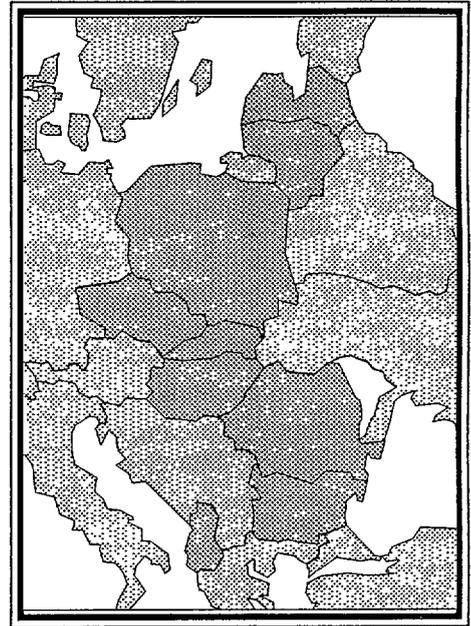
Management Training and Economics Education Project for Central and Eastern Europe

Contract No. DHR-C-00-95-00059-00

Project No. 180-0029

ANNUAL SUMMATIVE MONITORING & EVALUATION REPORT

JULY 1, 1996 - JUNE 30, 1997



Submitted to:

**Office of Democracy, Governance, and Social Reform
Human Resources Development Social Reform Division
(ENI/DGSR/HRDSR)
Bureau for Europe and the New Independent States
U.S. Agency for International Development
Washington, DC 20523**

Submitted by:

**DATEX, Inc.
7799 Leesburg Pike
Suite 1150, North Tower
Falls Church, VA 22043**

— NOTE: This is the amended version of the Annual Report,
including the country report on the WSU/Romania project.

August 11, 1997

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

Contract No. DHR-C-00-95-00059-00

Project No. 180-0029

**ANNUAL SUMMATIVE
MONITORING & EVALUATION REPORT**

July 1, 1996 – June 30, 1997

Submitted to:

**Office of Democracy, Governance, and Social Reform
Human Resources Development Social Reform Division
(ENI/DGSR/HRDSRD)
Bureau for Europe and the New Independent States
U.S. Agency for International Development
Washington, DC 20523**

Submitted by:

**DATEX, Inc.
7799 Leesburg Pike
Suite 1150, North Tower
Falls Church, VA 22043**

August 11, 1997

B

The opinions expressed herein are those of the author(s),
and do not necessarily reflect the views of DATEX Inc.,
nor the United States Agency for International Development.

TABLE OF CONTENTS

List of Tables	iii
List of Acronyms	iv
Executive Summary	ES-1
Introduction	1
Albania: University of Nebraska - Lincoln	7
Bulgaria: University of Delaware	19
The Czech Republic: University of Pittsburgh	35
Center For Economic Research And Graduate Education - Economics Institute	35
Czech Management Center	51
Hungary: Indiana University and State University of New York	67
Indiana University	67
State University of New York	81
Latvia: State University of New York - Buffalo	93
Lithuania: Texas A&M International University	115
Poland: University of Maryland and University of Minnesota	129
University of Maryland at College Park	129
University of Minnesota and Olsztyn University of Agriculture and Technology	143
University of Minnesota and Warsaw School of Economics	155
Romania: Washington State University	165
The Slovak Republic: University of Pittsburgh	183
Overall Program Results	195
Appendices	
US and In-country Project Directors' Questionnaire	
Local Partners' Questionnaire	

LIST OF TABLES

Table 1: Types of Interventions of MTEEP Grantees	1
Table 2: MTEEP Program Reach Data for January 1 - June 30, 1997	197
Table 3: Program Reach Life of Project Data for Close-Out Projects Through June 30, 1997.....	203
Table 4: Analysis of Project Director Questionnaire Responses	214
Table 5: Local Partners' Questionnaire Analysis	216
Table 6: Comparison Assessment Among Respondents - May 1997	219
Table 7: Academic MBA Programs: Certificates and Degrees Offered	221

LIST OF ACRONYMS

AACSB	American Association of Colleges & Schools of Business
ACDI	Agricultural Cooperative Development International (now combined with VOCA)
ACP	Albanian Communist Party (political, Albania)
AE	Advanced Economics
AEP	Advance Economics Program (Bulgaria, Slovak Republic)
ASE	Academy of Economic Sciences (Romania)
AMC	Advanced Management Certificate
AMP	Advanced Management Program
BAC	Business Assistance Center
BACRA	Baltic Association of Case Research and Application
BAP	Association for Building Partnerships (Bulgaria)
BDC	Business Development Center
BEP	Business English Program
BPA	Business Partnership Association
BSP	Bulgarian Socialist Party (political, Bulgaria)
BUES	Budapest University of Economic Sciences (Hungary)
CBE	Center for Business Excellence
CBEN	Center for Business Excellence Network
CBMP	Comprehensive Business Management Program
CCMS	Consortium of Canadian Management Schools
CDC	Citizens Democracy Core
CDO	Career Development Office
CDR	Romanian Democratic Convention
CEFTA	Central European Free Trade Agreement
CEE	Central & Eastern Europe
CEEMAN	Central & Eastern Europe Management Development Association
CEO	Chief Executive Officer
CERGE-EI	Center for Economics Education, Research and Economics Institute (Czech Republic)
CIDA	Canadian International Development Agency
CISNET	Central for Internet Services and Instruction
CLDP	Commercial Law Development Program
CMC	Czechoslovak Management Center
CMTB	Center for Management, Technology, and Business Training (Lithuania)
CO	Certificate of Ownership
COP	Chief of Party
CPED	Center for Private Enterprise Development (Hungary)
CSSD	Social Democrats (political, Czech Republic)
CZACRA	Czech Case Research Association
DMP	Dynamic Managers Program (Czech Republic)
DIMBE	Department of Industrial Management and Business Economics
EBRD	European Bank for Reconstruction and Development
EEC	European Economic Community

LIST OF ACRONYMS

EFMD	European Foundation of Management Development
EI	Economics Institute (Czech Republic)
ELC	English Language Center (Latvia)
ELCA	Enhancing Local Capacity
ELP	English Language Program
EMBA	Executive Masters of Business Administration
EMED	Entrepreneurial Management and Executive Development Program
EMIM	Executive Master's of Industries Management (Poland)
EMRIM	Executive Master's of Rural Industries Management (Poland)
ENI/DGSR/HRDSR	Bureau for Europe and New Independent States/Office of Democracy, Governance, and Social Reform/Human Resource Development and Social Reform
ESC	Executive and Supervisory Committee (Czech Republic)
ETP	Entrepreneurship Training Program (Lithuania)
EU	European Union
EUB	Economics University of Bratislava (Slovak Republic)
FLAG	Firm Level Assistance Group (Bulgaria)
FORMAPER	an agency of the Chamber of Commerce in Milan, Italy
FY	Fiscal Year
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMAT	Graduate Management Admissions Test
GOU	Government of Ukraine
GPA	Grade Point Average
GUS	Central Statistical Office (Poland)
IBEX	International Business Exchange
IBS	International Business School
ICG	Institute of Corporate Governance
IE	Institute of Economics (Bulgaria)
IESC	International Executive Service Corps
IMF	International Monetary Fund
IMIRBA	International Master's in Rural Business Administration
IPP	Institutional Partnerships Project
IR	Intermediate Results
IREX	International Research and Exchanges Board
ISO	International Standards Organization
IU	Indiana University
JEP	Joint European Project
JVI	Joint Vienna Institute
KTU/P	Kaunas Technological University/Panevezys (Lithuania)
LAN	Local Area Network

LDDP	Democratic Labor Party (political, Lithuania)
LDLP	Long Distance Learning Program (Poland)
LKDP	Christian Democratic Party (political, Lithuania)
LEMBA	Lodz Executive Master of Business Program (Poland)
M&E	Monitoring and Evaluation
MATCH	Management Training Cooperation in Hungary
MBA	Masters in Business Administration
MBC	Masters Business Counselor
MDC	Management Development Center
MEBO	Management-Employee Buy-Out
MIT	Management Information Training Systems
MTEE	Management Training and Economics Education
MTEEP	Management Training & Economics Education Project
MTELP	standardized test on competency
MTP	Management Training for Privatization
n/a	Not Available
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NBP	National Bank of Poland
NBU	New Bulgarian University
NGO	Non-Governmental Organization
NIS	New Independent States
NTF	National Training Fund
ODS	Civic Democratic Party (political, Czech Republic)
OECD	Organization for Civic Cooperation and Development
OP	Office of Procurement (USAID/Washington)
OUAT	Olsztyn University of Agriculture and Technology (Poland)
P&G	Proctor & Gamble
PACAMAM	Polish-American Center for Agricultural Marketing and Agribusiness Management (Poland)
PACEM	Polish-American Center for Economics and Management (Poland)
PAEM	Program for Active Employment Measures
PAM	Polish-American Management Center
PBC	Professional Business Counselor
PDCP	Post-Diploma Certificate Program (Poland)
PDS	Post Diploma Studies
PDSP	Party of Social Democracy (political, Poland)
PDSR	Party of Social Democracy (political, Romania)
PHARE	Poland and Hungary Assistance for Economic Restructuring
PIET	Partners for International Education and Training
PSL	Polish Peasant Party (political, Poland)
PTMS	Participant Training Management System

LIST OF ACRONYMS

PUB	Polytechnic University of Bucharest (Romania)
PUE	Prague University of Economics (Czech Republic)
PVO	Private Voluntary Organization
R2	Results Review
R4	Results Review and Resource Request
RBS	Riga Business School (Latvia)
RC	Resource Center
RFP	Request For Proposal
RTU	Riga Technical University (Latvia)
SBA	Small Business Administration
SBC	Small Business Certificate
SBDC	Small Business Development Center
SBM	Small Business Management
SCL	Sofia Central Library
SDP	Social Democratic Party
SEED	Support for Eastern European Democracy Act
SIFE	Students in Free Enterprise
SIPPS	Slovak Institute for Post Doctoral and Post Graduate Studies (Slovak Republic)
SLD	Democratic Left Alliance (political, Poland)
SME	Small and Medium Size Enterprise
SMER	Small and Medium Size Enterprise Renewal Program (Hungary)
SO	Strategic Objective
SOE	State Owned Enterprise
SOF	State Ownership Fund
SUNY	State University of New York
SUNY-B	State University of New York - Buffalo
SUNY-OIP	State University of New York - Office of International Programs
TAMU	Texas A & M International University
TARS	Transition Alliances for Regional Success (Hungary)
TOESL	Teaching of English as a Second Language
TOEFL	Teaching of English as a Foreign Language
TQM	Total Quality Management
TOT	Training of Trainers
TSLK	The Homeland Union (political, Lithuania)
TUB	Technical University of Budapest (Hungary)
TUWr	Technical University of Wroclaw (Poland)
UD	University of Delaware
UDF	Union of Democratic Forces
UK	United Kingdom
UL	University of Lodz (Poland)
UMCP	University of Maryland at College Park
UMN	University of Minnesota

LIST OF ACRONYMS

UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
UNL	University of Nebraska-Lincoln
UPitt	University of Pittsburgh
US	United States
USAID	United States Agency for International Development
USIA	United States Information Agency
UT	University of Tirana (Albania)
VOCA	Volunteers in Overseas Cooperative Assistance (now combined with ACDI)
WEMBA	Warsaw Executive Masters of Business Administration (Poland)
WEMBA	Weekend Executive Masters of Business Administration (Slovak Republic)
WOCCU	World Council of Credit Unions
WSE	Warsaw School of Economics (Poland)
WSU	Washington State University

THE MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT

I. INTRODUCTION

This is the second Annual Report of USAID's Management Training and Economics Education Project (MTEEP) for Central and Eastern Europe (CEE) submitted by DATEX since being awarded the monitoring and evaluation contract in 1995. It represents the combined effort of the DATEX team in Falls Church, VA, with the collaboration and participation of grantee universities, their partner institutions, and the staff of the ENI Bureau. MTEEP programs have engaged in a wide range of activities addressing the management and economics education needs of each of the nine CEE countries involved. These include academic (PhD and MBA degree) and certificate programs (entrepreneurship training), and non-academic programs (short term seminars and workshops, 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 toward the objective of improving capabilities in management training and economics education in the CEE region. In this report we document and analyze these results, presenting both quantitative and qualitative measures of project achievement.

II. METHODOLOGY UTILIZED

The MTEEP Monitoring and Evaluation methodology was developed in collaboration with MTEEP grantees, USAID staff, and the staff of partner institutions. It utilizes sets of indicators of impact and sustainability, the two primary objectives of the MTEE Project agreed upon by the primary stakeholders of the project. Impact is defined as occurring at four levels: acquisition of knowledge and skills; satisfaction with that acquisition; utilization of knowledge and skills; and change in behavior at the individual, institutional, and national levels. Impact focuses on the participants in MTEEP programs and the companies and institutions which employ them. Sustainability is examined on three levels: programmatic, organizational, and financial. The partner institution is the focus of sustainability analysis.

Monitoring and evaluation has taken place in eleven programs in nine Central and Eastern European countries. The inputs for this annual report include site visits, reviews of project documentation such as quarterly reports, administration of questionnaires, and regular telephone and fax communication with grantee representatives. Site visits were conducted in October-November of 1996 and April-May of 1997. Four MTEEP programs that are closing out in 1997 - the University of Delaware in Bulgaria, the University of Pittsburgh in the Czech Republic (two projects), the State University of New York-Buffalo in Latvia, and Texas A&M International University in Lithuania - were the subject of particular attention. Over the past year, all of the projects have been visited at least once, except for Albania where civil unrest made a visit impractical. This is the first MTEEP report which includes findings from these summative close-out evaluations.

III. PRINCIPAL FINDINGS

A. IMPACT

Persons Reached by MTEEP. This is the first DATEX report in which two sets of Program Reach Data are presented: one for the current period from January to June 1997, and another for the activities of the four close-out programs since the beginning of their grants. For the current reporting period there were a total of 5,780 participants in the traditional Program Reach categories of activities. Based on the responses from grantee institutions, we have expanded the categories summarized in this reporting period in order to provide more specificity in the range of MTEEP activities. With the addition of two categories - Resource Centers and Other Activities - the total number of persons reached during this reporting period is 10,217. The four close-out programs have reached over 31,292 participants since 1991. Qualitative impact data is included in the success stories within each of the country reports.

Academic and Certificate Programs. These programs account for 16 percent of all MTEEP participants for the January-June reporting period. The one PhD program in Economics now counts five graduates, among them one woman who received her degree during this reporting period, and a current enrollment of 107 graduate students. MBA programs are currently being offered in six countries, four of them with graduating classes in June or July of this year. There are a total of 476 students now enrolled in these MBA programs, most of them in executive management (evening and part-time) programs. A rather broad mix of certificate programs is also being offered by six MTEEP grantees.

Non-Academic Programs. These programs account for fully 84 percent 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 61 percent of all participants. In this reporting period, three grantee universities are providing business counseling services, three maintain Resource Centers, while two are providing special company interventions.

Participation of Women in MTEEP Programs. For the current reporting period, some 37 percent of participants have been women (in those activities for which there is gender disaggregation). The highest percentage of women participation is in certificate (54 percent) and short term training programs (42 percent). It must be noted that there is no gender disaggregation for the figures presented by several major programs in the two new categories, Resource Centers and Other Activities. However, those programs that have reported gender data for these activities generally indicate a high participation of women. In so far as certificate program attendance is concerned, the MTEEP goal of 50 percent female participation has been achieved (54 percent for this period).

Program Reach for Close-Out Programs. All four close-out programs (UD in Bulgaria, UPitt with CERGE-EI and CMC in the Czech Republic, SUNY-B in Latvia and TAMIU in Lithuania) have maintained academic or certificate programs (UD no longer does) as well as non-academic programs; three programs since 1992. These four programs have reached a total of 31,151 participants over the life of their MTEEP activities, in which 16 percent of participants have been in academic and certificate programs and 84 percent in non-academic programs. One has seen five PhD degrees in Economics awarded. Three of them have issued a combined total of 207 MBA degrees. A total of 858 persons have participated in some type of certificate program provided by these grantees and their partners. One Resource Center reached over 11,000 clients. More than 12,000 others were reached through attendance at lectures, conferences, faculty development sessions, and English language training.

Over the life of these projects, the participation of women has increased from virtually nil in some programs to 70 percent in others. The overall average attendance of women in these activities has been 47 percent, with seminars and certificate programs accounting for the largest portion. And nearly half of all those reached by Resource Centers and other outreach activities (for which there is gender disaggregated data) have been women.

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 aspects of sustainability: programmatic, organizational, and financial. Measurement of sustainability is more difficult to achieve than that of impact, as indicators are less precise than they are for impact.

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, 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.

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. MBA graduates are having success in the job market.

Financial Sustainability. The most pressing issue of financial sustainability is the integration of a Center into the university's administrative structure while retaining relative financial control over the program. This issue increases in relevance in proportion to a program's inability to raise funds from alternative sources. One MTEEP program has established a foundation for the purpose of raising funds for scholarships and institutional development while another is in the process of doing so.

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.

Close collaboration between the Center and a university is mutually beneficial. The host university can provide a permanent anchor for the 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 the Center regarding the business and consulting activities as linked to 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 the Center is a legitimate research function appropriate to the university setting.

Financial Sustainability. The choice of a specific programmatic strategy and the economic environment 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. Often 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. Small enterprises are often the targets of USAID programs.

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. A decrease in average response was registered in ability to adjust to changing political circumstances and to retain clients.

Comparative Assessment Among Respondents. Responses for each group are slowly merging, with lowest average responses among In-Country Coordinators and the highest among the Local Partners. The most significant concern is the ability of Local Partners to adjust to changing political and economic conditions.

Sample Assessment of Business Support Centers. In-Country Coordinator assessments were received on each of the 12 centers. The four areas of relative strength identified were commitment to free market reforms and to USAID programs, the ability to provide quality service, to determine local needs, and to retain clients. Areas of relative weakness included potential financial stability, ability to effectively market programs and to self evaluate, and potential to administer programs during change. Complementarity of information between site visits and "hard data" was also pointed out in the questionnaire.

IV. CONCLUSIONS AND RECOMMENDATIONS

Accreditation. A majority of MTEEP grantees are involved in MBA-type academic programs. 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.

Case Studies. MTEEP grantees and their partner institutions are making an important contribution to understanding the newly developing private sector in the CEE region through case studies. These studies of local firms are often published as monographs or in a collection of cases, both in English and in the local language. Case writing competition is also being practiced in some programs. MBA case competition, common to US business schools, is now finding its way to the CEE region with the help of MTEEP grantees.

Monitoring Progress Toward Sustainability. In nine of the MTEEP grantee assessment reports the DATEX team recommends that grantees strengthen their analysis and reporting on programmatic, organizational, and financial sustainability. This should include regular profiles of the partner institution or Center and its ability to identify and secure resources necessary to maintain the program after USAID funding has ceased.

Exploring Alternative Funding Sources. Five recommendations deal with securing alternative sources of funding. Grantees are urged to help partners develop business strategies that address the mix of program offerings for various target audiences, such as training for women entrepreneurs

where there is a market. They are also urged to leverage their relationship with other USAID-funded projects and implementers in identifying new clients and service opportunities. Some projects have already established foundations for raising grant funds which others should consider.

Creating Alumni Associations. Three recommendations concern the formation of and support for Alumni Associations of past participants of academic and business training programs. In only one instance is there a functioning Alumni Association (RBS in Latvia). In other cases, efforts to establish such associations have failed. Suggestions include providing a support position of Alumni Affairs Coordinator within the Faculty or Center to work with the association. The usefulness of these organizations as sources of support and financial contributions has yet to be tapped.

Maintaining and Expanding Regional Mission. In three instances (UPitt with CERGE-EI and CMC Czech Republic and University of Minnesota with OUAT/PACAMAM in Poland) the grantee institution and its partner are strongly encouraged to maintain the program's regional identity. In each case this will entail securing alternative sources of scholarship funding for foreign students, particularly those from NIS countries, after MTEEP funds are depleted and the Mission closes out.

Institution Building. In a very real sense, the whole of these programs is greater than the sum of the participants who have been reached. New institutions are being created which represent a new approach to management and economics education in the CEE region.

I. THE MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT

USAID's Management Training and Economics Education Project (MTEEP) for Central and Eastern Europe (180-0029) was initially approved in December 1990 and is expected to continue through June 30, 1999. The Project involves university-to-university linkages to undertake short-term, high-impact training in order to upgrade Central and Eastern European institutions for long term management and economics education. It is part of a broader effort authorized by the US Congress in 1989 as the Support for Eastern European Democracy Act (SEED). 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).

MTEEP assistance is intended to help develop the technical, management, and economic analysis skills necessary to reconstruct Central and Eastern European economies and to develop competitive markets and businesses. Ten US universities, with eleven grants and cooperative agreements, partner with institutions of higher education in nine countries from the Baltic States in the north to Albania in the south.

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

Table 1. Types of Interventions of MTEEP Grantees

Country	Institution (Start-End Dates)	Business Advising	Short Cycle Workshop	Special Inter-ventions	Certificate Program (Type)	Execu-tive MBA (Start Date)	Full Time MBA (Start Date)	PhD Econ (Start Date)
Albania	UNL (1991-97)	X	X			X (1996)		
Bulgaria	UDel (1991-97)	X	X	X	X*			
Czech Republic	UPitt - CERGE (1990-97)				X			X (1991)
	UPitt - CMC(1990-97)		X			X (1993)	X (1992)	

INTRODUCTION

Country	Institution (Start-End Dates)	Business Advising	Short Cycle Workshop	Special Interventions	Certificate Program (Type)	Executive MBA (Start Date)	Full Time MBA (Start Date)	PhD Econ (Start Date)
Hungary	IU (1995-99)		X	X				
	SUNY (1991-98)	X**	X	X		X (1996)		
Latvia	SUNY-B (1992 USIA-97)	X			X (Engl)	X (1992)		
Lithuania	TAMIU (1995-98)	X	X		X (Entrep)			
Poland	UMCP (1994-98)		X			X (1996)		
	UMN (1991-98)		X		X (Post Dipl)	X (1995)		
Romania	WSU (1991-98)	X	X	X	X (Bus Couns)			
Slovak Rep	UPitt (1995-98)		X		X (Adv Econ-1988)	X (1996)	X (1997)	
Total		6	11	4	7	7	2	1
% of Projects		50%	92%	33%	58%	58%	17%	8%

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

It should be noted that while most of these activities started between late 1990 and 1993, several programs or program elements have only begun in the last year. In addition, where there is an academic program, significant impact information is only just now becoming available as the first graduates of the more mature programs are finding broader access to the marketplace and are able to utilize their knowledge and skills to help improve the operations of their employers. Of growing importance to several programs is special contract work for individual companies or agencies which utilizes the expertise developed since the start of the MTEEP effort. These activities are often critical to the sustainability of these programs.

II. PURPOSE AND ORGANIZATION OF THIS REPORT

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

of this report is to present the analysis of findings over the last year, with an emphasis on progress over the last six month period, January 1 to June 30, 1997, regarding the activities of the MTEEP grantees, as well as conclusions and recommendations for each program and the MTEE Program as a whole. A special feature of this report is that it includes close-out evaluations of four projects whose MTEEP funding ends during this fiscal year.

The report is organized into three major sections: Introduction, Individual Project Assessments, and Overall Program Results. The individual assessments are organized alphabetically by country and program within a country. Where the US university has distinct programs with more than one partner, each program is discussed separately, with common elements noted. Within each individual assessment, the outline utilized is the following:

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

A similar approach is used in the final section which provides a review of overall program impact and sustainability as well as a discussion of cross-project issues. A new feature in this report is that a more in-depth discussion is included on only two cross-project issues, rather than a more limited discussion of a broader range of topics. This approach is intended to provide program managers with more information on current "hot topics." In this report, the issues of accreditation of academic programs and the use of case studies to improve instruction, to keep faculty current, and to contribute to an understanding of the SME sector in the CEE are discussed.

The DATEX evaluation team's objective is to provide a report that is useful and contains the most complete and accurate information possible. Our analysis reflects the team's understanding, not only of the MTEEP objectives, but of the cost, time, and environmental constraints that individual programs are facing.

III. METHODOLOGY UTILIZED

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

Impact is defined by MTEEP as occurring at four levels: acquisition of knowledge, skills and attitudes; satisfaction with that acquisition; utilization of the knowledge, skills, and attitudes; and change in behavior especially at the individual and institutional levels. Impact focuses on the participants in MTEEP programs and their companies or institutions of employment.

Sustainability is seen by MTEEP as occurring on three levels: programmatic, organizational, and financial. The partner institution and program are the foci of sustainability analyses.

Close out projects. Because there were a significant number of projects (four) which are leaving the MTEE Project this fiscal year, a framework for close-out evaluation visits was developed, in which four elements for these visits were identified: impact, sustainability, lessons learned, and follow on, and the emphasis of each element and the trip objective.

More specifically, the emphasis on impact for close outs was to be at the change level - for individuals and institutions and firms; "success stories" might also be included. The trip objective related to impact was for "top down" documentation of results over the length of program implementation. For sustainability, the emphasis was on the constancy of the program or institution without USAID financial support; the trip objective was to determine the current and projected status of sustainability - both quantitative and qualitative.

The emphasis for lessons learned centered on approaches, issues and actions which might help future programs, and could lead to "best practices." The trip objective was to obtain additional documentation. Finally, the emphasis on looking at follow-on was on near and medium-term actions planned following the end of USAID financial support; the trip objective was to document the projected status of the program or institution after the end of MTEEP financial support.

Site visits conducted of projects in October/November 1996 and April/May 1997. The overall objectives of these site visits were to:

- ▶ Review project status versus recommendations and issues identified during previous visits and presented in previous reports,

- ▶ Identify progress against indicators, both impact and sustainability,
- ▶ Conduct past participant interviews on a sample of past participants (obtaining success stories where possible),
- ▶ Assess program management of the grant and the relationship between partners, and
- ▶ Review country and USAID mission contextual issues that may affect individual project implementation.

Visits to each project not in a close-out mode were under one week in length and were conducted by one, or sometimes multiple, team members. For close-out evaluations, the more focused close-out framework described above helped guide the visits. At least two team members visited each close out project, and visits covered one week.

Review of all available documentation, especially grantee quarterly reports for October-December 1996 and January-March 1997. 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. Quarterly reports were reviewed and information utilized. In several projects for which reports were not available during this report's preparation, findings were difficult to develop.

Administering and analyzing questionnaires and program reach data. Two questionnaires were administered across all projects in November/December 1996 and April/May 1997. These were the 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, with this being the third and fourth times they were utilized. The questionnaires are designed to capture direct and indirect information about the effectiveness of the program, in both the areas of impact and sustainability.

In addition, each grantee was asked to provide information on the number of people (with a gender breakdown) reached by their activities in the six-month time period emphasized by this report. For close-out projects, cumulative data was requested for the total time period of project implementation.

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

IV. COUNTRIES AND PROJECTS INCLUDED

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

Seven projects were reviewed through the fall and spring site visits. Projects receiving two site visits included:

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

Three other projects were visited only in the spring. Each was a close-out project for MTEEP and included:

- ▶ Bulgaria: University of Delaware
- ▶ Czech Republic: University of Pittsburgh - CERGE-EI and CMC
- ▶ Latvia: State University of New York-Buffalo

The Albania project is a special case. The University of Nebraska-Lincoln project in Albania was not visited during the year. A spring visit had been planned, but was canceled due to internal unrest in Albania which led to the evacuation of USAID and project personnel as well as other expatriates in March 1997. At the time of the writing of this report, the future status of the UNL project was still to be determined. The progress of the project over the year was assessed through documentation provided by the grantee and conversations with project personnel.

V. DATEX EVALUATION TEAM

Over the past year, evaluation team members included:

Felipe Tejeda, MTEEP Project Manager
Mary Ann Zimmerman, Senior Evaluator/Monitor and Corporate Representative
Luba Fajfer, Senior Evaluator/Monitor
Galen Hull, Senior Evaluator/Monitor
Heather Sutherland, Senior Evaluator/Monitor
Barbara Rossmiller, Project Coordinator

Gwen Appel and Andrea Ramirez have provided administrative support to the team.

I. COUNTRY CONTEXT

Albania is currently in political chaos following civil violence and unrest which erupted in January 1997. Mass protests by people who had lost their life savings in failed pyramid investment schemes gripped the nation for four months and continued to threaten President Sali Berisha and the democratic structures of the country. On March 11, 1997, President Berisha reached an agreement with the 10 political opposition parties, to resolve the country's crisis, appointing a new Prime Minister, Bashkim Fino from the Socialist Party. A rebel delegation agreed with the Berisha proposition that another faction would not accept any compromise while the President remained in power.

A Chronology of Events that lead to this situation was provided by the Project Director as follows:

- ▶ January 16 - Tirana - The Albanian government seized 25.5 billion leks (\$225 million USD) deposited in state-owned banks by two pyramid schemes.
- ▶ January 26 - Tirana - Riot police dispersed a crowd of 30,000 that gather in Skanderberg Square.
- ▶ February 6 - Vlora - Over 30,000 people demonstrated in streets, besieged police station.
- ▶ February 17 - Vlora - 5,000 people protest for a 13th consecutive day and called for the resignation of the Prime Minister and his government.
- ▶ February 28 - Vlora - Night-time gun battle erupted after townsfolk seized weapons from police armory - 3 civilians and one secret policeman dead, 22 injured.
- ▶ March 3 - Tirana - state of emergency was declared. 13,000 fled to Italy, thousands were evacuated from the country.

The MTEEP Project Director's assessment of the situation in Albania states that "people are terrified by the lawlessness and many barricade themselves in their homes at night. The arrival of 6,000 soldiers from a multinational force to secure aid deliveries greatly helps to calm the daily and nightly violence. The fragile coalition government is barely holding on while different political factions continue bickering among themselves." A floating, mandatory curfew set for 6 p.m. to 8 p.m. depending on the urgency, and unlawful gathering of more than 4 people, had also helped suppress lawlessness, but lawful assembly and attending university courses were also suppressed.

As Albanian stability worsened, the 2,000 Americans living in southern Albania were urged to leave the country. Then, on March 14, an ordered evacuation of US citizens began. Socialist opposition chief, Fatos Nano claimed two-thirds of the parliamentary seats in the elections on June 29. A major defeat for Berisha. The personnel from the MTEEP program were among those evacuated, and the

status of the MTEE Program is being monitored from the University of Nebraska (UNL), by the Project Director, In-Country Coordinator and others. The MTEEP/UNL staff is in contact with the former Director-in-Residence's assistant and USAID/Albania personnel.

Presently, the MTEE Program is on hold awaiting the results and national reactions to elections. The USAID/Albania Program Officer returned to Tirana in mid-May 1997, and has been in contact with the Project Director at UNL.

II. PROJECT DESCRIPTION

The original MTEEP/Albania project started in 1991, followed by a continuation proposal submitted in 1995 and revised in April 1996, to continue through December 31, 1997. As mentioned above, during March 1997 the program was prematurely shut down because of internal political chaos and the evacuation of the UNL staff. The UNL staff is currently developing a proposed extension of the program which would take the activity to December 2000, at which time, they believe the major goals of the program will be met. Because the current situation is realistically a major set back, a substantially extended program, which might be more like a fresh start, will be needed.

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

- ▶ To reinforce Albania's business academic infrastructure
- ▶ To establish the role of the University as a continuing source of business planning and development expertise through its adjunct business assistance centers
- ▶ To respond to the special training needs of Albania's business and academic institutions with focused seminars and workshops.

To meet these objectives the UNL had developed programs in four universities: Tirana, Korca, Shkodra, and Vlora. The MBA program in the University of Tirana was in its second year with plans for the graduation of 30 students in December 1997, if the University had remained opened and participants had been able to return to class in September, which was in line with original plans. However, in order to make this graduation possible, the participants will have to take intensive, double classes starting as soon as possible. Realistically this is not going to happen.

Each of the four universities has a Business Assistance Center. Before the evacuation, the BAC at the University of Shkodra had been the most active followed by the Korca BAC. A higher level of activity is expected from Tirana and Vlora BAC's in the future. Since the evacuation, UNL has been informed that the University of Korca was extensively looted, and earlier reports suggested that the University of Vlora was untouched but this fact has not been confirmed. Other universities have been

looted but hidden computers were retrieved, stored and protected by participants of the MTEEP program and UNL staff. For weeks leading up to the evacuation of the MTEEP team, curfew restricted the holding of classes and business group meetings, throughout the country. Groups over four in number were forbidden and everybody had to be off the streets by six p.m. Effectively, the evening programs and classes at the four centers and the University of Tirana closed.

A site visit was not made to Albania in the Spring of 1997 because of the unstable political situation. Contacts were made with USAID/Washington, UNL staff and USAID/Albania for data for this report. UNL quarterly reports were also utilized. This report attempts to document the status of the project at the time of the evacuation in March.

III. PROGRAM FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The previous Semi-Annual Report, published by DATEX dated December 31, 1996 stated the following three recommendations regarding the UNL project. The actions taken are the following:

UNL needs to track and report thoroughly the results, especially in terms of "utilization" and "change," for the three UT faculty returning from UNL. This information should inform a review of the faculty development program, with modifications being made as needed. Several of the three University of Tirana faculty members who completed their semester-long training for MBA-level instruction at UNL in the Fall, had started teaching during the Spring semester at UT. Only one class was completed before the unrest began. Further questions of "utilization" and "change" will have to be addressed when information is available after the UNL team can return to Albania.

UNL should demonstrate the linkages between the disparate elements of their program support to the undergraduate curriculum, BACs and MBA program at UT. In an effort to make linkages between the elements of the MTEEP program, the UNL Director-in-Residence had streamlined her office by training and developing office personnel. Each Business Assistance Center (BAC) had a Director, secretary, student assistants and an Information Specialist. The Centers had regular meetings with the Director-in-Residence and compiled monthly reports as an effort to move toward linkage and sustainability of programs. The monthly meetings held in Tirana gave the managers of the four BACs the opportunity to "share experiences, brainstorm solutions to common problems, and provide required documentation." The BAC managers generated a needs assessment survey and had collected some data when the process was interrupted by the chaotic political situation. This survey, and the data the survey will produce, will be very helpful when the centers resume activity, and want to solicit information for strategic planning. Topics which create linkages, outreach, and future program offerings, can be generated following the analysis of survey data.

Because of the intensity of both the MBA program approach and the faculty development approach, UNL should consider alternatives which may better match the capacity of their clients. Faculty development is to continue when the program reopens and the Project Director expects that the training of 10 faculty members, as planned, will be completed by December 1997. Three faculty members were at UNL when the instability began. Their training and auditing of MBA classes were complete before they returned to Albania.

Plans are in place for the University of Tirana MBA program to forge ahead when UNL receives permission to reopen the program. The UNL faculty have been invited by the Faculty of Economics to return; although USAID has not concurred. A second cohort of MBA students at the University of Tirana was expected to enroll in the fall semester of 1997 to complete their studies and graduate by December 1999. These plans need to be modified now.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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

USAID/Albania's SO1.3 includes two primary Intermediate Results:

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

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

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

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

- ▶ Enterprise Funds
- ▶ VOCA Grant
- ▶ Albania Forestry

It is expected that UNL will submit a new proposal to continue the MTEEP program until the year 2000, perhaps making it possible to achieve the targets and plans, originally envisioned.

C. PROGRAM IMPACT

Three faculty members who were auditing three MBA level courses during this semester completed the training as planned. Three Albanian professors were auditing MBA courses within their area of expertise, meeting UNL faculty mentors regularly and developing team teaching skills and participating in interactive training. The topics of courses audited were: Database and Organizational Management, Information System Analysis and Design, International Business, Managerial Marketing, Marketing Channels, Econometrics and Decision Theory. They were completed in April, 1997.

A UNL-trained Albanian professor assisted a UNL visiting professor in Albania. The first UNL trained professor assisted the teaching of two courses with a visiting American professor, during the Spring semester. The two courses were on the topics of International Economics and Managerial Economics. Unfortunately they had only taught one formal class when the crisis created instability and only tutorials were practical. Then on March 14, the American professor was evacuated, and because of the severity of the danger, all training was stopped.

Students registered for two MBA courses in February at the University of Tirana. The majority of the remaining MBA students registered, attended the first class sessions, and picked up the course textbooks for the courses on International Economics and Managerial Economics. As mentioned above, the professors, one American with the Albanian professor assisting, taught the first class and made plans with the participants for tutorials and discussions pertaining to their homework. The American professor was evacuated after conducting only one formal class.

Tirana Business Assistance Center is a major support for the MBA program. The Tirana BAC registered MBA students, provided support to the visiting MBA professors, and received incoming textbooks. These textbooks are handed over to the MBA program in Tirana University for the MBA courses. Books that are not purchased by the MBA participants are returned to the Tirana BAC library. Before the last semester, the registered participants received the textbooks for the canceled classes. Another shipment of books has been prepared by UNL, for delivery to Tirana, and presently is waiting for a more stable climate. The best information we have from the BAC in Korca is that everything is lost including the library of books.

In the past month, the Director in Residence has advised the Centers to work on their business plans and to evaluate the situation and consider how they want to reestablish the program when the situation is stable. Efforts are being made to create initiatives and encourage participants in the BACs to demonstrate commitment for the program even in difficult times. Communication is restricted at times, however, the UNL staff is in either direct, or indirect communication with all the BACs.

The Students in Free Enterprise (SIFE) organization is basically on hold. Before the national uprising, the regional conference for SIFE was ready to happen. All activity was halted but interest in the SIFE organization was still alive. At this time the undergraduate students involved in SIFE are finishing their final exams, sometimes guarded by armed police. When their exams were complete, the Director in Residence was encouraging the SIFE organizers to hold elections so that they will be ready for action when the country resumes stability. Even elections are difficult because the students are scattered and physical safety is still a problem.

D. PARTNER/PROGRAM SUSTAINABILITY

At this time all sustainability efforts are suspended. Rather, the professors and participants in the program are concentrating on their personal "sustainability". The mandatory government restrictions have curtailed and stifled the initiation of organized or spontaneous study groups, and other educational efforts.

Programmatic Sustainability

As planned, three University of Tirana professors (the second set of three) were auditing MBA courses in UNL when the instability in Albania erupted. However, they completed the training and returned in May 1997.

Given that the personal survival of the MBA participants and professors is most important at this time, programmatic sustainability of the MBA program is on hold. However, UNL staff believe that study of texts, and the writing and translating of curriculum, could and probably is continuing in the homes of the three professors who have already attended UNL. No confirmation of this kind of action can be obtained at this time.

Because of the careful storing and protecting of the computers and library equipment, these elements will be mostly in place when the MTEEP program is resumed. New shipments of books from UNL will also contribute to the reinstatement of the MBA program, and the support these resources supply to the effectiveness of businesses depending on the BACs.

Organizational Sustainability

Responsibility on the part of UNL staff, BAC staff, and the MBA participants can be praised for the care and concern of MTEEP property. This concern for the MTEEP property shows the commitment

of the participants and their intent to continue the program

A new MBA director in the University of Tirana was appointed. The new MBA director was very productive, in a short period of time, in developing a mission statement, long-term objectives, administrative policies for the MBA program, and strategies for using the MBA tuition received each semester. At the present time, communication with the Director of the MBA program in Tirana is limited.

Financial Sustainability

The Project Director has directed the staff of the MTEEP program to conserve resources at this time to preserve the most available money for the program when the MTEEP offices open again in Albania. The needs for reconstruction, developing learning materials and purchasing equipment, salaries for technical assistance and other program expenses will be assessed when the crisis is over.

Plans will need to be developed to insure the best spending of the financial resources with the idea of investing in long term financial sustainability once UNL staff is back in Albania working with their counterparts at the four partner universities.

E. PROJECT MANAGEMENT

The MTEEP program in Albania has experienced many interruptions and final close down came when the emergency evacuation for all American staff was instituted on March 14, 1997. Presently the Director-in-Residence is located at the UNL campus and is writing a proposal to USAID to grant a three year extension for the MTEEP/Albania program. A new Director-in-Residence will be appointed when the project resumes its activities.

UNL and USAID/Albania staff relations remain strong. With the reestablishment of the USAID office in Albania, in mid May, UNL has been keeping in regular contact with their Project Officer.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

Program Reach Data from January 1 - June 30, 1997

The main priority of the MTEEP program in Albania is the completion of the MBA program and the graduation of the remaining participants. At the time of publication of this report the UNL program continued on a much reduced level at the UNL campus, and activities in Albania were on hold.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	1	9	21	30*
Seminars (1 day maximum)	5	8	15	33
Business * Counseling	4 Centers			11

Note: * Classes interrupted by civil disturbance.

B. SUMMARY OF FINDINGS BASED ON INDICATORS

B.1 EVIDENCE OF PROGRAM IMPACT

Impact data is incomplete because program elements were discontinued after March 14. Activities were greatly reduced leading up to the evacuation date as well.

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

Impact Level	Indicator	Summary of Findings
Change	Clients can demonstrate that they have applied information to their work (BACs)	No data available
	UT & BACs are seen and used by employers as a resource.	Shkodra BAC collaborates with other business entities in region; other centers just becoming active
	# of assisted businesses indicating improved performance	No data available

B.2 EVIDENCE OF SUSTAINABILITY

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

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent Albanian faculty is trained and in place (MBA)	Three faculty to UNL for Fall 1996 semester; Three more faculty to UNL in Spring of 1997 completed their assignment. One professor began co-teaching in Spring 1997. No direct MBA teaching expected until Spring 1998.
	Visiting faculty effectively adapt courses to local needs (MBA)	UNL indicates that visiting faculty use local and CEE cases in all courses
	Curriculum is approved by degree-granting institution (MBA)	This was achieved in December 1995 prior to the start of first cohort
	Necessary space, computers, library equipment and support staff are available	UNL providing computer equipment and software to BACs, paying salaries for BAC local staff, and providing books to libraries
	Increase in number of counseling hours and training events (BACs)	Detailed data not available, but with opening of all four BACs this should be happening
	Training and/or counseling conducted by qualified Albanian staff (BACs)	Albanian staff at all centers; information not gathered on qualifications
Organizational	Increasing percentage of local staff with administrative/management authority and responsibility	BAC directors named by Rectors at all four centers; three received training at UNL. MBA coordinator has been operating since beginning of program.
	MBA recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	First cohort met qualifications including: GPA, recommendations, exams for English, Informatics, Math
	Self-evaluation mechanisms are in place; findings are applied to operations	UNL indicates UT MBA Director constantly monitoring program

Sustainability Level	Indicator	Summary of Findings
Financial	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Several BACs have started developing plans in Fall 1996
	Legal status of BAC centers is established	Completed. They are part of the affiliated universities.
	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 95% of funds from USAID and UNL

C. SUMMARY OF FINANCIAL STATUS

In this report, the financial percentages are exactly the same as the previous semi-annual report. At this time the project is waiting for approval for a three year extension for the continuation of the program. This financial status report is more representative of an active project early in its implementation.

Funding Source	% of total project support 6/30/97
USAID Grant	55%
US Institution	40%
Local Institution	4%
Tuition and Fees	1%
Other Support	--
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

The political atmosphere is not conducive to MTEEP educational efforts. Classes and group gatherings have been suspended. The mandatory government restrictions, vandalism and attacks directed toward the public and private transportation, and the continual foreboding danger, have curtailed and stifled the initiation of organized or spontaneous study group efforts, or to keep previous educational efforts alive.

The careful storing and protecting of the MTEEP equipment and property by participants in the MTEEP program and UNL staff will save resources, time and startup costs when the program

resumes. This concern for the MTEEP property shows the commitment of the participants and their intent to continue the program.

At this time the MTEEP University of Nebraska-Lincoln/Albania activity is on hold and it is expected that a review of the situation will take place after the June 29, 1997 elections. Contact with USAID/Albania staff in the country is frequent and will inform decision makers of procedures for reinstating the program.

The MBA Program is a major priority of UNL at the University of Tirana. It is expected that the MBA classes will continue when the country becomes more stable and the students return to class. Graduation of the remaining students who were in the program before the evacuation of MTEEP staff, remains scheduled for December 1997, although this is likely to be delayed given the length of time the project has been closed.

The training of University of Tirana faculty in UNL can resume before the program in Albania is reinstated if USAID gives approval.

RECOMMENDATIONS

The DATEX team urges the following actions to be taken:

- ▶ USAID/Washington has requested that UNL create a proposal for a one year, no cost extension of the project to go to 1998. This may not be long enough. To meet the goals of MTEEP, it is recommended that a complete review and needs assessment of the program and its potential take place once the UNL team has reinstated its presence in Albania, to ascertain what is realistically needed.
- ▶ The US-based faculty development program for University of Tirana faculty should be re-started as soon as possible.

I. COUNTRY CONTEXT

The University of Delaware (UD) reported in its second quarter report (January to March 1997) that the severe economic crisis in Bulgaria had imposed serious constraints on implementation plans during the previous quarter. In fact, UD has experienced considerable difficulty since the beginning of 1996 because of critical economic conditions. The GDP fell by 10.9 percent in 1996, compared with a decline of 2.5 percent in 1995, making the Bulgarian economy the weakest in the region. The long-awaited mass privatization is only now getting under way. The proximate cause of Bulgaria's crisis was a run on the local currency (the lev) in April 1996 prompted by growing instability in the banking sector and forex markets. Interest rate hikes failed to restore confidence in the currency. Once forex reserves were exhausted, the lev crashed and inflation soared. The ruling party - the Democratic Left - was a coalition headed by the Bulgarian Socialist Party that badly managed the crisis.

An opposition party, the Union of Democratic Forces (UDF), led 30 days of mass protests fueled by the economic hardship which toppled the Socialists in February 1997. An interim government undertook certain macroeconomic reforms in anticipation of elections on April 19th. In an historic shift, the results of the election brought a non-Socialist party to power. The UDF and its allies won 52 percent of the vote and 137 seats out of the 240-member parliament. Previously the UDF had participated in a coalition government with the Turkish minority party. The leader of the UDF, Ivan Kostov (a former professor of economics), was installed as Prime Minister and the new parliament was convened for the first time on May 7th. Kostov formed a cabinet which he said would rely on the reformist majority in society to support reforms.

One of the most important reforms is the establishment of an International Monetary Fund (IMF) mandated *currency board*. The modern form of currency board was put into use in Argentina in 1991, serving as a self-regulating mechanism to deal with hyperinflation and economic chaos. In the CEE region, Estonia and Lithuania have both implemented currency boards. A currency board puts monetary policy on automatic pilot, tying local interest rates and therefore inflation to an international anchor economy (typically the dollar or deutsche mark). The new parliament is under intense pressure to implement these reforms and thus save the Bulgarian economy.

Local SMEs have experienced major difficulties because of the shrinking of the domestic market and the loss of consumer purchasing power. They were forced to limit their activities and to focus on survival in the adverse economic environment. Business owners concentrated on day-to-day operations to the detriment of long-range planning. The uncertainty and unpredictability in the political and economic environment discouraged banks and other lending institutions from extending credit. For example, the Bulgarian American Enterprise Fund decided not to provide construction loans indefinitely. As a result, a construction company project supported by UD business planning advisors was put on hold after encouraging initial interest. It is hoped that under the new government's reform program the post privatization phase will provide a more compatible environment for the growth of small businesses.

II. PROJECT DESCRIPTION

The University of Delaware (UD) was awarded an MTEEP grant in Bulgaria on June 11, 1991 with a completion date of June 4, 1992. Subsequent modifications extended the duration of the grant. The UD project has seen numerous changes in emphasis since its inception, some of them internally generated but usually coming from the outside. Initially there was a country-wide, multi-site approach which then became a single, national focus in 1992, including a decision to make Sofia a center for training. A change in government in 1993 resulted in UD being threatened to leave in January 1994. A second phase was begun in early 1995 under a new grant agreement, with the New Bulgarian University (NBU) written into the design as the local partner institution. Shortly thereafter USAID/Bulgaria requested the change in UD's focus, away from academic programs to firm-level assistance.

There have been eight modifications to the UD grant since the original agreement. The current four-year continuation grant was awarded on January 1, 1995, projected to end on December 31, 1998. The grant agreement was signed in June 6, 1995. The objective of this grant was for the refinement of key ongoing institutional linkages between UD and the NBU. Five categories of programs were specified in the UD grant agreement of June 1995:

- ▶ *An Advanced Management Certificate Program* managed jointly by the New Bulgarian University (NBU) and UD faculty. Courses were to be delivered using a co-teaching format with NBU Business faculty assuming a progressively greater role. All programming with NBU would be to assist it in becoming a Center of Excellence in Business Management and Economics.
- ▶ A self-sustaining *Small and Medium Business Development Center* (SBDC) at NBU, managed jointly by NBU and UD, which offered outreach programs in management and basic economics. The SBDC would conduct then outreach programs, executive training aimed at the productive sector, and a Small Business Certificate Program. The SBDC would also function as a library, resource, case study and advisement center.
- ▶ *An Advanced Economics Program*, the course equivalent of a US Master's degree in economics conducted in conjunction with the Institute of Economics. This program in applied economics would prepare participants for university teaching and policy-making roles in the public and private sector.
- ▶ *National Conferences on Economics* to stimulate research in critical areas of the economy and to provide a forum for the exchange of ideas, methodologies and information.
- ▶ *A Business and Economics Research Center* housed in the Sofia Library Resource Center. This resource would be used by students, policy advisors, faculty and journalists and would be open to the public.

At the time of the signing of UD's continuing grant agreement, changes were taking place in the USAID/Bulgaria mission that would have a major effect on UD's program. As a result of changes in the Mission's strategic plan, in June 1995, UD was asked to consider shifting the emphasis of its program objectives away from the Advanced Management and Economics programs and toward direct firm-level assistance. USAID/Bulgaria sent ENI Bureau a memorandum on June 6, 1995, proposing these changes and asking for feedback. Again on November 2, 1995, the Mission sent an e-mail to ENI Bureau following a visit to Bulgaria, reiterating its suggestion that UD consider shifting the emphasis of its programs. In September 16, 1996, UD submitted a grant modification to this effect to ENI's Office of Procurement.

While waiting for an official response to this request, UD proceeded with the proposed modifications, consistent with the USAID/Bulgaria strategy. Its work load is determined in conjunction with the other members of the Firm Level Assistance Group (FLAG) established by the Mission as an implementation mechanism for SO 1.3. In addition, the project is currently being reassigned within the ENI Bureau to the Office of Enterprise Development (ENI/ED). For this reason, a close-out evaluation of the UD MTEEP-funded activity (that is the grant agreement awarded on January 1, 1995) was necessary.

The UD project has been visited three times by DATEX: in December 1995, in April/May 1996, and in April 1997. The purpose of this third DATEX site visit was to conduct a summative close-out evaluation of the activities of the University of Delaware (UD) under the Management Training and Economics Education Project (MTEEP) grant. During the close-out evaluation the DATEX team met several times with all the members of the University of Delaware staff, including the Project Director from the home office. They also interviewed a cross section of clients served by UD during the course of the project, as well as three representatives of the FLAG consortium. These site visits and UD quarterly reports have been the primary sources of information used for this report.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The December 1996 semi-annual report concluded that the lack of prompt resolution of the proposed grant modification had led to confusion as to what the UD program has included and the results obtained. It was hoped that reassigning the UD activity to the ENI Office of Enterprise Development would help provide stability in the program. The report recommended:

That USAID and UD quickly resolve the contracting issues involved with the proposed reassigning of the program. On May 13, 1997, Modification No. 8 was issued to UD by the Office of Procurement. It authorizes the revision of the program description to shift efforts and resources from the academic programs to the Business Development Center and National Conferences. Supervision of UD's program is shifted to ENI's Office of Enterprise Development.

That UD improve the measures and descriptions used to indicate attainment of USAID targets. The DATEX team observed that UD is now coordinating the efforts of the FLAG consortium to collect firm-level impact data.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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

USAID/Bulgaria has adopted a unique approach, not seen by the MTEEP team in any other MTEEP countries to date, to achieve this SO. The Mission required all the contractors and grantees working under SO 1.3 to set up a committee, which has turned into a consortium using the acronym FLAG (firm-level assistance program). This consortium grew out of the SME strategy for Bulgaria completed in 1995. FLAG members have developed an implementation strategy, including specific targets for each member organization, to contribute to the achievement of SO 1.3. One of the three intermediate results (IR 1.3.2) to this SO is relevant to FLAG activities, including the University of Delaware project. This IR states that “private business operations are strengthened.” This is further defined by two sub-results:

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

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

Similarly, UD has agreed to the following additional targets:

- ▶ Under IR 1.3.2, indicator of percent sales change in assisted firms (increase): 15 percent in FY 1996 and 1997 (the same as the overall USAID target).
- ▶ Under IR 1.3.2a, indicator of number of improved services adopted by assisted consulting firms: 9 (of 120) for FY 1996, and 16 (of 230) for FY 1997 and indicator of percent increase in number of clients served by assisted consulting firms: 20 percent for FY 1996 and 1997 (same as the overall USAID target).

- ▶ Under IR 1.3.2b, indicator of number of improved/new services offered by assisted association: 9 (of 28) in FY 1996; and indicator of percent increase in number of fee paying membership in assisted associations: 10 percent in FY 1997 (same as overall USAID target).

UD has shifted implementation focus to conform to USAID/Bulgaria objectives. In view of UD's re-focusing its program within the USAID/Bulgaria framework, UD formulated a Grant Modification Request originally submitted on September 16, 1996, including a proposed amendment to the scope of work and to the program description. The main goal of the revision was not to expand the scope of work but to shift resources from portions of the existing scope of work that were considered to have become relatively less important to portions which strengthen UD capabilities to the new strategic framework. Specifically, this meant transferring resources from the advanced certificate programs and the Resource Center to the Business Development Center. The request was said to be justified in light of the changing environment in Bulgaria and USAID's introduction of a new R4 process. In the request UD stated that it believed the changes were necessary to provide a program yielding measurable impact within USAID/Bulgaria's strategic framework. The modification request asked for a no-cost extension and for the project end date to be changed to December 31, 1997.

Modification No. 8 of May 13, 1997 grants UD authority to shift the focus of its programs to the Business Development Center and National Conferences. It also revises the budget, decreasing the total estimated costs from \$6,765,503 to \$6,178,386, which is the actual amount obligated to date. The period of performance was changed from December 31, 1998, to December 31, 1997.

A UD in-country staff member has taken the lead in the organization of the FLAG consortium. The BDC office has recently been moved into the same building with FLAG and other consortium members. BDC is the vehicle for UD's program delivery. It supports a separate administrative office, the Administrative Support Division which consists of FLAG consortium staff.

C. PROGRAM IMPACT

The Advanced Management and Economics programs have had a clearly positive impact. During the period from 1992 to 1996, UD and NBU offered three Certificates in Advanced Economics Studies programs and two Certificates in Advanced Management programs. Interviews with past participants indicate that this program has been successful in developing a significant number of Bulgarian instructors working in other management and economics-oriented programs. Instructors have taught not only in these programs, but in other programs offered through the UD MTEEP program.

UD targeted a total of 30 participants in the *Advanced Economics Program (AEP)*. A total of 20 students received *certificates* (as distinguished from *degrees*) in Bulgaria, of whom seven were women. Another seven students went on to receive an *M.A. degree in Economics* (see the M.A. column under program reach) from the University of Delaware, an accomplishment that extended beyond the original scope of work.

Through its *Advanced Management Program (AMP)*, UD projected training a total of 40 full time and 20 part time participants. A total of 51 Bulgarians participated in the AMP. Certificates were awarded by UD in collaboration with the New Bulgarian University to 46 students, three-quarters of them women; even part-time participants received recognition for having participated. Approximately one-third of the Advanced Economics graduates are still active in academia, during a time when many Bulgarian faculty are leaving the university for more lucrative private sector opportunities. Some Advanced Management graduates are currently working in private firms while others are awaiting a more stable economic environment before attempting to apply management skills learned in the program to entrepreneurial endeavors.

The *Small Business Certificate Program* has had a total of 214 participants in at least one or more courses. Historically this program operated as an extension of the NBU business curriculum. Participants have been primarily young people interested in starting their own businesses. This program was de-emphasized under the change to FLAG, although NBU faculty were expected to continue to provide faculty support to business centers around the country.

The DATEX team found that despite the shift of UD activities into FLAG, much of what the grant agreement of 1995 specified for academic programs has been accomplished. DATEX teams have interviewed several past participants in UD programs, most of them from the Advanced Economics and Management Programs and the Small Business Certificate Program (15 persons in the most recent site visit). Some are teaching, others are working in government agencies, private sector, or as consultants to FLAG. Of particular interest are those who have been involved in such private sector efforts as establishing privatization funds and business management consulting. Several have been engaged in assisting in developing business plans for agencies and private firms. Others are working in private companies where their management training has had direct application. Two of those interviewed were business owners who have fared well in their businesses in spite of limited access to credit and a generally hostile environment.

The Business Development Center (BDC) are providing training and consultancy services for employees of firms accepted through the FLAG screening process. Impact is less well defined. The official opening ceremony for the BDC at the New Bulgarian University was on October 19, 1995. The guest of honor was ENI Bureau Assistant Administrator Tom Dine. Data provided in quarterly reports has focused on the number of seminars and consultancies as measures of impact. Currently data is being gathered through a training exit questionnaire which documents improved business operations that participants are expected to implement as a result of their training. The number of firms reached in FY 1996 through BDC, FLAG, and individual consultant programs/interventions equates to USAID targets under its strategic objective. It is clear that USAID/Bulgaria is the primary client for the information, and data is presented so that it fits easily into USAID's R4 reporting requirements. Interventions currently consist of training and consulting for small businesses.

Several thousand business owners and managers have been reached through seminars and workshops as well as business counseling and information retrieval. Nearly 900 participants attended one day seminars, one third of them women. Multiple day workshops were attended by 213 participants, of whom nearly half were women. Business counseling and individual firm-level (special company) interventions together have reached 114 small businesses. Resource Center information services at the Sofia Municipal Library and the BDC have been provided to over 11,000 persons, more than half of them women, over the life of the project.

According to the second quarterly report (January-March 1997), UD consultants were involved in a total of 86 activities that contributed to the improvement of client business operations during the first three months of 1997. These consisted of counseling with various SMEs, with a particular focus on the construction and agro-processing sectors. The BDC served as a business reference information center to 72 Bulgarian business managers, 12 of them seminar participants and walk-in clients counseled by a UD advisor. They used computer work stations to obtain information on such subjects as international trade, foreign investment, and banking. A UD advisor also assisted a client in developing a promotional video.

UD reported that the highlight of its accomplishments for the most recent reporting period was a seminar organized together with IESC on "Construction Business Planning and Marketing," attended by representatives of 25 construction firms. Participants were provided with materials on how to write business and marketing plans. The Association for Building Partnerships (BAP) and the Bulgarian Construction Chamber acted as co-hosts of the event.

The DATEX team understands that the impact of these activities at the firm level is expected to be measured under the FLAG monitoring and evaluation system as recently modified. Impact data now being generated under the FLAG monitoring and evaluation system is expected to become available in the next few months. This would be most useful in assessing the real impact of the Business Development Center.

The definition of improved operations/services used with USAID/Bulgaria is based on a list of factors of problem areas which affect the performance of most businesses. The list, which includes 54 items such as financial analysis, finding qualified employees, product quality control, and reducing costs, is part of the business diagnosis process used by FLAG in ascertaining client needs. The resulting UD program offerings are designed with the involvement and acceptance of client management and address the identified problem areas. The demand for business planning seminars and consultations has been growing in recent months as the privatization program finally gets under way.

National Business Conferences. These conferences were intended to provide a forum for discussion of economic policy issues affecting the enabling environment necessary for the development of a private sector. With mass privatization expected, this type of policy discussion was deemed critical to the success of the process. In recent months UD has been involved in promoting business associations. UD helped plan the first National Business Conference which was attended by 155

participants in the fall of 1996 (referred to in the discussion of BAP). The second conference, attended by 211 participants and held in June 1997, also addressed economic and legislative issues related to SMEs. Over half of the participants were business owners and managers while others were from government agencies, banks, and embassies.

Business and Resource Center. A reading room has been established at the Sofia Municipal Library and is still operating as a reading room although the audio visual and CD-ROM resources were transferred to the current BDC office. One faculty member interviewed this spring indicated that her students regularly use the reading room. In addition, business references, including approximately 300 CD-ROMs and access to the Internet, are available at the BDC.

Success Stories

YOKA, previously a state-owned company before being privatized, is a food-processing company which produces canned vegetables, frozen conches and snails. UD advisors and FLAG training helped the owners of YOKA to improve their business capabilities. This included developing a business plan in order to obtain a working capital loan. With UD support, YOKA successfully attracted outside financing worth more than \$400,000. YOKA began operating at full production after UD assistance and is now exporting its products to such countries as France, Turkey, and Japan. Total sales for 1996 rose to \$800,000.

Favorite Vision is an independent Bulgarian limited company registered in 1990. It was founded initially as a video production company and has expanded to include film and radio production facilities. The Managing Director previously worked for a state-owned company and is assisted by a General Manager and director of photography. Favorite Vision employs a full-time financial director, production manager, and five executives as well as a number of freelance directors, actors, musicians, photographers, and editors on an as needed basis. Clients have included such well known companies as McDonald's, Nestle's, Audi, and numerous local firms. The Managing Director has benefitted considerably from USAID-funded activities, as an EMED participant in the US and by attending UD managed seminars on business planning and marketing. Favorite Vision has produced a promotional film on FLAG to illustrate its services to potential clients. The company has also done filming on contract with CNN for a segment on the Bulgarian elections in April 1997.

D. PARTNER/PROGRAM SUSTAINABILITY

Sustainability is no longer focused on UD links with an academic institution. Rather it has shifted to support the strategy of the FLAG consortium and private sector institutions and individuals. In its first semi-annual report (January 1996), DATEX recommended that UD's role and that of the BDC be clarified, in light of the Mission's formation of FLAG. It noted the already existing confusion regarding the delineation of MTEEP responsibilities between UD, NBU, the BDC, and FLAG. With the transfer of the BDC from NBU to its current office, UD has ceased its formal

relationship with NBU under MTEEP, although UD continues to collaborate with NBU in a variety of ways.

New Bulgarian University. Under the original agreement, NBU was UD's principal university partner. Established on September 18, 1991, as an independent organization with university status, NBU's mission was to meet the needs of Bulgarian society for modern alternative higher education. Funding was provided by the Open Society Fund as well as other international foundations. The four Schools of NBU were Continuing Education, Undergraduate, Graduate, and Center of Distance Learning. UD established a working relationship with the School of Continuing Education. Only a few of the NBU faculty are full-time, with most of them serving as adjunct professors. By 1995 there were a total of 4500 students enrolled in the four Schools.

The Small Business Certificate Program was the core of the UD/NBU joint training offering. Instructors in the program were UD-trained graduates and NBU faculty with good teaching skills. Courses in the SBCP curriculum included: economics for the small business, finance and accounting for small business, business planning, and management. The usual format consisted of two-hour evening classes twice a week for six weeks.

Over a three-year period UD developed a cadre of local instructors proficient in modern economics and management at NBU, working with its Distance Learning and Management Schools. Seminars were conducted to educate the Bulgarian population on what could be expected when mass privatization began. Under the Advanced Economics Program several outstanding Bulgarian participants completed Master's degrees in Economics in the US. Together with three students who completed the economics program at NBU, this formed the basis of faculty capabilities for carrying on the programs initiated by UD.

Firm Level Assistance Group. UD is continuing to function within the FLAG consortium under the terms of the proposed modified cooperative agreement, which was signed on May 8, 1997. The key question regarding the sustainability of UD's efforts is now linked to the approach adopted by FLAG, whose working definition of firm-level sustainability is "enhancing the ability of Bulgarians and Bulgarian entities to maintain and improve their own small and medium enterprises." FLAG members intend to sustain the support services of FLAG, and not the currently existing structure. FLAG is not registered as a legal entity in Bulgaria. It exists to build capacity to provide Bulgarian businesses with a vehicle through which continued technical expertise is available.

In a February 1997 FLAG planning conference USAID stressed the importance of the sustainability of FLAG services within the two year time frame remaining for most FLAG activities. The evaluation team was informed that the current approach to sustainability includes the transfer of most technical assistance activities to private consultants, with most policy-oriented training and seminar programs to be transferred to a local NGO. A newly formed association, BAP (profiled below), is expected to carry on these services.

Association for Building Partnerships. Within the FLAG consortium, UD has assisted in the development of the Bulgarian Association for Building Partnership (BAP), a non-governmental, non-profit organization whose members are Bulgarian individuals and small/medium enterprises. The core of BAP organizers are former participants in the EMED program who established the organization on their own initiative upon return from the US. BAP is a fee-based membership organization with some 100 dues-paying members, both individuals and firms. The first BAP activity was a National Conference on SME Development held in Albena in November 1996 and attended by 250 participants. Delegates elaborated a Draft Law for the encouragement of SMEs which has been conveyed to appropriate committees within the parliament. A ten point plan for SME revitalization was articulated.

USAID/Bulgaria expects that BAP will be able to provide the mechanism for strengthening private business operations after USAID-supported activities through FLAG have ended. UD assisted BAP in organizing a second National Conference on SME development June 5-8, 1997, attended by over 200 participants. The conference had a strong emphasis on advocacy issues and an agenda for legislative change. BAP is also working on a program of export promotion and contacts with similar organizations in the region. It is the opinion of the DATEX team that it is too early to assess the capacity of BAP to take on the roles expected of it by FLAG and the Mission.

E. PROGRAM MANAGEMENT

The UD Country Director in Bulgaria is also currently serving as the chair of the FLAG consortium. He is assisted by several Bulgarians who are responsible for coordinating FLAG administrative monitoring and evaluation activities and managing the BDC. A US consultant serves as Financial Advisor, assisting in developing business plans for private firms and developing privatization funds. UD's administrative and monitoring and evaluating operations are now entirely merged with those of FLAG and all project activities are undertaken in concert with other FLAG members.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

Program Reach Data from January 1 - June 30, 1997

The most extensive activity of program reach has been information services provided by the BDC, followed by one-day seminars. This reporting period has seen emphasis on association building and the organization of a national business conference.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
Seminars (1 day maximum)	7	81	110	191

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
Workshops (multiple days)	1	11	14	25
Business Counseling	31	27	4	31
Special * Company Intervention	9	8	1	9
Resource Centers (list by type of activity) **		359	327	686
Other ** (specify)	a) Association Building 1	6	15	21
	b) National Business Conferences 1	175	36	211

Notes: * Business Plan Writing for Loans - UD has developed 9 business plans for financing SMEs in agribusiness, tourism, and construction.

** Business Development Center - Information Services

a) Association Building-Participants included the Bulgarian Association for Building Partnership's (BAP). Executive Board, staff, President, and heads of business sector who are beneficiaries of the technology transfer.

B) National Business Conference

Program Reach Life of Project Data from Beginning of Project Through June 30, 1997

The most extensive activity of program reach since the beginning of the UD program has been information services, followed by one-day seminars. A total of seven Bulgarians received M.A. degrees in Economics in the US, 20 completed the AEP certificate in Bulgaria, 46 completed the AMP certificate, and 214 participated in the SBC program.

Program Type	# Total Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants	# Male Grads	# Female Grads	# Total Grads
MA (list by cohort)	1 AEP*	6	2	8	5	2	7
Certificate (list by type)	1 AEP**	21	19	40	13	7	20
	2 AMP***	17	34	51	13	33	46
	3 SBCP****	44	104	148	N/A	N/A	N/A

Seminars (1 day maximum)	40	543	350	893	N/A	N/A	N/A
Workshops (multiple days)	12	113	100	213	N/A	N/A	N/A
Business Counseling	101	73	28	101	N/A	N/A	N/A
Special Company Intervention	Business Planning	11	2	13	N/A	N/A	N/A
Resource Centers (list by type activity)	Informa- tion Services	5543	5720	11263	N/A	N/A	N/A
Other (specify)	a) Assn- building *****	6	15	21	N/A	N/A	N/A
	b) NBC *****	274	92	366	N/A	N/A	N/A

Notes : * Advanced Economics Program - completed MA in Economics from University of Delaware
 ** Advanced Economics Program - certificate awarded in Bulgaria, not graduate level diploma
 *** Advanced Management Program - certificate awarded in Bulgaria, not graduate level diploma
 **** Small Business Certificate Program
 ***** Association building - Bulgarian Association for Building Partnership's (BAP).
 ***** National Business Conferences - two have been held to support SME advocacy and legislation

B. SUMMARY OF FINDINGS BASED ON INDICATORS

B.1. EVIDENCE OF PROGRAM IMPACT

Under its MTEEP grant beginning in June 1995, the University of Delaware has achieved a number of tangible results. The academically-oriented activities were concentrated during the early years of the grant period while the short term training and counseling activities for SMEs have recently come to represent the entire focus of UD's efforts. Some of the indicators have been modified to reflect USAID/Bulgaria's indicators and targets applicable to UD and found in the current R4. Information about UD activities at the firm level is now coming out of exit questionnaires intended to determine the impact of project activities on improved business operations.

Impact Level	Indicator	Summary of Findings
Acquisition	Participants, faculty and staff acquire skills, knowledge and confidence in subject matter	Students highly appreciate advanced programs. Numerous graduates of academic programs are teaching, working in government positions, and providing business consultant services.

	Participation reflects targeted reach of program (gender, geographic, capacity)	Note summary of women participation in UD activities in the above summary. Under FLAG, UD outreach is extending to towns outside of Sofia.
Satisfaction	Participants positively rate their experience	UD indicates that post-training surveys show that participants regard their training experience as valuable in their professional development.
	There is a high demand for the programs	Demand is now measured entirely in terms of businesses reached through the FLAG consortium. Demand is high despite difficult economic conditions.
	Programs retain faculty, staff overall and participants in Small Business certificate program	The academic focus of UD programs has been phased out. There is reason to believe that faculty retention is a serious problem at NBU, however.
Utilization	# of programs offered by business center trained staff (SB Certificate program)	DATEX has no data on the status of SBC participants.
	Participants of other programs can demonstrate that they have applied information to their work	Anecdotal information has been available since the beginning of the program. Under FLAG, UD is beginning to track data on impact of training on participants.
Change	% increase in sales of assisted firms (15% each FY); # assisted businesses indicating improved operations (225 in FY96; 405 in FY97)	This information is only available from exit interviews and the expressed intent of participants to implement change.
	% increase in clients of assisted consulting firms (20% each FY); # new/improved services within assisted business/ professional associations (9 in FY96; 16 in FY 97)	9% increase in clients of assisted consulting firms. Seven improved services of assisted professional associations.
	BDC seen and used as a resource by employers	BDC now serves as a resource center under the FLAG consortium and UD consultants provide services within BDC.

B.2. EVIDENCE OF SUSTAINABILITY

With the changes anticipated with the shift of the UD program to the ENI Office of Enterprise Development, institutional sustainability indicators linked to the MTEEP program are for the most part not applicable. It is expected that the activities being extended under the FLAG consortium will be continued by private business consulting firms and associations such as BAP.

Sustainability Level	Indicator	Summary of Findings
Programmatic	Demand for programs and services is high	Demand for programs was severely hampered during the 1996 economic crisis.

	# or % Bulgarian staff implementing programs	UD participation in FLAG consultant services is provided by both US and Bulgarian trainers/consultants.
	Necessary space, computers, library materials and support staff are available	The BDC office and facilities for CD-ROM and on-line info services targeted at SMEs are now housed with FLAG.
	Faculty is well trained and its teaching is well received	UD is no longer formally involved with academic faculty.
Organizational	Increasing percentage of local staff with administrative/management authority and responsibility	UD indicates that approach compliant with FLAG/USAID strategy for use of skilled local resources; UD supported counterparts subsequently being hired as consultants and trainers
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Evaluation mechanisms are in place.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	A business plan for the BDC was created in March 1996; focus is as vehicle for UD activities and FLAG administrative services
Financial	Fee collection, and other alternate funding mechanisms are established and operating.	UD indicates that fees are being collected through FLAG operations; strategy and structure are still in process of being established
	Increasing percentage and sources of funds from non-USAID sources	Collected fees partially covering expenses

C. SUMMARY OF FINANCIAL STATUS

UD information regarding the MTEEP funding for the period January-March 1997 indicates that there are no sources other than USAID and UD. There is a balance of \$1.2 million remaining in USAID funding. However, with the change in focus from developing a sustainable center of excellence (BDC) with the NBU, this information becomes less pertinent. UD has not provided a funding source breakdown.

V. CONCLUSIONS AND RECOMMENDATIONS

The University of Delaware is generally meeting the terms of agreement under the MTEEP grant, although it has stopped offering the two Advanced Programs. The other activities are continuing to be offered in some manner. Two factors have intervened. As noted earlier, the Bulgarian macro-environment has been very negative, causing UD to reorder and refocus specific activities. In its reengineering planning, the USAID Mission has shifted the focus of UD's programming away from academic activities, thus de-emphasizing collaboration with universities.

USAID/Bulgaria's grouping of seven US contractor and grantee organizations operating under the same Strategic Objective is serving to rationalize their efforts toward the common purpose of promoting SMEs. UD has played a key role in the formulation of FLAG. The grouping of FLAG implementers in close physical proximity (within the same building) has improved communications with other FLAG members. Outreach activities outside of Sofia are an integral part of FLAG operations. The question of sustainability of UD efforts thus hinges on the future of FLAG. The entire focus is on the promotion of small and medium-sized enterprises, with the objective of developing business advising and counseling capabilities of local firms.

Although no longer the focus of UD's program, continued collaboration with the New Bulgarian University and other higher education institutions is to be commended. For example, the current work in developing a hotel and restaurant program with NBU falls directly within one of FLAG's sectoral priorities.

RECOMMENDATIONS

The DATEX MTEEP evaluation team strongly urges that:

- ▶ UD, although it is leaving the MTEE Program, should retain ties with DATEX and other MTEEP grantees for the purpose of exchanging experiences in such areas as case study materials.
- ▶ UD should also retain ties for the purpose of exchanging experiences in monitoring project impact. For example, the work of FLAG in sectoral analyses could be especially instructive to other MTEEP grantees working in SME promotion.
- ▶ UD, in collaboration with the other FLAG members and USAID/Bulgaria, should develop strong monitoring and evaluating systems for the development of the business consulting industry they are seeking to promote, as well as BAP, to ensure sustainability of their efforts.

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

I. COUNTRY CONTEXT

Once considered one of the more successful transition countries in the Central and Eastern European region, the Czech Republic has recently begun to experience difficulties. Relative to many other countries in the region, the Czech Republic enjoyed relatively stable economic growth under the former Communist government, as other countries in the region. In contrast to the hyperinflation of Poland, then Czechoslovakia entered the transition with very low inflation, as well as a low budget deficit and foreign debt (Czechoslovakia was formally separated into the Czech and Slovak Republics in 1993). But the country also had a legacy of an extreme degree of central control and almost complete government ownership of the economy. After an initial decline in GDP in the period from 1990-1992, the economy started to register modest growth, from 2.6% in 1994 to 4.4% in 1996.

By April 1997, however, alarm bells were ringing. First quarter statistics indicated that industrial output was falling as wages sky-rocketed. Consumption was growing faster than investment. Added to this was a drop in foreign investment and a worsening account deficit. Prime Minister Vaclav Klaus and his three-member coalition government appeared to be unsure of how to handle the crisis. On April 15th, the government announced measures to cut public spending and restrain the trade deficit which included curbs on public sector wages, possible quotas on some imports and help for exporters, as well as a crackdown on tax evasion and corruption.

Among those cited as authorities on the Czech economy and offering suggestions about what to do was *Prof. Jan Svejnar*, (mis-identified as Director of CERGE), Director of the Economics Institute (*Business Central Europe*, April 1997). Svejnar was quoted as supporting devaluation of the Czech crown in order to boost exports and warned that the economic slowdown could turn into a recession. The Minister of Industry and Trade, meanwhile, said he was satisfied with the decline of the crown but would like to see exchange rates stabilize at some appropriate level.

Also quoted in the press (*The Prague Post*, April 23-29, 1997) was another CERGE faculty member, *Prof. Joseph Kotrba*. Commenting on the economic reform package, Kotrba took the government to task for agreeing to substantial wages increases when indicators suggested an economic slowdown. He argued that Czech wages have become the highest in Central Europe, but the country depends upon cheap labor. Kotrba was very skeptical that the government would succeed in its stated intention to slow the growth of wages.

II. PROJECT DESCRIPTION

The Center for Economic Research and Graduate Education (CERGE) was founded as an American-style PhD program and research center of Charles University in Prague on March 1, 1991, by Josef Zieleniec, former Professor at the university and now Minister of Foreign Affairs, and Jan Svejnar, then Economics Professor at the University of Pittsburgh. Technical assistance was provided by

UPitt's Department of Economics and financial assistance was provided by the Andrew Mellon Foundation, the Pew Charitable Trusts, as well as a USAID-funded MTEEP grant to UPitt. Since its founding, CERGE has been governed by an Executive and Supervisory Committee (ESC).

In 1994, CERGE officially became an autonomous interdisciplinary center of Charles University, focusing on economics and its relationship to other disciplines. Its mission was to train future university and college faculty and researchers from the former Soviet bloc countries in the theory and applications of modern economics. A sister institution, the Economics Institute (EI), was established by the Czechoslovak Academy of Sciences, in August of 1992. The two institutions were eventually integrated to form CERGE-EI. Together CERGE and EI have become a leading center for economic education and research in the CEE region. Under the MTEEP grant, UPitt has collaborated with CERGE and EI in an effort to reorganize its economics research program along the lines of CERGE.

Until the site visit of spring 1997, the most recent DATEX site visit to CERGE-EI had been in December 1995. There was no site visit in the Fall of 1996 because of this scheduled final evaluation in 1997. The UPitt program will cease to receive MTEEP funding at the end of FY 1997, the same time as the close-out of the Czech USAID Mission. The purpose of the DATEX site visit to CERGE-EI in April 1997, was to conduct a summative close-out evaluation of UPitt activities under the MTEEP grant with the Center for Economic Research and Graduate Education and Economics Institute. The evaluation was to determine the impact the project has had since its beginning in terms of change at the individual and institutional level as well as the current and projected status of sustainability (programmatic, organizational, and financial) of the MTEEP program and institution after the end of the USAID financial support.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The December 1996 semi-annual report on CERGE-EI concluded that the institution seemed strong programmatically and organizationally. It was still receiving over half of its funding from US sources. The last information received on the project, at that time, was from the quarterly report for June 1996, thus making a thorough review of project status difficult.

Only one recommendation was presented in the December report:

University of Pittsburgh should make a concerted effort to provide the necessary documentation for the evaluation reports in a timely manner. This issue is now moot, as CERGE-EI and the University of Pittsburgh, as well as the University of Michigan's Davidson Institute, have collaborated in providing extensive information useful to the DATEX reporting needs. This issue is dealt with in more detail in the section on project management.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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

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

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

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

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

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

MTEEP continues to receive considerable support of USAID/Czech Republic in the transition to self-sustainability. Although the bulk of USAID activities under this objective have either ended or are in their final phases, MTEEP remains 'a jewel in the crown'. The preeminent challenge facing the two programs is to establish a sustainable financial base able to support the present scope of programs. In connection with this, USAID supported CERGE-EI's application for a Ford Foundation grant, and CMC's accreditation process. USAID/Czech Republic is undertaking a special effort to catalogue the success of this SO.

C. PROGRAM IMPACT

In the context of the September 1997 grant termination, the priority of USAID/Czech Republic and the main challenge for the MTEE Project is to achieve programmatic and financial sustainability which could support the present scope of CERGE-EI's activities. CERGE-EI itself is hard at work exploring alternative sources of funding. The following sections are a summary of program impact and prospects for sustainability of CERGE-EI as anticipated under the MTEE Program. Impact is measured at the level of the individual program participant while sustainability is at the institutional level.

During the spring site visit, the DATEX team met with a wide cross section of MTEE Project staff, faculty, and students. Several meetings were held with CERGE-EI staff and faculty. Interviews were conducted with an even mix of male and female students from the first, second, third, and fourth year cohorts. A majority of them were from CEE and NIS countries other than the Czech Republic. Many of them were in the midst of exams and were pressed for time. In general they were very articulate and satisfied with their choice of CERGE. They were aware that it was a demanding program before enrolling but seemed to be pleased with their choice. The team also interviewed several participants in the Joint Vienna Institute training program which CERGE manages under contract with the World Bank. These were mid-level government and private sector managers with no background in modern economics who are undergoing intensive short-term training in basic micro and macro economics and will return to their jobs in ministries and banks.

The following is a statement of the original core objectives of CERGE-EI and progress against them, both qualitative and quantitative:

Train future university faculty, researchers and those involved in public administration, in the theory, methods, and applications of modern economic analysis. As a relatively autonomous faculty within the Charles University, CERGE is one of two academic units within the University now offering a PhD in Economics (the only degree that CERGE offers). CERGE is now a fully functioning and rigorous PhD program with more than 100 students and well-qualified faculty, and has awarded five PhD degrees in Economics. Slightly fewer than one-third of students enrolled are Czech nationals, 10% are Slovaks, and the remainder are from nine other countries. In addition to the doctoral program, the Graduate Study program provides an extensive program of short-term professional outreach courses which focus on market economics and the economic and political transformation of the CEE region for participants from the governmental, business, and non-profit sectors.

Stimulate and support academic and policy-oriented economic research. CERGE-EI continues to enhance its reputation as a valuable resource of economic information and expertise in the region. For example, CERGE-EI was the only institution in the region to be chosen for institutional recruitment by the IMF recruiting panel. Five advanced doctoral students were invited for interviews with the recruitment panel. This underscores the high esteem in which the program is held in the region. CERGE-EI has produced more than 120 working papers, 90 discussion papers, and hundreds of other studies presented at conferences and published in economic journals. (A few policy-related achievements are highlighted in the paragraph on success stories).

Disseminate research and policy information to a broad group of professionals through seminars, symposia, conferences, working papers and other publications. The four-part series of public forums dealing with Czech ascension to the European Union, which started in the Fall of 1995 and culminated in the Summer of 1996, brought together regional specialists, reporters, and researchers from all over the Czech Republic. These meetings which were open to the general public contributed to raising the public awareness about the transformation processes taking place in the country and in the region. CERGE has organized 36 outreach courses and 175 seminars for leaders of the academic, government, business, and not-for-profit sectors. More than 1000 individuals have participated in these activities.

Transfer the modern Western standard of scientific work into the countries of Central and Eastern Europe, providing a model for transformation of other academic institutions in the region. More than two-thirds of CERGE students continue to be recruited from countries beyond the Czech Republic, thus assuring the program's regional orientation. For many of them, the CERGE Economics PhD program is the only alternative for advanced economics studies in the region. Over 500 participants in the Joint Vienna Institute management training program run by CERGE have received certificates. CERGE-EI can justifiably assert that it is a model of modern Western economics which may inspire other universities in the region to follow.

Success Stories

Center of Excellence. Among the significant achievements CERGE-EI can claim since 1991 is its designation by the European Community's ACE Program as the only recognized center of excellence in PhD studies in economics in the region. The first doctoral dissertation was defended in 1995, and thus far five PhD degrees have been awarded, with another dozen expected before the end of 1997. In May 1997, USAID Administrator Brian Atwood attended a round table discussion at CERGE. In a letter to the CERGE Director, Atwood expressed his appreciation for the opportunity to exchange ideas with students from several countries in the region which he said would be helpful in his discussions on the value of regional institutions. He was heartened to see "the quality and enthusiasm of the next generation of leaders CERGE has attracted."

Policy. CERGE graduates and students are already beginning to have an impact at the policy level, in addition to teaching and research. Several CERGE-EI researchers are serving as economic advisors to top policy-making officials in the Czech government. One recent PhD graduate is currently advising the government of Romania. CERGE students are presently advising in the Office of the Prime Minister and the Office of the President of the Czech Republic, the Ministry of Economy, the Ministries of Education and Industry and Trade, as well as the National Bank. They also work in the Central Banks of Croatia and Yugoslavia as well as in the OECD and World Bank. In March 1994, CERGE-EI won in a competition over six other institutions to become the official advisory body to the Czech government on entry into the European Union.

The first woman PhD graduate of CERGE-EI is now working as a senior policy advisor in the Czech Ministry of Finance.

Research. CERGE and EI have produced over 90 working papers, 80 discussion papers, and hundreds of other studies that have been presented at conferences. Several of these have been published in prestigious economics journals and edited volumes. Numerous CERGE-EI studies have been cited by officials in the Czech government as well as the EBRD, World Bank, and IMF. The most significant research project has been a comprehensive study of the socio-economic impact of the transition funded by a grant from the Ford Foundation awarded to CERGE-EI and UPitt in 1993. Jan Svejnar edited a book published in 1995 by Academic Press Inc. under the title *The Czech Republic and the Economic Transition in Eastern Europe*.

Directors of CERGE-EI are recognized authorities on economic matters. They are now regularly quoted in the local Prague press and interviewed on television regarding policy issues of employment and economic revitalization of the Czech Republic, as illustrated in the brief introduction to the MTEEP external environment above.

D. PROGRAM SUSTAINABILITY*Programmatic Sustainability*

CERGE has been fairly successful in overcoming the problem of securing qualified faculty. There are presently 11 full-time members of the permanent faculty, two of whom hold the rank of Associate Professor and the rest hold the rank of Assistant Professor. All CERGE faculty hold the PhD when hired or complete the degree shortly after joining the faculty. Of the institution's first five graduates, two have been hired as junior faculty at CERGE. The fifth one, the first woman, received her degree in June 1997. Another 12 to 18 graduate students are expected to have completed their PhD by the end of the 1997 calendar year. The long range objective is to reach and maintain a faculty of 20 to 25 members.

The number of faculty has increased every year since 1991 when there were five. In the short range, CERGE has used a creative mix of intensive investment in retraining scholars from other disciplines as well as securing visiting faculty. However, there has been some question regarding the relevance of the CERGE program design in the context of traditional CEE academic systems. These concerns have included the structure of the academic curriculum which relies more on courses and student-directed thesis committees than on individual mentor relationships.

Groups of senior and junior CERGE faculty were interviewed during the spring 1997 site visit. Most, if not all, of the junior faculty have studied in the US for a period of six months to a year and have received EU research grants. They began at CERGE by co-teaching with senior permanent or visiting faculty. The latter are mostly tenured economists from US universities who come to teach for a semester or academic year. Normally there are between three and five such faculty in residence each semester. Seven new faculty members are expected to join CERGE on a full time basis by the fall; three recent PhD graduates in economics in the US have already been recruited.

Although CERGE graduates are choosing to stay and teach at CERGE, thereby strengthening its sustainability, the program will truly be regional when the majority of graduates begin to return to their home countries to teach and do research.

Joint Vienna Institute Economics Training for Senior Managers. For the past several years CERGE-EI has been offering training in economics and finance to senior level managers in private and public institutions from the CEE and NIS regions. Funded by the World Bank, this training consists of a nine-week course covering such subjects as micro- and macroeconomics, accounting, international trade, computer applications, and English. A typical class includes 25 to 30 participants from a dozen countries, representing banks, ministries of finance, economics, and trade. A total of 552 persons have participated in this training, leading to an impact at high management levels across a wide range of agencies and countries. Those who complete the program are awarded a certificate in Market Economics and Financial Analysis under World Bank auspices, in collaboration with CERGE-EI.

Organizational Sustainability

CERGE has achieved a clearly delineated legal status within Charles University. In the Spring of 1995, the Rectorate of the Charles University transferred all financial and administrative agendas to CERGE, thus providing for more autonomy in budgetary matters. This financial autonomy found a parallel development in institutional consolidation, namely, approval of CERGE's by-laws by the Charles University Academic Senate.

CERGE-EI has a Supervisory Committee with clearly outlined tasks. The Executive and Supervisory Committee was created to oversee CERGE-EI academic programs and has specific responsibilities outlined in the bylaws. These include exploring sources of financial support for program development, supervising financial resources received from foreign sponsors, and monitoring to assure highly professional academic standards. The ESC coordinates the cooperation of CERGE with foreign institutions and in establishing world standards of pedagogical and research work. The ESC, consisting currently of ten members, is nominated by the Rector of Charles University.

CERGE-EI is making progress in upgrading its facilities and equipment. The DATEX team made a tour of CERGE-EI's computer facilities and library which are quite impressive. All students have their own E-mail address and 24-hour access to the computer facilities. The open-stack library specializing in economics is one of the best in the region. It is open to the public and for longer hours than are other university libraries. Extensive inter-library relations are maintained with the World Bank, other universities, and international agencies. The Academy of Sciences, which provides the building facility for CERGE-EI, has undertaken significant renovations. CERGE-EI was also able to upgrade its computer equipment by installing a new laser printer and a LAN network monitoring server which significantly contributes to increasing the operating efficiency of the computer system.

Financial Sustainability

MTEEP financial support to CERGE-EI will end in September 1997. The main challenge facing the programs is to establish a sustainable financial base. Although the bulk of USAID activities have either ended or are in their final phases, CERGE-EI remains 'a jewel in the crown' of the Mission. In 1995, USAID supported CERGE-EI's application for a \$750,000 Ford Foundation grant which has allowed CERGE-EI to develop a systematic approach to fund-raising. From the USAID Mission perspective, the main threat to CERGE-EI's sustainability is linked to its regional emphasis. Foreign students do not qualify for tuition payments from the Czech Ministry of Education. Thus, there is a continuing need for student stipend support.

The prospects for financial viability of CERGE-EI seem encouraging. Since its inception, CERGE-EI has obtained support from a wide variety of American and European institutions. These have included the Ford Foundation, the Council for International Private Enterprises, the Open Society Fund, and the Soros Foundation. Several grants have enabled CERGE-EI to diversify its funding base. In October 1996, the Andrew Mellon Foundation awarded a \$400,000 grant to the Davidson Institute

to assist CERGE-EI in its on-going operations. In January 1997, an application was submitted to the Mellon Foundation for a \$300,000 matching fundraising grant, corresponding to \$1.2 million being raised from other sources. The proposed duration of the grant would be for three years.

In addition to the institutional and technical support CERGE-EI has received from UPitt, other American universities have provided assistance. CERGE-EI has been supported directly by Charles University and the Academy of Sciences from the beginning of the program. USAID funding under MTEEP has been the single most important source of financial assistance. After USAID, the largest funding source has been the Czech government, providing nearly one-third of the funding which includes tuition and stipends for the Czech students. The externally generated funds accounted for only 17% of the total until the Ford Foundation grant came on stream in 1995.

CERGE-EI is now being supported by Foundations in the US and in the Czech Republic. The CERGE-EI Foundation (Nadace CERGE in Czech) was founded in 1993 in accordance with Czech laws. Its purpose is to raise funds amongst donor agencies and corporations in the Czech Republic and Western Europe. A second CERGE-EI Foundation was established in the United States and registered as a 501(c)(3) non-profit organization in the state of Pennsylvania. The CERGE-EI US foundation has eight board members from the corporate and academic communities, including such notables as John Reed, CEO of Citicorp. The US Board met for the first time in January and again in Prague in June 1997.

CERGE-EI must raise between \$1 and \$1.5 million per year to offset the loss of USAID funding. During the initial period of CERGE-EI's development, from 1991 to 1996, the average annual operating cost was approximately \$2.5 million, of which \$2 million came from external (Western) sources. In its financial projections for sustainability over the next four to five years, the CERGE-EI Foundation has estimated that CERGE-EI would have to raise between *a million and a million and a half dollars per year* to offset the elimination of the USAID funding and to meet the requirements for access to European Union funds. Immediate fund raising challenges include the following *annual* expenses: fellowships from students from outside the Czech Republic (\$700,000), the supervision of dissertations (\$366,000), salaries for teaching and research (\$180,000), and academic support for library and computer facilities (\$210,000).

Tuition generated revenue remains an elusive goal. CERGE has set its tuition for western students at \$8000 per year, and the tuition for CEE (Non-Czech) students is covered by an additional USAID/Czech Republic grant. The latter was established only as a stop-gap measure and needs to be replaced with other sources. So far, the former has not proven to be a significant revenue-generating vehicle, nor is it clear whether Western students will become a significant component of CERGE-EI's student body in the future.

E. PROGRAM MANAGEMENT

The management of CERGE-EI appears to have stabilized considerably in recent months after a somewhat difficult period of transition. One of the original Project Co-Directors left Pittsburgh in 1996, to accept a position as Director of the Davidson Institute at the University of Michigan. He continues as Director of the Economics Institute of CERGE-EI and Chairman of the ESC and enjoys cordial working relations with the University of Pittsburgh. A UPitt faculty member from the Department of Economics now serves both as Coordinator for the CERGE-EI portion of the grant and as In-Country Coordinator of the UPitt grant activity in Slovakia.

The Director of CERGE recently returned from his sabbatical in Vienna and has resumed his full time duties as Director. The Acting Director has resumed his responsibilities as Deputy Director of Graduate Studies. Other Deputy Directors interviewed and their positions are as follows: Finance; Management, Development and Public Relations, and Research. There is also a Director for Fund-raising in the newly formed CERGE-EI Foundation in the Czech Republic.

The problems of information gathering and dissemination which DATEX encountered in the writing of the semi-annual report on CERGE-EI should now be resolved. The rather lengthy transition from one Project Director to another has finally been completed. The CERGE-EI staff did an excellent job of marshaling data for the close-out evaluation in a timely fashion, including detailed cumulative program reach data. The DATEX team was provided with a cash flow report on CERGE-EI which includes estimates through September 1998, well beyond the USAID funding period. Information regarding strategic planning is also available to DATEX from the grant proposals which CERGE-EI has prepared over the past two years for submission to the Mellon and Ford Foundations and Pew Charitable Trusts.

The cooperation between CERGE and EI continues to be a complex administrative task since the two entities belong to different institutions (Charles University and the Academy of Sciences). Two separate budgets must be maintained. In order to facilitate this process, Deputy Directors of the two institutions as well as other administrative personnel have joint appointments in CERGE and EI. The proposal for CERGE and EI to operate in a *joint workplace* holds out the prospect for a more formal union between the two and is therefore cited in the concluding section.

IV. RESULTS IN BRIEF**A. PROGRAM REACH***Program Reach Data from January 1 - June 30, 1997*

There are presently 107 PhD students at CERGE from over a dozen countries, one third of whom are women. In addition, 1500 participants attended one-day seminars and another 60 attended multiple-day workshops. Management training under the Joint Vienna Institute continued as well.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
PhD (list by cohort)	6	69	38	107
Management Certificate	1	14	15	29
Workshops (multiple days)	2	N/A	N/A	60
Other ** (specify)	50	N/A	N/A	1500

Notes: * Joint Vienna Institute - a nine-week professional training program funded by the World Bank, provided by CERGE-EI to senior level managers from CEE & NIS government and private agencies. Those who complete the program are awarded a certificate in Market Economics and Financial Analysis under World Bank auspices in collaboration with CERGE-EI.
 ** Primarily lectures of an hour to hour and a half duration on economic topics by CERGE-EI and visiting professors in three general categories: research methodologies, health economics, and dissertation research.

Program Reach Life of Project Data from Beginning of Project Through June 30, 1997

CERGE has graduated five doctoral students in Economics, the most recent one in June 1997. A total of over 10,000 have attended open lectures on such subjects as research methodologies, health economics, and dissertation research by faculty and visiting experts. Another 1150 have attended multiple-day workshops. Under the Joint Vienna Institute, CERGE-EI has provided 552 senior managers training in economics.

Program Type	# Total Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants	# Male Grads	# Female Grads	# Total Grads
PhD (list by cohort)	6	73	38	111	4	1	5
Management Certificate*	19	333	219	552	N/A	N/A	N/A
Workshops (multiple days)	23	N/A	N/A	1,150	N/A	N/A	N/A
Other ** (specify)	415	N/A	N/A	10,675	N/A	N/A	N/A

Notes: * Joint Vienna Institute - World Bank-funded training
 ** Lectures/presentations

B. SUMMARY OF FINDINGS BASED ON INDICATORS

B.1 EVIDENCE OF PROGRAM IMPACT

CERGE has had five PhD graduates to date, and another 12 to 18 are expected to complete their dissertation defense and be awarded degrees before the end of the 1997 calendar year. A very strong program of research and publications is now well established at CERGE-EI.

Impact Level	Indicator	Summary of Findings
Acquisition	Students acquire skills knowledge and confidence in subject matter	Five students have graduated from the PhD program, and 12 to 18 are expected to finish by the end of the year.
	Enrollments reflect regional reach of program	There is a regional mix of students; Czech Rep the largest, followed by Romania, Slovakia, Russia, Armenia, and Ukraine.
	Enrollments reflect equitable gender distribution	Women have accounted for an average of approximately 1/3 of the PhD students since 1991, including the 1997 entering cohort (35 out of 86).
	Target enrollment numbers are reached for entering class	CERGE-EI has reached target enrollments for entering classes, an average of 25-30 are admitted each year; this year there were 189 applicants, of whom 86 were admitted, including only 12 Czech.
	Target enrollment numbers are achieved throughout program	Three times as many applications are received than can be accepted.
Satisfaction	Students, faculty and staff positively rate their experience	Yes. Students interviewed were very positive about their experience at CERGE, indicating that it was tough but worthwhile.
	Program retains faculty and students	Two of the 5 PhD graduates have stayed to teach at CERGE-EI. A good system of recruiting and retaining faculty is in place.
	Program is responsive to students' and faculty needs (availability of library resources, courses and seminars of interest, computer resources, etc)	In 1995 the program used non-USAID funds to improve computer equipment (modems and pentium PC's were purchased) and 16 outlets were added to the building. The program provides students and faculty with opportunities to present their research.
Utilization	Graduates continue in fields of teaching, government, research and/or policy development	Graduates are continuing as faculty and researchers at CERGE-EI. Several graduate students are working in high level policy positions. The first woman graduate is serving as senior advisor in the Czech Ministry of Finance.

Impact Level	Indicator	Summary of Findings
	Graduates and faculty present/publish research findings and policy recommendations	Faculty and students have regularly presented research at CERGE-EI and in the region, as reflected in the listing of seminars in quarterly reports. A series of student-presented dissertation seminars is into its second year.
Change	CERGE-EI is seen and used as a resource by other institutions/faculty	The excellent economics library is open to the public and maintains an extensive network of contacts. Advanced graduate students provide undergraduate and masters level instruction to Charles University's Faculty of Social Sciences.

B.2 EVIDENCE OF PROGRAM SUSTAINABILITY

CERGE-EI has made long strides toward program sustainability as reflected in the stable and growing faculty, the institutional structures in place to accommodate administration and relations with international organizations, and newly created foundations to handle fund-raising.

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received	CERGE-EI has a steady balance of well trained senior and junior faculty, both local and international. Some senior adjunct professors return every year to teach a few courses.
	Visiting faculty effectively adapt their courses to local issues and needs	Questionnaire data indicate that this is happening.
	Curriculum is approved by the degree-granting institution	Charles University recognizes CERGE-EI as a fully accredited center within the university.
	Necessary space, computers, library materials and support staff are available	CERGE-EI is fortunate to occupy a building belonging to the Academy of Sciences. Continuous efforts are made to update equipment and explore sources of financial support for building renovation.
Organizational	Executive Supervisory Committee has balance of US and Czech representation	The majority of the ten ESC members are from the US; two are Czech.
	Increasing percentage of local staff with administrative authority and responsibility	The Director of CERGE is a Czech national appointed to the post in 1994 and his entire administrative staff are locals.
	Recruitment and admissions processes result in a equitable selection of targeted numbers of high quality students	CERGE-EI students are recruited from among the best in the region. Most have very strong quantitative skills which equip them for the rigorous CERGE curriculum.

Sustainability Level	Indicator	Summary of Findings
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Each course is evaluated internally and evaluations are used.
	Long range strategic plans for funding and program development are developed, implemented, evaluated, and revised when needed	The University transferred all budgetary and administrative control to CERGE-EI in April 1995. The staff includes a Director of Planning and the Foundation(s) now are taking an active role in fund-raising
Financial	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	The Czech government pays for Czech students to attend CERGE-EI. USAID has recently announced funding for non-Czech students, but their tuition still remains a long-term issue for CERGE-EI.
	Increasing percentage and sources of institution/program funds from non-USAID sources	New grant funds have been secured over the past three years and fund-raising capabilities are being developed.

C. SUMMARY OF FINANCIAL STATUS

CERGE-EI has been successful in diversifying its sources of funding away from reliance on USAID.

Funding Source	% of total project support 6/30/97
USAID Grant	26%
US Institution	10%
Local Institution	35%
Tuition and Fees	0%
Other Sources	29%
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

After nearly six years of existence, CERGE is a successful pioneering institution, providing training in western economic education and research to students from not only the Central and Eastern European region, but increasingly from the New Independent States. It has a stable cadre of junior and senior faculty, a first-class economics library, and modern computer facilities.

CERGE Foundations. The establishment of CERGE Foundations in the US and in the Czech Republic appears to be a flexible and effective mechanism for raising funds. This would not have been the case if CERGE had limited its efforts to raise funds only through Charles University. At present Czech tax laws do not provide incentives for corporate giving. A company is allowed to deduct only 2 percent of gross-profit earnings to donations to non-profit organizations. In practice, these deductions are usually applied to employee benefits and therefore unavailable to non-profits. The foundation's pitch to corporations is therefore to invest in human resources rather than to donate to an institution.

The Joint Workplace arrangement now being pursued by CERGE and EI has implications leading to the formation of a single legal entity. Various options are being explored by CERGE and EI directors and deputy directors to institutionalize and rationalize the relationship between the two entities. Resolution of these issues will promote sustainability.

Outreach Programs. Those non-degree programs offered by CERGE-EI heretofore have been successful in reaching targeted professional audiences in both CEE and NIS countries and in providing information critical to regional economic transformation. CERGE-EI has made a strategic decision to become the premier graduate educational institution in the region modeled after the US university system. It has been careful to define outreach activities that are consonant with this objective. As a result, these activities are long-term and continuous rather than typical short-term seminars, using CERGE-EI faculty to the maximum advantage. CERGE-EI has made a conscious decision to avoid the temptation of entering into lucrative consulting contracts that do not accord with this principle.

Student scholarship funding. CERGE-EI is an excellent institution for providing regional training for students from the CEE and New Independent States (NIS) countries. In order to assure continued scholarship funding for these students at CERGE, opportunities for new program funds from USAID should be monitored. Additional programming in this field is anticipated within the next few months intended to replicate the best practices from educational institutions that have been created as a result of previous USAID grants.

Programmatic sustainability. CERGE has been successful at training and retaining local faculty. Two of the five PhD graduates are now full time faculty at CERGE, hence contributing to one of the objectives of the grant. CERGE is also active in recruiting faculty on the US and Western European markets to assure a long term permanent faculty. Three US-trained PhDs will join the faculty this year. Nonetheless, visiting faculty will continue to be a vital part of the CERGE faculty participation to assure the quality of the program. DATEX is persuaded that this is a cost worth incurring to allow students and junior faculty to interact with senior scholars and researchers.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following action be taken:

All due effort should be made to maintain the regional mission of CERGE-EI. The distinctly regional/international composition of students and faculty sets it apart from other institutions in the region. Even though CERGE-EI is sustainable at the Czech national level, owing to government subsidies, its regional mission will become increasingly important as more and more students from NIS countries look to the West for graduate education.

CZECH MANAGEMENT CENTER**I. COUNTRY CONTEXT**

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

II. PROJECT DESCRIPTION

The Czech Management Center (CMC) was founded in 1990 by the Czech Ministry of Industry with the assistance of the University of Pittsburgh's (UPitt) Katz Graduate School of Business. Located outside of Prague, in the town of Celakovice, CMC is an independent institution, not affiliated with a Czech university. CMC was the first western style Business School established in the Czech Republic and is housed in a modern five-story facility that includes a full-service 150-room hotel, a 250 seat auditorium, a library, and 12 large lecture rooms.

Since its inception, CMC has maintained a combination of academic and short term training activities. The academic programs consist of a full-time MBA program and an Executive MBA (EMBA) Program) and related Research Programs. Short term training programs have included Business English Programs, International Programs, Management Programs (Institute of Corporate Governance, Marketing Institute, Dynamic Managers, Young Managers, and Entrepreneurship Programs.

UPitt is in the final stage of its MTEEP grant to assist the Czech Management Center. The grant ends in September 1997 at the time of the closing out of the USAID Mission in the Czech Republic. CMC is coping with challenges of sustaining high quality academic programs, remaining responsive to the changing needs of the market, and achieving financial sustainability. There is serious concern by the CMC Board of Trustees over CMC's continuing failure to achieve financial and enrollment targets in key program areas. The new CMC management is in the process of evaluating these negative trends and designing new approaches to program structure and marketing.

There have been two DATEX site visits to the Czech Republic, one in December 1995 and the most recent in April-May 1997. The purpose of the latter one was to conduct a summative close-out evaluation of the activities of the University of Pittsburgh's grant to assist the Czech Management Center. This evaluation was to determine the impact the project has had since its beginning in terms of change at the individual and firm level and the current and projected status of sustainability (programmatic, organizational, and financial) of the MTEEP program and institution after the end of the USAID financial support. The last quarterly report on file with the evaluation team was for the first quarter of FY 1997 (October-December 1996).

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The December 1996 MTEEP semi-annual report on CMC concluded that CMC was facing serious challenges to its potential sustainability. It was very much in need of general leadership as well as within the individual departments. Two particular issues were cited: student enrollment and faculty retention. Five recommendations from that report and the current status are as follows:

CMC should determine the reasons for lower than desired enrollment in some of the courses and take corrective action. A new cohort of 30 MBA students began their studies in January 1997, one of the largest classes since the beginning of CMC. However, enrollment in other courses was low, as it always is during winter months. With the continuing problems of marketing the executive courses, very few programs were run in the winter quarter.

CMC should resolve the issue of contract negotiation and award, particularly with faculty, who quickly improve their performance with the help of additional training. Several faculty members left CMC during 1996, although some continued on a part-time basis. Thus, at the time of the evaluation CMC was still attempting to recruit professors in accounting, MIS, and finance.

CMC should hire a competent and professional Director of the Computer Department. Although a proposal has been submitted for upgrading of the CMC commuter facilities, no new department director has been recruited. The library completed installation of a new fully-automated catalogue system, permitting access to the library from CMC offices and the computer room.

CMC should continue to evaluate and conduct needs assessment for its various course offerings in order to determine the most appropriate and financially effective program mix. The most recent quarterly report indicated that the role of Business English programs at CMC would be reviewed. The Department was to work more closely with "senior sales people" (to be hired) to assist with marketing. However, the internal assessment of revenue generation by the program conducted by the new CMC President indicated that the customized Business English program contributed the highest margins of profit of all programs.

The University of Pittsburgh and CMC administrations should provide quarterly reports to the evaluation team in a timely manner. The DATEX team was presented a copy of the most recent MTEEP quarterly report (October-December 1996) at CMC. The information does not, however, specify whether training activities fall into one-day workshops, multiple day seminars, or customized company training programs.

B. AGENCY FOR INTERNATIONAL DEVELOPMENT

Please refer to this section in the CERGE-EI report.

C. PROGRAM IMPACT

When CMC opened its doors it was the first western style business school in Czechoslovakia. CMC awarded its first MBA degree in 1993. Now with many more similar institutions coming into the marketplace, CMC is having to cope with challenges of sustaining high quality academic programs, remaining responsive to the changing needs of the market, and achieving financial sustainability. The most recent CMC quarterly report (December 1996) painted a rather bleak picture of the institution's status. It was said to be "in a kind of auto-pilot mode, maintaining projects and activities as best as possible." Several faculty members had departed and replacements had not been secured. However, the appointment of a new CMC President by the Board in April 1997 offered the hope of meeting these challenges.

At the time of the spring 1997 site visit, UPitt MBA students who had just participated in a case competition in Bratislava were visiting the CMC facility. Several CMC MBA students were preparing to travel to the US to complete their MBA studies at fully accredited institutions, most of them recipients of scholarships at Pittsburgh's Katz Graduate School of Business. There was also a major change in administrative personnel underway, and the new management was beginning to confront serious issues concerning the sustainability of the institution.

While the DATEX team heard of MBA and EMBA graduates who have distinguished themselves in high level management positions, none of them was available for interviewing. This severely limited the team's ability to assess the impact of these key programs. The only Board member whom the team was able to interview was the USAID Project Manager.

Several CMC programs have experienced difficulties in attaining their target enrollments. CMC had to cancel two credit-granting programs for MBA students sponsored by International Programs due to low enrollment. Summer enrollment has been declining over the last few years. A downward trend has also been seen in the public lecture series, where the 1996 enrollment was only half of the 1995 level. At the same time, these programs were offered at a break-even point because the public audiences have not been willing to pay higher fees. This experience most likely signifies that the market for such programs is being exhausted.

MBA Program. The regular MBA program is the core of CMC's activities. There have been four cohorts in the program beginning with the 1991-92 academic year. Cumulative data provided to the DATEX team indicate that there have been a total of 103 students who have completed the MBA program. A total of 81 have received their degrees from the University of Pittsburgh. Since 1992, a total of 16 have received their degrees from the Czech Management Center, representing a major breakthrough in CMC's institutional development. The balance have completed their degrees at other universities. The first cohort had a total of 25 graduates, of whom 21 received their degrees from UPitt; the second cohort figures were 30 UPitt graduates out of 33; the third, 22 out of 24; and the fourth, only eight out of 21. In 1996, for the first time in its history, the majority of class members chose to complete their studies at CMC (12 out of 21). In December 1996, a graduation ceremony

was held to recognize those students who received their degrees from CMC. Significantly, this cohort tended to focus on entrepreneurship in the CEE region, with emphasis on practical and project-based tasks.

CMC has maintained a regional identity from the outset. While slightly more than half of all MBA students have been from the Czech Republic, in recent years the percentage from other countries has increased. The second largest contingent of students has been from the Slovak Republic, followed by Bulgaria and the United States. Western European and CEE countries have also been represented as well as NIS countries. The overwhelming majority of students have been male (85), although there has been a modest increase in the enrollment of women in recent cohorts. At the end of December 1996, there were 28 students enrolled in the MBA program for 1997, representing the Czech Republic, Slovakia, Romania, Bulgaria, Macedonia, the Netherlands, Canada, the US, and for the first time those from Latvia, Serbia, and Russia.

Executive MBA (EMBA). Since the first cohort of Executive MBA (WEMBA is the term used by CMC) began in 1993, a total of 43 students have completed the program, most of them Czech nationals. The first EMBA cohort graduated eight students in 1994, including one woman. The second cohort graduated 20 and the third 15. Only six EMBA graduates have been women. In September 1996, leading national and multinational companies sponsored 18 employees in the fourth WEMBA cohort. Students represented a wide range of industries and positions, including marketing director of a leading telecommunications company, general director of a local bank, and sales manager for an international pharmaceutical distribution firm.

International Programs. CMC organizes these program for groups of students from abroad who either want to specialize in or acquire a familiarity with the CEE region. Courses are mainly taught by local instructors but also foreign specialists in selected areas. International programs continue to provide effective means of business education and network building. Although some experience difficulties in reaching their enrollment targets, several continue to attract students from the US and Canada.

Business English Programs. Several Business English programs have been developed for those interested in studying Business English. The primary objective is to provide Czech and Slovak managers with the English language facility necessary to conduct successful business dealings in English. There were a total of 271 participants enrolled in 1996. Customized courses have also been developed for corporate clients that have included Citibank, Skoda, SPT Telecom, Chemopetrol, Czechinvest, and ING Bank. Several of these have been repeat customers for up to four years. The new President's cost analysis indicated that the Business English program has contributed the highest percentage to CMC's revenues.

Non-degree management programs. These programs continue to be in high demand. With the exception of the public program series, the Dynamic Managers Program (formerly Young Managers) and Institute of Corporate Governance (ICG) continue to meet target enrollments. The DATEX team

managed to interview only two past participants, both of whom had been involved with the Dynamic Managers Program (formerly Young Managers). One was a participant himself, an engineer by training now with Telecom, who attended two units in marketing and strategic planning. The other was director of personnel of a large Czech construction company who had sent her employees to CMC for training. Both spoke highly of the program which provided them (or their employees) with short term training in marketing and strategic planning. In both cases the training was recent, so there was little possibility of determining impact.

Customized Management Programs. These are programs tailored to the specific needs of a company and are designed by CMC professors in cooperation with company managers. Companies that have participated in CMC's customized programs include: Coca-Cola, Amatil, Bonton, Leciva, Dufa, Skoda, and Tatra. There has been a proposal to make CMC the Coca-Cola regional training center for Central and Eastern Europe.

CMC has conducted several types of entrepreneurship training programs. Enhancing Local Capacity (ELCA) project, conducted jointly with FORMAPER (an agency of the Milan Chamber of Commerce) commenced in the Fall of 1995. ELCA consisted of a feasibility study of CMC's capability for offering entrepreneurial training and supporting a database for potential entrepreneurial activities, and three one-week long teaching modules. FORMAPER sponsored an intern from the University of Venice with CMC's Research Program where he conducted research on economic and legal conditions for foreign investors in the Czech Republic.

Library resources are being upgraded. After months of preparation and project development, the CMC library finally received the tender for the Clearinghouse Services project and signed a contract with the National Training Fund (NTF). With assistance from NTF, CMC will become the regional Training Information Center. The library continues to receive databases from Byll software, Albertina Data and the Fleet Sheet which can be accessed by CMC faculty, staff and students. The library book collection has been improved through a donation from the Sabre Foundation. Eighty books were acquired in the past quarter. The library also received a donation from a foundation in Switzerland.

Success Stories

CEEMAN Conference. In October 1996 CMC organized and promoted the fourth annual conference of the Central and East European Management Development Association (CEEMAN). It was attended by over 100 delegates from the Czech Republic and abroad, including the Vice President of Bankers Trust International London and the Managing Director of McKenzie France.

Employment for CMC Graduates. Prospective employers show considerable interest in MBA and EMBA graduates. When one considers the size of the student body, the number of prospective employees who have attended the Career Days is impressive. Firms that have attended include multinationals such as Proctor and Gamble, Coopers and Lybrand, Pepsi Cola, Johnson and Johnson,

Coca-Cola, and Philip Morris/Tabak. However, data is not available on the number of graduates employed and the types of positions they are employed in.

Unfortunately, the success stories which CMC should be able to tell were not available to the DATEX team. Faculty members who have been associated with the program since the beginning, assured the team that many of those who have completed their studies either at Pittsburgh or more recently at CMC have gone on to distinguish themselves in the private sector in the Czech Republic. However, we have little information - either anecdotal or otherwise - to support this assertion. An article in the January 1997 issue of the *Chronicle of Higher Education* examined the rapid growth of MBA programs in the CEE region, featuring CMC as "typical of the region's best business schools." The article observed that CMC graduates were getting numerous job offers, most of them from multinational corporations through locally based companies willing to offer higher salaries to attract MBA graduates.

D. PARTNER/PROGRAM SUSTAINABILITY

Programmatic Sustainability

CMC's award of its own MBA degree represents a major breakthrough in its institutional development, although the overwhelming majority of students have obtained degrees from UPitt or other universities. There is now the option of receiving a CMC-awarded MBA which first became available in 1995, when two students received the degree. In 1996, twelve students opted for the CMC MBA. Students still can complete their studies at Pittsburgh although funding for scholarships for this purpose has decreased. The MBA program is exploring various options for degree completion. There is clearly a market for the MBA in the CEE region, judging from the number of CMC graduates who obtain employment in good companies.

Assuring continuous and high quality delivery of various programs may be jeopardized unless issues related to faculty contract negotiation and renewal are solved. The new contracts for local faculty have involved an extended months-long negotiation process. This has created a feeling of uncertainty and disparagement among the faculty which does not contribute to effective course delivery. Nine professors, some of them central to program delivery, left in 1996 as a result of dissatisfaction with the administration of CMC and lack of professionalism on the part of the department heads. Currently there are seven teaching faculty, all Czechs, several of whom need further professional development. Only two of the original faculty remain at CMC, one of whom is on sabbatical in the US. CMC still has a critical need for visiting faculty from the US and other Western universities to assure quality education. There are five full time CMC administrative staff, all expatriate.

During the spring 1997 site visit, the DATEX team met with the Director of Development Program, Manager of Graduate Programs, and Co-Director of the Business English Program. Most of them had been in their positions only a short period of time. Unfortunately, the team managed to interview

only four professors in CMC programs (one of these in Business English, one a visiting professor from Pittsburgh, and another recently resigned).

The Computer Department needs to make a concerted effort to improve its support services. Several visiting professors as well as local staff have complained about the poor support services provided by the Computer Department. The department is in the process of upgrading the server and internal telephone communications system which would permit internal transferring of calls and voice mail services. Dell Computer has been approached in an effort to negotiate a discount for the server and several new computers.

CMC is advertising its MBA programs throughout the region. MBA forums that have taken place in several cities outside of Prague have familiarized the target groups with offerings of the MBA programs. Well qualified candidates have been identified in this manner for future cohorts. The MBA programs are also advertised in professional magazines such as Hobson's Casebook, Peterson's MBA Directory, Business Central Europe, and The Economist.

CMC is successfully placing MBA graduates. Annual MBA Career Days have been held in which major Czech and multi-national firms have participated. In the view of the CMC administration, a large part of the program's success is due to the increased awareness on the part of the CMC staff of the importance of projecting a professional and positive image of the Center as a whole.

CMC continues efforts to improve its visibility. Marketing Days have been organized in which CMC programs were presented by the faculty members. Directors and human resource managers from Prague-based companies have participated in these events. CMC representatives have also participated in a Day of Job Opportunities in Plzeo and at a conference on Management and Firms organized by the Prague School of Economics. CMC is now listed on the newly established home page on the World Wide Web of the European Foundation of Management Development (EFMD). This, in addition to CMC's own homepage, which is regularly updated, provides additional exposure to management activities at the international level.

Organizational Sustainability

The Board of Trustees of CMC consists of 19 members from the US, Canada, the UK, France and Italy as well as the Slovak Republic and the Czech Republic. Three of the members are affiliated with the University of Pittsburgh. The Chairman is a prominent Czech business leader. Of critical importance to the future of CMC is the role of the Board in the selection of its administrative officers. After several months without a chief executive officer, the Board chose a new President (the first time the term had been applied) in April 1997. The person selected was already serving CMC in a management consultant capacity and his appointment became effective immediately. This augurs well for the future of CMC since it responded to a very serious leadership gap.

CMC has embarked on a new Strategic Planning process. The new President convened a planning retreat with senior faculty and staff in southern Bohemia, in late May 1997, to discuss the future of CMC. The agenda included development of a mission statement, core values, and strategic directions for CMC programs. The strategic direction reiterated CMC's international orientation. The MBA program will continue to be the core focus of CMC and other programs will be aligned to support and complement it. CMC programs are to serve market needs from the CEE region as well as Western Europe and North America by providing programs that help bridge cultural gaps. That is, CEE customers can learn about Western and international business practices while Western customers can learn about transitional CEE economies and business. Two types of MBA programs are envisaged. An International/MBA and a European Union/MBA will target students from the CEE region who wish to obtain a degree that will enable them to function successfully in international markets. The Emerging Markets of CEE MBA will target students from Western Europe and North America who wish to gain an understanding of doing business in CEE economies. It is anticipated that chairs will be assigned for these programs and special curricula developed for them.

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

Attempts to open up a North America Liaison Office have not been successful. The most recent CMC quarterly report referred to the establishment of a North American office with the support of a US-based CMC Board member. The purpose of the office was to contact study abroad offices of US universities to explain CMC programs and assist in arranging visits to CMC. However, during the DATEX debriefing with the President he indicated that this initiative was not successful and has been terminated.

Financial Sustainability

Reaching financial sustainability remains an elusive goal for CMC. The USAID grant was reported to account for 10 percent to 20 percent of CMC's budget at the end of 1996 and will end by September 1997. Although tuition policies and fee collection mechanisms are well established, in the absence of substantially increased additional sources of funding, CMC will continue to experience difficulties in offering a full array of programs and retaining the best qualified faculty and staff. As a result of this unstable financial situation, CMC was unable to offer the semi-annual bonus to its employees.

Alternative Financial Assistance. In order to offset the financial hardship, CMC has been exploring the possibility of MBA students completing training at various Canadian universities through affiliation with the Consortium of Canadian Management Schools (CCMS). The consortium has awarded CMC a four-year, \$1.1 million (Canadian) grant for teaching, case research, and faculty and

staff development. Students are also being recruited from such US universities as Milsaps College, Lake Forest College, Tulane University, Auburn University, and Babson College.

CMC Market Competitiveness. When CMC was established in 1991, it was one of the very few programs of its type in the region. Now there are dozens more, many of them linked to British and other western universities. CMC has been perceived as being the most expensive of these programs, even though it is not managing to cover costs. The new President has conducted a market survey to assess CMC's competitiveness among MBA schools in the region to address this issue.

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

D. PROGRAM MANAGEMENT

CMC has undergone numerous leadership changes in program administration and recently experienced an extended period of uncertainty due to the absence of a chief operating officer. In the fall of 1996, the CMC Dean (who proved not to be a good manager) was asked to leave and was replaced on an interim basis by the Associate Dean. Until very recently, there has been frequent turnover of staff, a drop in student enrollment, and an overall decline in CMC's *esprit de corps*. Because UPitt has been consistently remiss in providing quarterly reports in a timely fashion and furnishing information requested on CMC programs, DATEX has had difficulty being able to accurately report on this project. This applies to both program management and the nature of the academic and management training being offered, as well as the number of students. For example, there was no program reach data available on CMC for the last MTEEP Semi-Annual Report.

However, the Board of Trustees, including representatives from UPitt, has made an excellent decision in naming a new President. The search for a new CEO was launched in the fall of 1996 and on April 4, 1997, the person who was serving in a management consultant capacity to CMC accepted the call of the CMC Board of Directors to become its first President. The DATEX team was pleased to meet with him and was favorably impressed by his grasp of the issues. He shared with the DATEX team the notes from his presentation to the CMC Board of Trustees Meeting in which he offered his assessment of the current CMC situation, a budget and financial analysis, and a strategic plan for CMC.

Included in the presentation was an MBA Competitor Marketing Study which compared CMC with other programs in the area in terms of tuition cost, contact days, class size, per student cost, nationality of professors, and certification. The presentation included an assessment of the financial contribution of each of the programs at CMC as well as current cost allocation. There was also a summary of student evaluations of the WEMBA and MBA program and faculty. The new President immediately began his cost cutting program by downsizing the staff and beginning marketing

planning. At the end of May, a weekend retreat for CMC management and faculty was held to discuss team building and planning.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

Program Reach Data from January 1 - June 30, 1997

Complete program reach data for the last six months has not been made available for this report. There are presently 28 full-time MBA students enrolled at CMC and 18 WEMBA students.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	1 - full time MBA	22	6	28
	2 - WEMBA - Executive MBA	30	5	35

Note: * While there are several training programs such as Dynamic Managers being conducted, no data are available for number of participants.

Program Reach Life of Project Data from Beginning of Project Through June 30, 1997

The full time MBA program CMC has seen a total of 103 graduates since 1992, of whom 16 received their degrees from CMC. The WEMBA program has awarded 43 Executive MBA degrees. There have been a total of 1,859 participants in seven short term training programs of CMC.

Program Type	# Total Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants	# Male Grads	# Female Grads	# Total Grads
MBA (full time)	4	N/A	N/A	N/A	85	18	103
WEMBA (part-time)	3	N/A	N/A	N/A	37	6	43
Workshops (multiple days) *		1,443	416	1,859	N/A	N/A	N/A

Note: * Cumulative figures for the various short term training programs is listed by CMC as follows:

Program	male	female	Total
Kepner Tregoe	569	96	665
Dynamic Managers	49	3	52
Human Resource Management	216	62	278
Institute of Corporate Governance	405	76	481
Young Managers Program	268	17	285
Marketing Institute	509	153	662
Essential of Modern Management	27	9	36

Impact Level	Indicator	Summary of Findings
	Program is responsive to students' and faculty's needs (availability of library resources, courses and seminars of interest, computer resources, etc)	There was reported to be a fairly high level of student discontent during the period of administrative uncertainty; the computer department has been criticized for inadequate support; library resources are continually being upgraded.
Utilization	Graduates acquire some benefit from having completed degree program (for example, better paying job)	MBA graduates appear to have a good track record of securing employment.
	Short-cycle participants can demonstrate that they have applied course information to their work	Short-cycle participants have given numerous examples of applying course information to their work, and pointed out the value of making contacts and connections in the class.
Change	CMC is seen and used as a resource by employers	An example is the annual "career day," which attracts employers seeking qualified applicants. Career day has been expanded to two days due to the increased number of employers interested in participating.

B.2 INDICATORS OF SUSTAINABILITY

Data are only available through June 1996.

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received; turnover is low	Several contracts are still being negotiated and the faculty morale was low until recently. Most programs have experienced high faculty attrition.
	Visiting faculty effectively adapt their courses to local issues and needs	Previous evaluations indicates that student ratings of foreign faculty are higher than their ratings of Czech faculty.
	Curriculum is approved by the degree-granting institution	There is a committee in place to approve and schedule courses.
	Necessary space, computers, library materials and support staff are available.	CMC is home to the most comprehensive business library in the country, and has kept its computers and materials up to date. CMC must begin to charge full rates for its hotel facilities in order to recover costs.
Organizational	Advisory Committee has balance of US and Czech representation	Local Board of Trustees still has a minority Czech participation; a North American board seeks to cultivate North American corporate donors.

Sustainability Level	Indicator	Summary of Findings
	Increasing percentage of local staff with administrative authority and responsibility	The administrative staff are still mostly young expatriates.
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Recruitment activities are well organized; some programs have experienced decrease in enrollments while others continue to attract many students.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	The new President's institutional assessment is the most far-reaching effort to date. He has already begun to implement plans based on findings.
	Long range strategic plans for funding and program development are developed, implemented, evaluated, and revised when needed	Long range strategic planning was the subject of a weekend retreat in May 1997 which included the President, senior staff and faculty.
Financial	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	These policies are now under review. Cost of an MBA is high, CMC staff are aggressively exploring corporate sponsorship and other funding possibilities.
	Increasing percentage and sources of institution/program funds from non-USAID sources	Seventy percent of funds come from tuition and fees. The Canadian consortium assistance is a significant new source of funding.

C. SUMMARY OF FINANCIAL STATUS

The bulk of revenues at CMC (70 percent) are derived from tuition and fees. The US partner portion of project funding is included within the local institution category, while the USAID grant and CMC itself accounted for the balance of financial resources.

Funding Source	% of total project support 6/30/97
USAID Grant	15%
US Institution	0%
Local Institution	15%
Tuition and Fees	70%
Other Sources	0%
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

CMC is well recognized as being the first western style business school established in the CEE region. CMC's award of its own MBA degree represents a major breakthrough in its institutional development, although the overwhelming majority of students have obtained their degrees from UPitt or other universities. There is clearly a market for the MBA in the CEE region judging from the high percentage of CMC graduates who have obtained employment in established companies.

CMC has been successful in creating a positive image and still clings to it despite on-going difficulties. However, the failure to articulate clear goals and establish communication procedures among CMC programs, departments, and staff has resulted in ineffective programming as well as lost marketing opportunities. For example, Business English has been implementing a customized training program for high level business executives which appears to have had little cross-over effect on executive management training programs.

Low morale among the local and foreign staff presents a serious challenge to CMC. Few of the original faculty members are still teaching, and recruitment of new faculty has been difficult. Based on experience with other similar projects, success is associated with a well trained and qualified staff, particularly in strategic positions. The current status of CMC's administrative staff is lacking in appropriate experience. Recruitment of key personnel in financial management and marketing would greatly enhance the new President's prospects for success.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following actions be taken:

- ▶ The new President review the customized training program and explore new possibilities. The Business English Program has been successfully conducting customized training with established corporations for sometime. There have been several customized management training contracts, the most recent with Hewlett Packard which was reportedly successful and profitable. However, such training for smaller companies has not proved profitable. These programs could complement CMC's MBA programs by generating income and marketing the MBA.
- ▶ CMC continues to recruit both local and visiting faculty. If CMC is to maintain its regional mission, development and retention of local faculty will continue to be of critical importance. This does not necessarily apply to Business English where native speakers are likely to remain the core of the faculty.
- ▶ The Board of Trustees and the new President elaborate a strategic plan for revenue generation. Even though the new President has done a commendable job of diagnosing CMC's current

situation and articulated a cost reduction program which he is carrying out, long range planning is essential.

INDIANA UNIVERSITY

I. COUNTRY CONTEXT

Economic projections by the Hungarian Finance Ministry after the first quarter of 1997 indicate an improvement over the slow growth experienced in 1996 - from one percent in 1996 to two/ two and a half percent in 1997. The economic recovery also manifests itself in the increase of the personal consumption indicator - from a three to four percent decline, registered in 1996, to a one to two percent projected growth. Despite these positive trends, experts indicate that it is too soon to say whether this is a natural counter-reaction to the austerity program started two years ago, or the start of sustainable growth.

The private sector now generates about 65 percent of the GDP in Hungary, while the SME sector alone generates 27 percent. Yet, some feel the SME sector is not properly supported or recognized by the government. In this regard, the MATCH Marketing Director provided information of a new Decree of the Hungarian Government, dated 29 April 1997 (No. 1045/1997) which addresses the areas where the government can assist the development of SMEs. These areas include:

- ▶ easing the burden of excess administration on SMEs,
- ▶ creating a system of training and a credit guarantee scheme (including the creation of the Hungarian Enterprise Development Fund), and
- ▶ modifying the Procurement Law to include certain preferences for SMEs.

In the area of higher education, the government is increasing pressure for institutional and curricular reforms. The government says it can no longer afford the existing higher education system (consisting of 20 universities and 50 specialized colleges in a country of 10 million people), and it wants the system to accommodate twice as many students as it currently does (only 17 percent of 18-24 year olds are in post-secondary education in Hungary versus 35 percent in Western Europe).

One aspect of institutional reform is exemplified by a government requirement which stipulates that in order for an institution of higher education to retain university status, it must operate faculties (schools) in at least two of three legally defined spheres of scientific research: natural sciences, social sciences, and technical sciences. This affects both MTEEP projects to some extent, with perhaps the most significant impact being the potential merger between the Budapest University of Economic Sciences (BUES) and the Technical University of Budapest (TUB), which BUES is currently working to avoid.

The next Hungarian elections will be in May 1998. While the coalition of parties formed as a result of the 1994 elections holds approximately 72 percent of the seats in Parliament, its support is said to

be eroding. Analysts note that in the 1994 elections a centrist position, not extremist (right or left), dominated the results. Many Hungarians hope the same will be true in 1998.

II. PROJECT DESCRIPTION

Since 1989, the Indiana University (IU) School of Business and the Budapest University of Economic Sciences (BUES) have worked together on several cooperative ventures in management training. The Management Development Center (MDC) is part of the University's Post-graduate Faculty, but enjoys considerable autonomy. It is one of the oldest (over 20 years old; 7 associated with BUES), largest, and most well-established management training institutions in Hungary. The range of programs offered by the Center includes extensive manager training programs awarding a post-graduate degree, including an MBA, as well as short courses, conferences and workshops.

The relationship between IU and BUES was enhanced by the award of a four-year MTEEP grant of \$2.4 million to develop the capacities of the MDC, especially in the area of executive education. Implementation of the grant began in May of 1995, making it one of the newest projects under MTEEP. This program, called Management Training Cooperation in Hungary (MATCH), has refined its objectives since it began and now considers the major components of the project to include: 1) developing and strengthening BUES, including its Management Development Center (MDC), the administrative and physical location for most of the university's post graduate and management training programs, and 2) providing training and assistance to medium and small enterprises through partnership programs, open enrollment courses, consultancies, and related activities. In practice, as described in the MATCH Cooperative Agreement between IU and BUES as revised in March 1997, this includes:

- ▶ Enabling BUES to build lasting relationships and a secure funding base with a group of medium-sized firms through developing and delivering client-based training programs.
- ▶ Increasing BUES' ability and capacity to deliver specialized courses and to serve specific and influential target groups as dictated by ever-changing market demands with a focus on small and medium sized enterprises, entrepreneurs, and under served groups such as women managers and minorities.
- ▶ Placing an Indiana University resident advisor at BUES to help design and implement a strategic plan for BUES executive education programs, making them self-sufficient within four years.
- ▶ Developing an international business resource center (the 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 the latest international business teaching materials and to improve business instruction and course development.

- ▶ Organizing and running a career services office (called the Career Development Office - CDO) 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.

During the two site visits in the past year, the DATEX team has focused on sustainability aspects of the MATCH program and the impact of earlier programs for major companies. These visits and the MATCH quarterly and annual reports provide the basis of impact analysis.

In the last six months, there has been significant advancement in the execution of the project, with two components of the programs starting: the Career Development Office (CDO) and the Center for Business Education (CBE). Training, more focused on the SME sector, has continued building on the success of earlier programs for key major firms in Hungary.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The December 1996 MTEEP semi-annual report listed five recommendations to improve the IU program. These recommendations and the actions taken since the previous site visit to address them are summarized below:

Indiana University must seek ways to strengthen its in-country management, preferably by recruiting an IU faculty member to direct project activities. This person must also be able to work effectively with partner institutions, as well as oversee strategic planning and marketing. USAID/Hungary has approved an IU faculty member for an approximate six month assignment as faculty advisor for MATCH. The advisor arrived in Budapest the week after the site visit was completed to start his assignment, which will run through the end of 1997.

In recent months, seminars have been offered to smaller businesses (outside of the MATCH program). The vast majority of participants in these seminars have been women. Indiana and MDC are strongly encouraged to continue efforts along these lines. One extensive (260 classroom hours) and several short programs with primarily female participants continue.

Indiana must solidify its efforts to establish the Center for Business Education and the Career Development Office, together with the Budapest University for Economic Sciences. As discussed below, both are now open.

Indiana would benefit from closer collaboration with SUNY/CPED, especially in sharing case study materials and the establishment of centers outside of Budapest where CPED already has a presence and can provide an institutional network. Collaboration with SUNY/CPED has been primarily in a case writing competition, to be offered for a second time shortly. The CDO has also

been asked to consult with the SUNY/CPED TQM Center in Debrecen. Expansion outside of the Budapest metropolitan area is unlikely in the near term.

Indiana must pay more attention to data collection and reporting. This includes the nature and dates of seminars, financial data, and of course indicators of project impact. Closer supervision and reporting to the Mission and the ENI Bureau is essential. This was a major discussion point of the current site visit. One issue is that the MATCH program has helped to develop faculty who are used in both MATCH-supported training as well as ongoing MDC short programs. Reporting has focused primarily on those programs receiving financial support from MATCH. "Spin off" programs that are adapted from specialized courses developed for major Hungarian firms are being offered; this fact along with the results of these efforts needs to be captured along with the type (primarily size) of firm being attracted to attend.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/Hungary's Strategic Plan continues to focus on reaching SMEs. Under the USAID/Hungary Strategic Plan, Strategic Objective 1.3 specifically refers to improved operations of small and medium sized enterprises (SMEs). The Mission indicates that progress in 1996 towards achievement of this SO was generally satisfactory. During a meeting as part of the Spring site visit, the Mission indicated an increasing interest in medium sized businesses, those with between 50 and 300 employees, especially in high technology and export markets. The Mission stated that the Hungarian Government is also emphasizing this segment. The objectives of both are to see this segment expand in number and profitability.

The Mission continues to look at the MTEEP projects as primarily directed at the USAID/Hungary Intermediate Result: Improved operations of small and medium sized enterprises. An additional Intermediate Result of interest to MTEEP projects is: National education system institutionalizes business and management education. USAID/Hungary and IU are currently working together to finalize specific MATCH indicators which are separated into process and impact indicators. Information on training is to be gathered using both MTEEP and USAID/Hungary questionnaires. Separate indicators have been developed for the CBE and the CDO. These current draft indicators are consistent with those previously used by MTEEP; the MTEEP impact indicator charts have been slightly modified to reflect the USAID/Hungary-IU indicators.

The USAID/Hungary SME Strategic Objective Team (SOT) has approved a Faculty Advisor for the MATCH Project who will be in Hungary between May and the end of 1997 for an approximate 6-month period. Among his duties will be to help the MDC develop a strategic plan for its executive education program offerings.

USAID/Hungary has indicated that they are in general agreement with the proposed work plan (dated March 1997) that IU submitted. Both IU and USAID/Hungary noted that implementation of this plan will require modification of the budget among line items; the total budget amount remains unchanged.

However, USAID/Hungary expressed concern about the timeliness of IU's efforts to finalize the plan so that the Office of Procurement would have time to take needed action. At the time this report was being completed, a final workplan had been received by USAID/Hungary for action at their June 18 SOT meeting.

C. PROGRAM IMPACT

MATCH Program support has resulted in programs focused on both large businesses and SMEs. Since mid-1996, the focus has increasingly shifted towards SMEs. Experience gained from IU and BUES faculty working together to develop and implement programs for major firms earlier in program implementation has been used in developing the current set of programs which are mostly offered by BUES faculty.

Management Training Programs. The MATCH program annual report for the period of March 1996 - 1997 included a summary of results from exit questionnaires for many 1996 programs. Three of these programs occurred in the second half of 1996. During the spring site visit, past and current participants of two programs for SMEs were interviewed. Seven current participants in a new 260 hour business management program which started in February were informally interviewed. The participants are mostly young (about two-thirds of approximately 30 participants present), mostly women (only 3 men are present in the class). There is a mix of administrative employees of mid-sized firms and individuals involved in small business operations. Another 7-8 past participants of a two-day program for women entrepreneurs, which has been offered four times, were also interviewed. These women were primarily small business operators or are planning to start businesses; most were middle age and had been forced into small business because of closing of the state enterprises that had previously employed them. The primary Hungarian instructor involved with this program also participated in the discussion.

A third recent program, a short term program for Roma (Gypsy) women, was discussed quite extensively. It had taken place the week before the site visit and had about 30 participants. The Partnership Program (TARS) was also discussed with the BUES/MDC program coordinator, but no participants were interviewed.

1996 Training Programs. The results of exit questionnaires from many of the MATCH sponsored programs held in 1996 were included in the MATCH annual report. Three programs were from the second half of 1996, including four program modules with two major Hungarian firms and one Partnership Program module for the nine TARS members. There were 20-30 participants in each program.

The respondents to these questionnaires in general were positive about their experiences. Their responses showed:

- ▶ participants found the programs relevant to their needs (average ranged from 3.97-4.74 on a scale of 5)
- ▶ participants gained skills that they intend to apply to their work (average 3.63 to 4.32)
- ▶ participants believed that they would be able to utilize their learnings to improve operations most particularly in processes and procedures (66-92 percent of respondents), implementation and evaluation (71-85 percent), management methods (86-94 percent), communications (60-94 percent) and analysis/problem solving (75-89 percent)
- ▶ as a result of implementing the learnings from the program, participants expected improvements in the range of 30-42 percent in quality and 30-35 percent in efficiency.

Women Entrepreneurs Program. The women entrepreneurs program provides an introduction to business to help women in deciding what actions to take and what information to get next. Results have been heavily oriented toward attitude change (confidence building and understanding necessary elements of business management). The atmosphere of participating in a women-only environment was identified as very important, especially because it included the opportunity for networking (Several women have become active in a local women entrepreneurs association to continue the benefits of networking). The technical subjects said to be most helpful were marketing, and changes in accounting, tax, and social security laws and regulations.

Roma (Gypsy) Women. It should be noted that the Women Entrepreneurs Program led to the development of an introductory program offered in April for Roma (Gypsy) women - a first for Hungary as far as anyone knows. USAID, MDC staff and the program organizer all felt this program to be a very successful first step. In fact, the program organizer, a past participant in one of the entrepreneur programs, intends to use some of the information on changes in laws to develop a brochure for Roma women.

Business Management Program. The 260 hour business management program started in February and will continue until mid-October, with time off in July and August. It is based on the results of an October 1996 needs assessment of SME directors. This assessment noted a lack of knowledge about the fundamentals of doing business in Hungary (such as basics in accounting, finance, taxation, legal matters, etc.) To some extent, this is complicated by the changing nature of some of the regulations governing these subjects. This new program is addressing these and other topics through classes which are being offered one day a week to approximately 50 individuals. Subjects range from team building and communications, formulation of a business plan, marketing, business accounting for SMEs, capital markets, and computer usage. There will be two days of exams at the end of the program and an official certificate will be issued by the state for successful completion.

Participants interviewed see course topics in communications, finance, and changing laws/regulations in accounting, taxes and social security to be very important. Only very brief interviews were held,

during which no one had examples of current application of information gained to date. However, the introductory accounting/bookkeeping session observed was clear and held participants' interest; handouts were complete and clearly reproduced.

The Partnership Program (abbreviated as TARS in Hungarian) is considered a natural extension of the executive education programs offered earlier by MATCH for several major companies in Hungary. The focus of the program is to bring together managers and directors of companies of non-competitive industries in an educational environment.

TARS is modeled on a successful support program at IU, and has offered 6-7 training programs since September 1996 for its nine company members. The partner companies select the topics to be discussed and play an active role in course implementation. Programs are typically two days in length, with 15-25 participants selected by the companies. The programs held to date have included: negotiations, logistics, controlling, human resources, and strategy. A seminar in management information systems is scheduled for June.

The MATCH Program Coordinator for TARS was strongly supportive of the benefits of this program for the MDC in terms of financial remuneration (each member pays an annual fee plus a per participant training program charge) and faculty development (faculty can work with state-of-the-art management techniques in practical work situations). No participants were interviewed during this site visit.

Career Development Office. The Career Development Office (CDO) just opened in April, and will become fully operational by the fall semester. However, the office has already started contacting companies and has helped place several students, even with only partial operations. Of the 31 companies contacted to date, eight have made job offers to students; another six have provided some type of further contact - signed contract with the CDO, provided equipment support or brochures.

It is expected that up to 3000 of the 4000 undergraduate students at BUES could use CDO services, especially given their career development (not just job placement) focus. They have strong university support, with offices provided by the university. While MATCH provided technical assistance to get this office established (the two professional staff members participated in a study tour to IU in March 1997), BUES and private companies provided the office and computer equipment. MATCH is considered the "impetus" to make an idea that had been around the university operational. It is expected that the CDO will "time share" computer time with the CBE.

Center for Business Education. The Center for Business Education has been operational for about six months, since the Director came on board. Two assistants were hired in March 1997; one to work on World Wide Web related projects; the other for development of company contacts and courses and seminars for SMEs. The Center was established as a visible support to the faculty to improve their teaching approach. Two workshops have been offered for both BUES and external faculty. One workshop focused on case writing/teaching pedagogy, and the other on integrating the use of

Internet in teaching management. The Center is beginning to get referrals from faculty; its current emphasis is to gain credibility, especially within the faculty at BUES. There have been some "logistical" problems during this startup period, but the Director believes the Center is becoming better known and more accepted within the institution, leading to more efficient solutions to some of the "problems."

Success Stories. The BUES faculty coordinator of the two-day Women Entrepreneurs program (which has been offered four times in the last year) indicates that with this program and the recently started 260-hour business management program (which has a primarily female audience) the MATCH program has touched more women entrepreneurs in two years than have been reached by all business oriented programs in Hungary over the last 9 years. This comment appears to address an important issue in Hungary - reaching women - because even other MTEEP sponsored business and management training activities have had a relatively low female participation rate. In addition, the past participants of the Women Entrepreneurs program (as described earlier) felt strongly that there is a value in focusing on the needs of women in business in a women-only setting because of the constraints that the current business environment in Hungary poses on women. One younger participant in the discussion of the entrepreneurs program indicated that women with significant work experience are often not being hired by large or international firms because they are felt to be unable to "change" their thinking - even though younger employees without experience may command higher salaries. The women must therefore look to start new businesses, while also managing household responsibilities; a difficult balance.

The Career Development Office (CDO) is a first in the country. Already recognized as an integral part of the university, the office will provide career counseling services, seminars on resume writing and interviewing techniques, as well as job placement and internship services. Job fairs will be coordinated with student groups that have been important links to the business community in the past. Business support plays an important role in terms of classroom presentations, brochures and other materials, and financial support.

D. PARTNER/PROGRAM SUSTAINABILITY

The MATCH program works primarily with the Management Development Center. The MDC has existed for over 20 years. It has been an independent entity within the Postgraduate Studies Faculty of BUES for about 7 years and operates on an annual budget of approximately \$1.5 million, about 10 percent of the BUES budget. The MDC offers a number of programs including postgraduate degrees such as MBAs. It also offers several programs awarding certificates (funded through PHARE), as well as a number of specialized short courses. The MATCH program support fits into these latter programs.

Programmatic Sustainability. MATCH programs focus on helping to develop faculty to gain skills for executive education for businesses of all sizes, e.g. to broaden beyond academic education, and to develop stronger MDC/BUES links to business to develop additional sources of long term financial

support. IU professors are teamed with BUES/MDC faculty in the design and implementation of program offerings. In looking through the activities sponsored by MATCH over the last year, the typical pattern is to have a program offered the first time utilizing an international expert, with all follow on programs offered by local faculty. The MDC utilizes faculty from all of BUES for its programs rather than having a large faculty of its own. Therefore, there is spill over effect from the work the IU professors do in relation to a MDC/MATCH program.

Organizational Sustainability. The BUES Vice Rector is very supportive of and involved in MATCH activities. All the BUES/MDC leadership were very conversant with the details of the MATCH program and were convinced of its value to the University.

Financial Sustainability. All BUES and MDC staff interviewed indicated that management programs for SMEs will not be self supporting (for example, the 260 hour program is supported 50-50 by fees and MATCH funds). They consider programs for larger businesses to be critical for having the financial base necessary to offer SME and other valuable programs for special audiences that have minimal financial resources (such as the Roma women program). The newly arrived IU faculty advisor is to work with the MDC staff to develop a business development strategy that can address the mix of program offerings from a financial as well as a programmatic viewpoint.

E. PROJECT MANAGEMENT

With the exception of the IU faculty advisor who arrived in early May, MATCH staffing has been complete and stable since last fall. Staff background and experience (including the Directors of the two activities recently opened) seem appropriate for their positions.

USAID/Hungary still seeks a more responsive "single" point of contact, although communication has been improved, especially through a meeting between the key MATCH/MDC staff and the USAID/Hungary Strategic Objective Team held in April. The incoming faculty advisor, who arrived the week after the site visit, is likely to serve this function for the rest of 1997. Monthly MATCH staff meetings, for example, have been implemented.

Relations with BUES/MDC seem strong. There appears to be good, open communication between the MATCH staff members - from BUES/MDC and IU.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

In this half year, one certificate program has started. The number of seminars has remained similar to the July - December 1996 time period. However, the number of workshops has decreased in this period. Two new departments have opened.

Program Reach Data from January 1 - June 30, 1997

Program Type	# Total Cohorts/ Programs	# Male Participants	# Female Participants	# Total Participants
Certificate (list by type)	1 [SME 260 hr]	5	45	50
Seminars (1 day maximum)	9	377	200	577
Workshops (multiple days)	12	213	67	280
Other (specify)	1 [MATCH development mtg]	7	5	12
	1 [CDO opening]	160	40	200

B. SUMMARY OF FINDINGS ON THE BASIS OF INDICATORS

B.1 INDICATORS OF PROGRAM IMPACT

IU has started reporting results from exit questionnaires from MATCH sponsored training sessions. Programs offered in 1996 were covered in their annual report. In addition, some indicators below have been expanded to reflect those being drafted by IU and USAID/Hungary to fit into the USAID/Hungary R4 requirements.

Impact Level	Indicator	Summary of Findings
Acquisition	Clients acquire skills, knowledge and confidence in subject matter	Three programs offered in last half of 1996 indicate relevance at 3.97 (on scale of 5) or above; past participants interviewed identified uses for knowledge.
	Participation reflects equitable gender distribution and regional reach of program	MATCH programs for SMEs have high percentage of women; several introductory programs for women entrepreneurs have also been offered.
	Target participation numbers are reached and maintained for clients/businesses	Most programs at capacity. TARS has 9 companies; could accommodate up to 15.
Satisfaction	Clients and staff positively rate their experience	Three second-half 1996 programs showed satisfaction at 3.94 or above (scale of 5); participants interviewed expressed high satisfaction.
	There is a high demand for the program - # firms providing company information to CDO	Demand seems high for programs; womens' entrepreneur program leading to demand for follow on programs. (CDO update in fall 97)

Impact Level	Indicator	Summary of Findings
Utilization	Cross-marketing occurs - # people coming to CBE on recommendation of past participant	(CBE update in fall 97)
	Program is responsive to clients'/businesses' needs	The MATCH program is very successful at customizing training seminars to the needs of client companies of all sizes.
	Participants can demonstrate that they have applied information to their work	Three 1996 programs indicate potential utilization from 3.63 to 4.68; past participants identified uses of knowledge.
	MDC is seen and used as a resource by Hungarian firms - requests for cooperation with CBE by past participants	MDC continues to market its services effectively. (CBE update in fall 97)
Change	Participants acquire benefit from having completed program - increase in scientific awards of and participation in international research programs by BUES professors - # students finding jobs and firms finding employees through CDO (% SMEs)	1996 past participants indicate ability to introduce better implementation approaches, management practices, and communication skills. (update data in fall 97)
	# or % of participants' businesses stating improvement in sales/operations - using business plans - with marketing managers and other specialists - with computerized accounting	This information is not available. (update data in fall 97)
	# of assisted firms still operating within 6 months of intervention - receive bank credit or other sources of capital - improve performance (profit after tax, total revenues/employees)	This information is not available. (update data in fall 97)

B.2 EVIDENCE OF SUSTAINABILITY

Because of the relationship with the MDC, sustainability is focused on introducing new programs into an existing successful organization.

Sustainability Level	Indicator	Summary of Findings
Programmatic	Demand for services and training is high	Programs for major companies and SMEs well subscribed; especially high demand from women entrepreneurs.
	Training is conducted by trained Hungarian instructors	MDC staff are well qualified and committed to management training. IU participation decreasing over time.

	Necessary space, computers. Library materials and support staff are available	MDC has excellent facilities.
Organizational	Increasing percentage of local staff with administrative authority and responsibility	All administration is now in the hands of Hungarians.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Needs assessments being conducted; exit questionnaires being used, reported on.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	IU faculty advisor to address development of strategic plan during last half of 1997.
Financial	Fee collection and other alternate funding mechanisms are established and operating	The customized training with major firms successful at covering costs; current SME programs cover 50% of costs.
	Increasing percentage and sources of institution/program funds from non-USAID sources	Fees are being raised to generate more funds and successful short courses are repeated at relatively low incremental costs. Company facilities are used in TARS to lower costs.

C. SUMMARY OF FINANCIAL STATUS

Since the July - December 1996 time period, non-US sources of funds have increased from 35 to 50 percent.

Funding Source	% of Total Project Support 6/30/97
USAID Grant	30%
US Institution	20%
Local Institution	15%
Tuition and Fees	30%
Other Sources (corporate contributions)	5%
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

The MATCH program must be seen in the context of MDC/BUES. It is a support program to a very vibrant organization, and a program that the MDC/BUES feels is vital to its future success. Programs focused on larger businesses serve clear programmatic (faculty development) and financial

sustainability objectives; BUES/MDC management seem clear on wanting to continue these. In fact, the TARS program results should be monitored carefully, as the program has a good chance of becoming a support model for the MDC -- programmatic (faculty development) as well as financial (fees and ongoing company contacts).

However, SME programs appear to need financial sources other than fees to be sustainable. The current 260 hour business management course is said to cover only 50 percent of its costs through fees. While the MDC/BUES leadership want to provide services to this segment, it is not obvious that:

- ▶ the best group is being targeted for SME programs to build on MDC/BUES strengths (e.g. startups or administrative staff or senior management);
- ▶ MDC/BUES knows how they want to deal with SMEs except "to do it;" or
- ▶ MDC/BUES has thought through how to support special audiences such as women entrepreneurs.

There appears to be an under reporting of impact of short courses for SMEs in that only programs receiving substantial MATCH funding appear to have been reported (programs modified because of MATCH faculty development efforts are not typically included). While impact of programs with major firms and faculty seems clear, more success stories are needed to document it.

The CDO seems to have a clear vision and sufficient BUES support to be successful. The CBE purpose is seen clearly by the Vice Rector and Director, and is making slow progress, But it does not seem to be "a part" of either MDC or BUES generally yet; this needs monitoring and perhaps some special focus.

Timeliness of reporting has continued to be an issue, although at the present time everything is current.

RECOMMENDATIONS

The DATEX MTEEP team urges the following actions to be taken:

- ▶ The MATCH faculty advisor should make sure that the MDC develops a comprehensive business strategy that addresses the mix of program offerings for different target audiences to identify how the SME sector and special audiences such as women entrepreneurs will be reached as well as major Hungarian firms.

- ▶ MATCH/BUES/MDC seems to have a “comparative” advantage in its focus on women and special groups such as Roma women; this should be “exploited” in terms of future program offerings and in terms of looking for external financial support.
- ▶ MATCH reporting still needs improving: in more fully documenting the impact of their efforts - beyond MATCH financially supported training, including success stories at the individual or firm level and information on the size and types of firms served. The timeliness of reporting and responsiveness to requests for information still needs to be improved.
- ▶ The two programs where significant resources are being expended should have distinct assessments of impact conducted by IU/MATCH in the fall 1997. The interim impact of the 260 hour management program should be assessed after the summer break in September. Impact of the series of TARS programs should also be reviewed in that same time period. Results can be used in fine tuning the further modules in each program.

STATE UNIVERSITY OF NEW YORK**I. COUNTRY CONTEXT**

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

II. PROJECT DESCRIPTION

The State University of New York, and its Budapest-based representative Center for Private Enterprise Development (CPED), began implementation of their MTEE Project in 1991 with a series of US study tours and in-country training seminars by US experts on a variety of management topics. The Hungary-based programs are typically cosponsored with local organizations throughout Hungary, such as Chambers of Commerce.

The current phase, started in 1993, continues these previous activities but also expands efforts to include collaboration with the Technical University of Budapest's (TUB) Department of Industrial Management and Business Economics and six other regional universities to establish Centers for Excellence in Total Quality Management (TQM) education. In fact, a total of eight centers have been established at: TUB, Miskolc University, Veszprem University, Sopron University, Debrecen College, Pecs University, Szeged College and Gyor College. For this current phase, MTEEP assistance is scheduled to cover the period from October 1994 through September 30, 1998, with USAID funding expected to be in the range of \$2.9 million.

Major project activities for the current phase include:

- ▶ faculty development
- ▶ curriculum development
- ▶ Hungarian materials development
- ▶ consulting
- ▶ outreach training.

The same format used in the initial SUNY/CPED program of study tours and in-country training provides most of the support for developing TQM expertise. Some materials and equipment support have also been included.

Over the past year, five of the eight TQM Centers have been visited by the DATEX team; only the Centers at Veszprem and Sopron Universities, and Gyor College were not visited. In addition, summary information and data from SUNY's quarterly reports has been available to the team. Conversations with the USAID/Hungary staff and their 1996 R4 also provided input to this assessment.

The SUNY/CPED program continues to meet most targets under its grant agreement. Most of the TQM Centers and involved faculty are very active in TQM/ISO training and implementation and curriculum change in their universities. The TUB MBA Program for Engineers has entered its second semester successfully; initial inquiries indicate that the second cohort (to start in the fall 1997) will also be oversubscribed.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The December 1996 MTEEP Semi-Annual Report presented four recommendations for the SUNY program. Action has been taken in all four areas as noted below.

Communication. The most critical issue facing SUNY in Hungary is communication and collaboration with USAID/Hungary. There must be some level of agreement between SUNY and the Mission as to how its Strategic Objective 1.3 focusing on SMEs is being met. SUNY representatives indicated that communication with USAID/Hungary is currently solid; understandings have been reached regarding reporting impact information, a source of previous concern.

Sustainability. SUNY should continue to develop its efforts to diversify sources of funding and fee structures for its program in Hungary. The two TQM sites (Debrecen and TUB) visited during the spring monitoring visit appear to be currently financially sustainable.

Regional Development. SUNY can make a substantial contribution to regional development by continuing its initial efforts with local partners outside of Budapest and should be encouraged to do so. USAID/Hungary has expressed concern that SUNY only works in this area in collaboration with the Mission's Local Governance team to avoid duplication of effort. SUNY indicates that it has conducted a limited program in this field consisting of a US based study tour and a needs assessment in Hungary. SUNY is currently focusing its efforts through the TQM Centers toward the SME sector in economically depressed areas especially in Eastern Hungary, in part to avoid duplication with other USAID programs.

Impact Documentation. SUNY should strengthen its documentation of the impact of its activities in terms of change in the practices of individual participants and improved performance of the employers of past participants. USAID/Hungary has, in the past, expressed concern about receiving regular report of results and success stories from SUNY. SUNY indicates that they have begun to utilize the new USAID/Hungary questionnaire instrument to participants to measure SME impact. At a recent meeting with USAID/Hungary, CPED presented 6-month summary data from the SME questionnaire responses. USAID/Hungary indicated, at this meeting, that software will soon be available for simpler management and reporting of the SME data. In addition, SUNY has submitted an extensive compilation of success stories at the close of 1996. The project also

has begun to include brief reports of improvements in businesses who have received consulting services from TQM centers in their quarterly activity reports. Finally, information on student and company contacts are now being tracked on a six month basis to coincide with the MTEEP evaluation schedule.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/Hungary continues to focus on reaching SMEs in its Strategic Plan. Under the USAID/Hungary Strategic Plan, S.O. 1.3 specifically refers to improved operations of small and medium sized enterprises (SMEs). The Mission indicates that progress in 1996 towards achievement of this SO was generally satisfactory. During a meeting as part of the Spring site visit, the Mission indicated an increasing interest in medium-sized businesses, those with between 50 and 300 employees, especially in high technology and export. The Mission stated that the Hungarian Government is also emphasizing this sector. The objectives of both are to see this sector expand in number and profitability. The Mission has identified one indicator related just to medium sized enterprises: percent contribution of medium-sized enterprises to GDP.

The Mission continues to look at the MTEEP projects as primarily directed at the USAID/Hungary Intermediate Result: Improved operations of small and medium sized enterprises. In August 1996, they further defined the indicators being used to analyze performance of SMEs in achieving this result. The indicators include: percent of exports to sales; percent profit after taxes to sales; percent of targeted firms which have received loans; percent of targeted firms with Internet access; percent of targeted firms with business plans; and percent difference between unreported and reported SME contribution to GDP.

An additional Intermediate Result of interest to MTEEP projects is: National education system institutionalizes business and management education. This is the niche where the SUNY project originated and it has subsequently been placed within the SME sector. Impact of program reach in education is evidenced by the availability of new teaching resources in Hungarian such as the TQM textbook and Human Resource cases recently published through the project's efforts.

USAID data is gathered through the updating of an SME survey sponsored by the Mission that has been conducted twice to date: 1993 and 1996. In addition, data from questionnaires developed by the Mission for SME participants of USAID-funded training and other support activities is used.

USAID/Hungary is planning a 2.5 day conference in November 1997 for grantees to discuss closeout issues.

C. PROGRAM IMPACT

In the fall of 1996, site visits were made to the TQM Centers in Miskolc, Pecs, and Szeged. Emphasis was placed on talking to past participants of SUNY/CPED programs. These were reported

in the December 1996 Semi-Annual Report. During the spring site visits, trips were made to the TQM Centers at Debrecen and the Technical University of Budapest (TUB). While the focus of the spring trip was not to look at firm level impact, several past participants of study tours to the US were interviewed at the Debrecen TQM Center at the Technical College of Engineering, Faculty of Management and Business Economics. These participants are also using the consulting services of the TQM Center for other organizational improvements. A full range of organizational types and sizes were included. Further, staff of the TUB Center described changes in a variety of companies (differing sectors and sizes) that have been supported through their consultancies. They also spoke of the progress of the first cohort in the MBA for Engineers program started last fall with MTEEP support.

SUNY/CPED Hungary-based Programs. Data presented in the January-March 1997 SUNY/CPED Quarterly Report looked at participant satisfaction with and utilization of the skills and knowledge gained through MTEEP interactions. SUNY/CPED is continuing its practice of sending a follow up survey to a sample of past participants 3-6 months after participation in a SUNY program. One assessment addressed a sample of past participants of programs offered between September-December 1996; there were 36 respondents (44 percent response rate). The other assessment came from exit questionnaires of participants in the four module Small and Medium Enterprise Renewal (SMER) program offered from January-March 1997; this program was offered in two venues. There were 70 respondents.

The results of these assessments showed:

- ▶ participants were highly satisfied with the relevance of SUNY/CPED programs (78 and 71 percent respectively)
- ▶ participants gained skills (71 percent and 47 percent respectively)
- ▶ where participants have had a chance to go back to their work sites, they are able to apply what they learned (from follow up survey only):
 - design, implementation or evaluation approaches (69 percent)
 - analysis or problem solving approaches (67 percent)
 - communication with colleagues, customers, or others (77 percent)
 - supervisory, management or leadership methods (53 percent)
- ▶ past participants have shared program materials (40 percent), and have used the materials for reference (51 percent)
- ▶ past participants use other program services (especially other training and computer resources)

CPED staff discussed a comment in the quarterly report regarding problems with a recent set of seminars. While it is quite uncommon, occasionally a program will be under subscribed or a conflict will arise requiring a change in venue. Since the staff knows the needs of the business community in Hungary quite well, they are normally able to "regroup" in time to carry off a successful program.

SUNY/CPED US Study Tours. Based on the interviews at Debrecen, US study tours have had discernable benefits for both business and faculty visitors:

- ▶ The municipality is using the information to help improve health care services in the area.
- ▶ An appliance company (a major employer in the area) has strengthened its product line resulting in increased exports and less reduction in local markets than competition during difficult economic times; the company was the first significant Hungarian company to obtain the ISO 9000 quality certification; it received a national quality award in 1994, and has undergone TQM training and implementation. Meeting these quality standards is becoming a necessity to compete in European markets.
- ▶ A locally-based consulting company is using the knowledge gained to help a local hospital merge the quality accreditation requirements with ISO certification; the managing director of this firm is also head of the regional TQM association and is using contacts made during the study tour to strengthen the association's annual programs.
- ▶ The regional office of the National transportation agency is introducing TQM methods into numerous operations, including the registration of agencies licensed to provide driver education training (in Hungary, only about 50 percent of test applicants pass the drivers test the first time; better training organizations may help raise this percentage helping everyone by a more efficient and less costly system, better drivers, etc.).

Most of these organizations have complemented their US-based training with training and consulting support from the TQM Center.

TQM Center Consulting. The faculty at TUB noted that companies assisted by ISO/TQM training and in their subsequent implementation find not only a quality change in their operations, but a positive attitudinal change in their employees. The faculty has worked with a broadcasting company that has recently completed a three-month introductory training program for top managers on quality management. The company is currently reviewing a proposed long-term quality management strategy prepared by the Center which, if adopted, would lead to long-term support by the Center. Another TUB client is an eight-year old company which started using team management concepts in January 1997, including broadening the responsibility/authority base. Initial results have shown reduced downtime and a reduced number of bad products.

At the Debrecen TQM center, the faculty is building consulting activities in a variety of TQM and management areas; they indicated that a part of the proceeds from these consultations go to the Center to continue operations.

Academic Changes. At the Technical College of Engineering in Debrecen, with support from the MTEEP program, faculty have revised curricula, written case studies and have developed quality

assurance and TQM courses that undergraduate engineering students take. In fact, in two of the three majors, two TQM/quality management courses are required, while in the third major the courses are an elective which at least 50 percent of the students take. Debrecen students have won national awards based on the use of TQM expertise; faculty publications in the area of TQM and quality management have increased.

At TUB, the university faculty have changed course methodology as well as curricula. Faculty in three majors, Mechanical Engineering, Chemical Engineering, and Electrical Engineering, have changed their graduation requirements to a more US-type system of credit hours and electives. There are currently six PhD students working in the area of TQM, while the average in most departments is three to four PhD students.

Within the newly formed MBA for Engineers at TUB, student interest in the program is demonstrated through attendance at classes in much higher percentages than is typical (about 90 percent attendance vs. typical 60 percent for post graduate courses). About 40 percent of these students utilized the option to develop case studies as part of their course work based on issues on their jobs during their first semester. At least half of MBA program participants are from SMEs. Approximately 10 percent of the 64 students that completed their initial academic year are women.

Data from 1996 shows that almost 3,000 students, approximately 75 percent undergraduate, were exposed to TQM training at the universities participating in the TQM Centers supported by MTEEP. Another 1500 students have been reached during the first half of 1997. And, there are eight TQM Centers that have been formed, not seven as initially planned in the SUNY proposal. A TQM book roll-out was held in Budapest in late May as a public relations event to announce the availability of a TQM textbook in Hungarian and to highlight the activities of SUNY/CPED and the TQM centers to a national audience. The textbook was translated from English to Hungarian with project support. As part of the roll-out, a seminar was held by a co-author of the translated textbook.

Success Stories. Both universities visited in the spring show the potential impact on the whole academic program through targeted, relevant support in a key discipline. By targeting TQM as the major focus of the second phase of the SUNY program, a discipline was introduced that is key for Hungarian business to compete in the international and particularly European environment. ISO quality standards are being used as a basis for marketing products throughout the region; its combination with the principles of TQM result in more effective business operations - whether industrial or service oriented.

In both schools, curricula has changed significantly - from the undergraduate to PhD levels. As noted earlier, student, faculty and employer interest in TQM is high, and each has gained something tangible -- awards at student competitions; faculty and PhD student research; more highly sought products.

D. PARTNER/PROGRAM SUSTAINABILITY

Programs offered by SUNY/CPED at non-TQM Center network facilities are aimed at impact at the business level, and are not intended to look at the sustainability of the local sponsor of the training program.

Programmatic Sustainability. The TQM Centers are all based at universities. The initial focus of MTEEP support has been on faculty development leading to changes in university curriculum and developing a TQM-oriented consulting business. At the two Centers visited, university adoption of TQM was strong and is shown in the significant changes in curriculum in both schools. The faculties are active in the National TQM association and use their participation in the association and consulting activities to keep current with and utilize state-of-the-art quality and management techniques.

Faculty at both Centers visited are actively involved in Center activities and academics; they have benefitted from the SUNY/CPED interventions. Unlike in some neighboring countries, the faculty are continuing in the academic environment and are not leaving for possibly more lucrative private sector jobs. This is in spite of job cuts, such as in 1995 when TUB went through a government directed staff cut of 20 percent, which included 840 people throughout the university and 12 in the Department of Industrial Management and Business Economics.

Organizational Sustainability. University support of the TQM Centers can be demonstrated by several examples. All the top administrators from Debrecen attended portions of the site visit meeting. They agreed to changes in the academic curricula, which have been implemented, that affect all undergraduate students. The TUB Department of Industrial Management and Business Economics is a fully recognized department that can award undergraduate degrees, in part because of their association with the SUNY TQM efforts. Other TUB departments have changed their graduation requirements to reflect a "US" flexible approach with electives as well as required courses. In both cases, the Centers are linked to an existing academic department rather than as a new "external" entity.

Financial Sustainability. While financial sustainability seems tied more to university sustainability than "center" sustainability since facilities and equipment are minimal, both Centers visited indicated that some portion of consulting fees are given back to the university/center. TUB gave the following typical percentages for sharing consulting income: 25 percent TUB overhead; 10-15 percent to Department (for equipment); 50 percent to faculty consultants; remainder to tax office.

In addition, the MBA for Engineers program at TUB charges 110,000 Huf/per semester (about \$650 per semester at the current exchange rate of 170 Huf/\$1USD) for the five semester program. This is said to cover lecturers' fees and facilities. Reports indicate that 61 of the initial 70 students had their employers contribute to tuition as well as provide release time to attend the program.

E. PROJECT MANAGEMENT

Project management, both in the US and Hungary remain unchanged. Staff are competent and thoughtful, and know their clients' needs well. In fact, there is some thought that CPED, the SUNY arm in Hungary, may continue operations after the end of the grant as a non-profit consulting organization providing similar TQM and general management consulting services for their current and broadened client base.

SUNY/CPED seems to have reached an understanding with the USAID Mission regarding documentation and reporting of impact at the firm level. SUNY/CPED is utilizing both the impact questionnaires developed by the mission as well as those by DATEX which were developed in collaboration with SUNY and other MTEEP grantees.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

Program Reach Data from January 1 - June 30, 1997

For two main open client activities (seminars and workshops) there has been a 20 percent increase in the number of persons participating in the last six months compared to the previous six months. There has been an increase in the number of women reached (30 percent, up from 24 percent). Over the last year 27 percent of the participants in these programs have been women. Two other program areas are reaching large numbers of people - special company interventions (contract consulting by the TQM Centers) and academic programs (other than the MBA program at TUB) at the TQM Center universities. The percentage of women in these programs is similar to the open programs.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (by cohort)	1	58	6	64
Seminars (1 day maximum)	3	70	30	100
Workshops (multiple days)	13	195	82	277
Special Company Interventions*	34 companies	358	124	482
Resource Centers (by type activity)	at 8 TQM Centers (use not tracked)			
Other (specify)	US Study Tour	4	4	8
	US Grad Assistant	1	0	1
	TQM Book Roll-Out**	63	47	110
	TQM academic courses (not including TUB MBA)	1040	396	1436

Notes: * special company interventions include contract training and internal consulting by the eight TQM Centers being supported by SUNY/CPED
 ** the TQM book roll-out is described under impact

B. SUMMARY OF FINDINGS ON THE BASIS OF INDICATORS

B.1 EVIDENCE OF IMPACT

Data is becoming more available on impact at the individual and firm level through follow up questionnaires and interviews of past participants. The following relates primarily to the last six months.

Impact Level	Indicator	Summary of Findings
Acquisition	Participants & clients acquire skills, knowledge and confidence in subject matter	Two recent surveys of past participants indicate that 71% of the respondents from a broad range of programs acquired skills; while a survey of SMER 1997 participants indicated 47% gaining skills.
	Target enrollment is reached in terms of capacity goals, gender distribution & regional reach of program	For the period Jan-Mar 97, 33% of the participants were women; 10% of the first MBA cohort are women. Generally, programs are at capacity.
Satisfaction	Participants, clients and staff positively rate their experience	Participants rate the TQM program very highly; 78% of follow up survey; 71% from SMER survey; however, only 33% indicate good use of local examples.
	There is a high demand for the programs & services offered	Demand is high for most programs.
	Program retains faculty and students	Faculty has been retained at universities visited; initial MBA cohort has lost 3 of 70 students after one semester.
	Cross marketing occurs (TQM)	Repeat business 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, & faculty	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.
Utilization	Clients, participants, & 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. 70%+ of follow up survey indicate specific applications of learnings.

Impact Level	Indicator	Summary of Findings
	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.
Change	# or % of participants' businesses stating improvement in sales/operations	Past participants interviewed give examples of improvements; over half of follow up questionnaire respondents intended to introduce improvements.

B.2 INDICATORS OF SUSTAINABILITY

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

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received	SUNY indicates that at this time, at least 5 of 8 centers are relatively strong, with the other 3 developing.
	Necessary space computers, library materials and support staff are available.	TQM partner facilities vary. Two centers visited had adequate space - one with eight computer workstations; the other state of the art classroom.
	Demand for TQM services and training is high (TQM)	Two centers visited had high % student participation (e.g. 50% taking TQM elective in one major; 6 PhDs where normal is 3-4); growing outside consulting businesses.
	Training is conducted by certified TQM instructors (TQM)	Yes; faculty have received SUNY support at least once; many keep active in national TQM association
Organizational	Increasing percentage of local staff with administrative authority and responsibility	TQM Centers run by local faculty who have received SUNY development support.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	SUNY/CPED follow up questionnaire sent twice with 36% and 43% response rate. Also use exit questionnaires. Utilize results in deciding programs, experts to use in future. Results generally favorable.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed.	Long range CPED plan is in development. All centers have commitment of their universities.
Financial	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	TQM Center contracts for fee, with part of proceeds generally remitted to Center; 87% of first MBA cohort at TUB received tuition support from employers.

Sustainability Level	Indicator	Summary of Findings
	Increasing percentage and sources of institutional/program funds from non-USAID sources.	Tuition for TUB MBA said to cover lecturers fees and facility costs; outside consulting revenues for TQM centers on the rise.

C. SUMMARY OF FINANCIAL STATUS

Because so much of the SUNY/CPED project involves US trips and experts, the percentage of costs born locally is lower than might appear in other projects. In addition, this information reflects actual figures between October 1, 1996 through March 30, 1997. Finally, it should be noted that consulting revenues generated by TQM centers are not reflected; these funds revert to campuses, not the project.

Funding Source	% of total project support 6/30/97
USAID Grant	50%
US Institution	17%
Local Institution	24%
Tuition and Fees	7%
Other Sources	2%
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

Attitude change, an original objective of MTEEP, appears to be an inherent part of utilizing TQM methodologies. These methodologies are being asked for by employers and employees alike. TQM and other quality management methodologies are increasingly being provided through TQM centers either directly to local businesses or to students.

However, because so many of the SUNY/CPED programs have been US interventions (study tours or US expert trainers), short and medium term impact cannot be captured just by looking at TQM center results. Note, for example, the impact on Chambers of Commerce in a number of cities throughout Hungary whose members have participated in study tours or Hungary-based training.

In addition, changes in the academic environment and their impact on students needs to be documented along with firm level impact. This is becoming more clearly seen in the quarterly reports.

In spite of some MTEEP programs finding it difficult to reach SMEs with part time MBA programs, the new MBA for Engineers which is in its second semester at TUB is successfully reaching SMEs and Hungarian firms, as well as joint venture companies.

If the Centers visited are representative, sustainability of the TQM Centers should be feasible, and has been reached by some already. The current SUNY focus on helping centers/faculty develop the expertise to broaden their program offerings is appropriate for long term viability. Information on the status of sustainability at individual centers is not currently reported, but indications are that several centers are comparatively weak.

Over the past year, SUNY/CPED has taken action on the issues identified by the DATEX team. The program continues to succeed by most indicators under its grant agreement. As SUNY/CPED has noted themselves, however, there may be a saturation in the market or overload of some of the local partners (outside the TQM Center network) for in-country expert workshops. Some spot problems have been noted in filling available space at programs for a variety of reasons.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following actions be taken:

- ▶ Reporting of impact by SUNY/CPED should continue to evolve by monitoring a sampling basis, especially focusing on: 1) the more intensive SUNY program offerings like the SME renewal program (SMER) which consists of four modules and has been offered all over the country, 2) consulting efforts/programming of TQM Centers, and 3) the TUB MBA for Engineers program. Information on the types of enterprises the participants work for (re: size primarily, perhaps sector), would help link the information more easily to the USAID/Hungary objectives. The numbers of faculty participating in development efforts in both the US and at the Centers, and the resulting curriculum changes should also be documented.
- ▶ Trends in demand (by activity type) should be monitored by CPED to see if there are any patterns emerging as to strengths or weaknesses in the offerings.
- ▶ With the maturity of the SUNY/CPED program and the increased emphasis on sustainability, SUNY/CPED should continue the analysis and reporting on the status of the sustainability (programmatic, organizational, and financial) of individual centers, which was started with Center profiles in the October - December 1996 quarterly report, to better understand their progress and to more effectively focus resources and support to the end of project.

I. COUNTRY CONTEXT

Latvia has passed through the most difficult phase of the economic transition to a market economy and shows steady gains in many of the economic indicators. The economic policy is designed to facilitate a timely integration of Latvia into the European Community. An additional step toward this goal was taken when, on May 29, 1997, the Welfare Minister signed the European Social Charter and its first two protocols in Strasbourg. Signing the charter, which guarantees 19 fundamental social and economic rights, is a condition for admission to the Council of Europe. Before Latvia ratifies the charter, it has to bring its legislation into line with Council of Europe standards. It is worth noting that Latvia is the first Baltic State to sign the charter. While Latvia's integration into the European Community is supported by the EU foreign affairs commissioner for Central and Eastern Europe, the commissioner also urged Latvia to speed up adopting legislation on the abolition of foreign trade barriers, customs, free competition, and money laundering.

In a parallel move, Latvia has moved closer to membership in the Central European Free Trade Agreement (CEFTA), when, on April 22, 1997 it signed a free trade pact with Poland. Latvia still needs to sign a free trade agreement with Hungary and join the World Trade Organization to become eligible for CEFTA. Current CEFTA members include the Czech Republic, Hungary, Poland, Slovakia, and Slovenia.

Latvia's economic recovery is further evidenced by the fact that it attracts more per capita foreign investment than Estonia or Lithuania. According to a recent EBRD report, within the CEE region Latvia lags behind Hungary and the Czech Republic. The same report estimates that, in 1997, Latvia's inflation rate will be the lowest among the Baltic States, most likely not exceeding 10 percent.

In an effort to restructure its social sector, Latvia will embark on a welfare reform project which will be financed by an \$18.1 million loan from the World Bank. Latvia will become the first country in the CEE region to engage in a major reform of its public pension system.

On February 13, the new Latvian government was approved by the Seima (Parliament). The new cabinet was formed by six parliamentary parties: the Democratic Party Saimnieks, Latvia's Way, For the Fatherland and Freedom, For People and Justice, the National Independence Party and Green Party coalition, and the Farmers' Union and Christian Democratic coalition.

Local elections were held on March 9, with registered turn out of 56.8 percent. The results of these elections surprised many observers since they demonstrated a strong resurgence of the left. The extreme left Social Democratic Party (SDP), which is not represented in the Saeima, won 13 of the 15 seats on the Daugavpils council, as well as 11 of the 60 seats in Riga. In November 1996, the Saeima passed a number of amendments to the local election law, the most important of which extends local governments' term from three to four years.

II. PROJECT DESCRIPTION

The cooperative program between the State University of New York - Buffalo (SUNY-B) and the Riga Business School (RBS) of Riga Technical University (RTU), along with the collaboration of the University of Ottawa, started in 1991 and 1993, respectively. RBS is an outgrowth of the post graduate education department founded in 1987 at RTU. US government funding was initially received in 1992 through a United States Information Agency (USIA) grant. The present cooperative agreement became effective in January 1995 and is scheduled to end in September 1997, the same time the overall USAID/Latvia program is scheduled to close. USAID funding is estimated at \$1,461,959 out of a total program funding of \$5,455,178.

The MTEE project cooperative agreement consists of several components: (1) a high quality 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; (2) an English Language Center (ELC) which provides general and specialized language training courses; (3) a revised undergraduate program in business management at RTU; and (4) small business development workshops for Latvian entrepreneurs and government officials. The above activities are to be supported by an improved infrastructure, including a computer laboratory and a resource library.

The first two components of the MTEE project are in place but the last two have not been implemented because restructuring of the undergraduate curriculum is intricately connected with the successful completion of the accreditation process, now underway at RBS. In addition, any curricular restructuring involves decisions of the appropriate Faculty Senate and RBS is only now at the point of establishing this body.

The primary reason for the inability to develop small business development workshops is the emphasis placed on developing a strong faculty base for the MBA program and the necessity to divert tuition generated funds to repair the school's facilities.

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) may be extended until March 1998, at which time the supporting agencies will consider launching a Phase III (1998-2001) aimed at reinforcing the current RBS achievements, supporting integration of the school into the Latvian business environment, and developing lasting ties with Canadian organizations.

Phase I and II of the Canadian assistance has focused on (1) training and retraining of RBS faculty at the University of Ottawa through attending MBA courses, pedagogical training, and business internships; (2) assistance with MBA program development and delivery by visiting Canadian faculty; and (3) creation at RBS of a Case Center for the Baltics with such activities as summer case writing and teaching seminars, and support for business liaison activities.

Two monitoring visits to this project have taken place, in April 1996 and April 1997. The purpose of the most recent visit was to conduct a close-out summative evaluation. The subsequent evaluation report was based on the site visits results, information provided in quarterly reports, communications with project staff, documents from USAID-Latvia describing the new strategic plan, and the Canadian proposal for program extension.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The December 1996 MTEEP semi-annual report noted several areas where SUNY-B and RBS might take action to strengthen their efforts. These recommendations and the actions SUNY-B/RBS have taken are noted below:

With the number of graduates increasing, SUNY-B and RBS should more actively track and report the utilization of MBA skills/knowledge by graduates and the resulting changes that occur at the individual and organizational levels. Before his departure, the RBS Assistant Dean for Administration (and SUNY In-Country Director) conducted a survey of the continuing and graduate MBA students with an objective to determine: (1) the utilization of MBA skills and knowledge; (2) resulting changes which occur at individual and organizational levels; (3) the impact of the program on students and graduates; and (4) why some students are not able to keep up with their classmates. The RBS administration recognizes the importance of systematic collection of such data both for the purposes of introducing modifications into the programs as well as for effective marketing of the program. It has not yet been decided how best to institutionalize this activity. At the time of this report, a new Interim Director has been appointed and one of his tasks will be to reevaluate the administrative structure and procedures. The results of the above survey are discussed below.

Because of the concern over program quality and MBA faculty retention, SUNY-B and RBS should more completely track and report on two of the key elements of program sustainability: (1) faculty quality as measured through evaluations by US staff and Latvian students; (2) faculty turnover and progress on accreditation of RBS as part of RTU. RBS and SUNY-B administration are making a concerted effort to select the best qualified faculty for the full-time positions as well as to provide an appropriate balance between the theoretical knowledge and practical experience through the part-time faculty. As of January 1997, the full contingent of the Latvian faculty trained through MTEEP is in place and takes part in program delivery. The issue of continuing faculty development will remain one of high priority for the Interim Director as well as for the US Canadian counterpart, CIDA, which is considering extending its support to March 1998.

The accreditation process is being carried out in accordance with the RTU rules and requirements. The RBS administration hoped to be further along in the process but the school is making good progress and still has one and one half years to complete the accreditation requirements. The RTU

Rector is satisfied with the progress so far and expressed confidence that RBS will fulfill the necessary requirements within the remaining time.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

MTEEP has been an integral part of USAID strategy in Latvia. MTEEP has been placed under SO 1.3 -- achieving accelerated growth and development of private enterprises -- and directly supports IR 1.3.3 which aims at strengthening private business operations. This aim can be achieved by providing training in western style business management skills to the increasing numbers of local residents. Therefore, the intermediate result focuses on the development of institutional capacity to train business managers. This is translated into the specific performance indicator: establishment of Riga Business School and graduating MBAs. RBS is the only school in Latvia which provides this kind of training. Three measures are used and the following targets given:

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

The Results Review (R-2) prepared in June 1996 noted that by mission close-out, scheduled for September 1997, the following was expected from the RBS:

- ▶ A sixteen course MBA curriculum fully developed.
- ▶ A year-long Pre-MBA curriculum developed.
- ▶ A faculty of at least eleven professors, including two who will receive doctorates, and two English language instructors trained.
- ▶ Formal linkage and accreditation with a major UK university established [this is not part of the original SUNY-B proposal but is briefly discussed under **Program/Partner Sustainability**].
- ▶ Thirty MBA graduates in 1997.

MTEEP has met the first three requirements and exceeded the number of graduates.

As mentioned above, initially, the closing down of the MTEE project was to coincide with the closing down of the USAID mission in Latvia. However, the funding for mission activities has been extended until 1999 as a response to identified gaps in the transition process. The new strategy contains two strategic objectives: (1) the development of a more competitive and market responsive private financial sector; and (2) increased and better informed citizen participation in political and economic decision making, and two special initiatives: (1) legislation and regulation that promote investment in the energy sector; and (2) cross cutting participant training.

Under the first strategic objective, USAID/Latvia has proposed a program budget of \$2.5 million in FY 1997 and \$1.7 million in FY 1998. The primary focus of this SO will be capital markets development in Latvia. The second SO has a proposed budget of \$1.6 million in FY 1998, and it is anticipated that Latvia will participate in the recently proposed Baltic-American Foundation for Participatory Democracy when it is established. As a result, RBS will have an opportunity to develop appropriate training programs under the new funding activities, in particular in the area of the capital markets development. The RBS faculty and administration are very excited about these new opportunities and will embark on specific discussions as soon as the implementor for the capital markets development is identified. The mission anticipated that this process should be completed in July or August 1997.

C. PROGRAM IMPACT

The impact of MBA and Pre-MBA training can be clearly seen at the personal (career) and institutional (place of employment) levels. During the final site visit, the evaluation team interviewed 18 past and present participants of the pre-MBA and MBA programs. All past and overwhelming numbers of present participants see a direct connection between their MBA training and their professional advancement. Most of those interviewed hold high positions in marketing, finance, banking, and management. These individuals were either promoted within the same company or found new, better paid jobs as a result of MBA training.

Even the pre-MBA students follow a similar pattern of professional advancement. For example, one participant, who prior to starting the course was a full-time mother, launched her own company while taking the courses and incorporated her newly acquired skills and knowledge into the progress of her company start up. Other pre-MBA students changed employment in the course of their studies (often as many as three times) and secured better paid and professionally more advanced positions. Many of them work for major local, joint-venture or multi-national companies operating in Latvia. Yet another student utilizes his enhanced English language skills to write company reports, a job previously performed by his superior.

MBA graduates and current program participants are involved in introducing innovative procedures and ideas at their places of employment. Information gathered during interviews as well as the written survey of continuing and graduate MBA students, amply documents the impact these individuals have at an organizational level. It is worth emphasizing that the contribution of the

current participants is just as impressive as that of the recent graduates. Except for the first one, all of the examples provided below are for students enrolled in MBA IV and V. These are only some of the more dramatic examples of utilization of knowledge and introduction of innovations at the organizational level.

- ▶ Two MBA graduates, who presently work for Aldaris Brewery, a Latvian-Finnish joint venture, as a Director of Finance and Director of Marketing, reorganized their respective departments in accordance with the principles learned at RBS.
- ▶ Creating a new division within the company.
- ▶ Developing plans for launching new products (several of the participants).
- ▶ Projects based on the participant's company and developed as part of MBA course work were partly or fully implemented in the further work of that company.
- ▶ Developing a new information technology infrastructure for the company on the basis of concepts learned in the Information Systems class.
- ▶ Developing and implementing a new bonus system which resulted in increased employee efficiency.
- ▶ Contributing to a more efficient operation of the company which can be measured by an increase in bonus allocation.
- ▶ Increasing a market share of the company's business.
- ▶ Adapting a formula learned during an economics class into the company's revenue forecasting models.
- ▶ Receiving a credit loan as a result of a business plan developed by the employee/participant.

MBA training leaves a lasting impact on participants' understanding of the economic trends and opportunities. Without exception, all those interviewed during the site visits expressed the above view. This impact of training on the individual may be more difficult to quantify because of often tenuous causality links between the specific knowledge and the outcome. However, the qualitative aspect of the changes which take place in the people's way of thinking and understanding their environment, forms the base of their future professional successes. A very characteristic example of such a change is an increased awareness of opportunities open to these individuals, directions for growth and exploration which they were not aware of before. It is precisely such broadening of entrepreneurial and professional horizons which is the most effective engine for continuing economic growth and development of any country.

RBS continues to attract increasing numbers of women into the MBA program. From the point of view of women's participation, RBS's MBA program is one of the most successful of such programs in the MTEEP portfolio. Over the past five years, the program has witnessed a significant growth in enrollment of women -- from 26 percent in MBA I to 55 percent in MBA V. This growth in percentage is paralleled by increases in enrollment -- from 38 participants in MBA I to 56 for the current class. Not surprisingly, these changes are also reflected in enrollment in pre-MBA and General English classes. The percentage of women in the pre-MBA classes (for all five cohorts) is 49 percent, including 57 percent for the current group; and the percentage of women in General English is 58 percent. These trends, and particularly the enrollment in MBA, are very encouraging in terms of providing greater opportunities for professional involvement for women during the often unstable transition process.

Success Stories

The Director of Retail Banking for Hansabanka, a Finnish-Estonian joint venture which expanded into Latvia in 1996, emphasizes that the training he received at RBS is not only greatly relevant to his job but also finds continuous application. For example, the Marketing Management course has helped him with determining the location of new branches, developing new products, conducting market research, and identifying and serving customers' needs. The Human Resource Management course has been very helpful during the process of writing job descriptions for new positions. As a member of the board for Hansabanka, he brings his knowledge from the Strategic Management course into discussion and elaboration of short- and long-term strategies for the bank.

The Marketing Director at Aldaris, the largest brewery in Latvia and a Latvian-Swedish-Finnish joint venture, used her training from the Marketing Management course, particularly market segmentation and product differentiation, to create different products for the different segments of the Latvian market. The Entrepreneurship course and the training to write business plans, helped her with developing costing, sales, forecasts, and projected returns on investments for new product. The Marketing Director particularly liked the case method approach used at RBS. She remarked that "It permits learning to occur beyond your years. You are able to learn and benefit from situations in other companies and anticipate problems in those areas in advance."

D. PARTNER/PROGRAM SUSTAINABILITY

Programmatic Sustainability

RBS is the only post graduate institution in Riga and in Latvia which offers high quality, executive MBA training in English. Although RTU also offers a Master's degree in Management, the prospective student also is required to have an undergraduate degree in the same field. This requirement effectively eliminates most of the present RBS MBA participants from pursuing studies at RTU. At the same time, in addition to important differences in curriculum, RTU's training does not require a high proficiency in English.

There is another institution in Riga which offers MBA training in English the Stockholm School of Economics, but this institution provides only a day-time, undergraduate program. At the moment, the school does not offer follow-up graduate studies but is in the process of discussing the introduction of such programs. Were such program to be launched, it is very likely that it would also have a residency requirement which would necessitate an interruption in employment. Therefore, such a program would predominantly attract younger individuals at entry level positions and RBS would still fill a strategic niche in management training.

RBS is on firm ground in terms of its ability to deliver MBA courses, the academic centerpiece of the program. As of January 1997, RBS had a full complement of US and Canadian trained faculty to assume delivery of MBA courses developed through the MTEEP. Four Latvian faculty members team-taught courses with visiting professors from Canada and the UK during the January-March quarter. And during the previous quarter, two faculty members independently taught courses in their specialties -- marketing management and managerial statistics. Other faculty continue to upgrade their qualifications through internships at SUNY-B or at University of Ottawa, studying for an EdM and teaching and conducting research, respectively. One faculty member will begin his studies toward a PhD at SUNY-B in January 1998. While there, he will concentrate on a project dealing with long distance learning which can later be utilized at RBS.

In addition, RBS is continuing efforts to hire three full-time faculty with PhD degrees in management to complete the requirements necessary for establishing a Faculty Senate and constituting an Academic Board which will approve all candidates for degrees. Until now, this has been done with the assistance of the US Project Director and his counterpart at the University of Ottawa.

Attracting and retaining well trained faculty will remain one of the central challenges for the RBS leadership. It is a well documented fact that the cornerstone of every successful and dynamic program is its faculty. In the case of RBS, issues to be addressed are two-fold. The first challenge is to attract well qualified faculty and be able to offer a sufficient number of full-time positions in order to satisfy the RTU accreditation requirements. The second challenge is to provide an attractive enough compensation and benefits package to prevent faculty from leaving academe for jobs in the business sectors.

The first challenge will be met by providing a combination of graduate and undergraduate teaching assignments, the latter at RTU. Involving RBS faculty in undergraduate instruction at RTU will facilitate restructuring of those classes and exposing day-time students to Western teaching methods. Providing competitive salary levels may prove more difficult considering the financial constraints under which the school operates and the attractive employment opportunities for qualified managers which will characterize the Latvian market for the foreseeable future. However, the salaries can be augmented by assigning additional administrative responsibilities and by providing opportunities for consulting, research collaboration with Western colleagues and financial assistance with attending conferences abroad. At the same time, RBS is a unique institution which carries with it professional

prestige and opportunities for faculty development not available at other universities. This point was stressed by all of the interviewed faculty members.

Another issue, although less tangible, but one which might ultimately become an important determining factor in faculty retention, is the ability by the new RBS leadership to develop *esprit de corps* -- making faculty feel that they are not only an integral part of the institution but also its engine of dynamic and innovative growth. What will attract new faculty to the school is an opportunity to be involved and to contribute to developing and restructuring the country's educational environment.

Continued participation of Western faculty in course delivery is seen by participants as an important element for maintaining quality of education and the school's prestige. Both current students and MBA graduates consider regular participation of Western faculty in delivering MBA training as a cornerstone of their educational experience and a practice which RBS should endeavor to continue. They stress two issues: (1) the importance of Western teaching methods, presenting divergent points of view, and an opportunity to interact with and learn from faculty who have both practical experience as well as good theoretical knowledge of the subject, and (2) the qualifications of the newly trained Latvian faculty and the continuing need for faculty development. To further compound this issue, the students are making comparisons between experienced and carefully chosen Western faculty with a much younger local faculty. At the same time, the students are not trying to argue that any Western faculty is superior to the local one but, simply, that they would prefer to have more diversified and experienced instructors.

With the end of the USAID assistance, the number of foreign professors participating in MBA teaching will decrease significantly. RBS has started to develop linkages with other foreign universities (Göteborg, Harfordshire, Sheffield) but these are not advanced enough to provide a regular exchange of qualified professors. Part of this problem will be alleviated by the expected extension of the CIDA grant to March 1998 with a specific focus on sending Canadian faculty to RBS and on providing faculty development in Canada. If Phase III of CIDA assistance is approved, it will provide additional opportunities for RBS faculty to collaborate with their Canadian colleagues and mentors on research projects, to update their knowledge in fast moving fields as well as to supplement and/or revise course materials.

For its part, SUNY-B will offer at least one PhD internship (per year) for qualified RBS faculty. The US institution is also committed to developing Long Distance Learning capabilities at RBS in order to enable a higher level of participation of US faculty in the course delivery. The funding for this project will have to be secured from other donor agencies.

RBS English training activities will continue to receive support and guidance from the Provost of Intensive Language Training. Various internships at SUNY-B will be provided to ELC faculty, with the latter paying for the air fare and the former covering the living expenses during the stay in the US.

The newly established RBS Case Center will further enhance the school's academic standing. The Case Center was established in March 1997. In the beginning, the Center was operating with full Canadian support, and it is envisioned that in the next few years this support will be progressively phased out and replaced by contributions from the business community. As its name indicates, the Case Center, will develop, publish and distribute studies. To facilitate this process the Center will provide technical support and funding to writers, provide guidance for case teaching, explore opportunities for case write-ups (linkages with local firms), and organize summer case teaching and writing workshops delivered by visiting Canadian faculty. Two such workshops, designed for new writers and users, have already been held in 1995 and 1996. The workshop scheduled for the summer of 1997 is designed as a refresher course for past participants.

The English Language Center (ELC) provides important programmatic support to MBA students and faculty and is a sustainable institution in its own right within RBS. The ELC programs, both pre-MBA and General English, continue to be in demand and attract increasingly better qualified students. At the same time, as the demand has increased, the drop out rate has decreased from 40 percent last year to 20 percent this year. In the summer of 1996, the General English program had an enrollment of 70, the highest for the year. Sixty-two of the 70 students enrolled in the succeeding class, a much higher proportion than observed in the previous years. This year, 91 students were enrolled in each of the January and March sessions. This program tends to attract two kinds of students: those who want to improve their English language skills for personal or professional reasons, and those who wish to enter into the pre-MBA program. This competitive advantage appeals to the ELC's largest and most stable market -- beginning and lower intermediate English. Although the chief goal of the ELC is to prepare students for MBA studies, the General English program helps to increase public awareness of the school's various programs and tuition-generated funds contribute to the financial sustainability of the entire school.

Applicants for the pre-MBA program within the ELC may enter the course in September, January, or March. They must achieve a certain score on the Michigan Test of English Language Proficiency (MTELP). For the January session, 20 applicants had high enough scores to qualify for admission, and 16 of them entered the program. Only one person qualified for the March session because the cut off score is set higher in order to ensure that only the most linguistically qualified applicants are admitted into the program so late in the academic year. As of the January-March 1997 quarterly report, 56 students were enrolled in the pre-MBA English classes with a total number of 94 in the whole program.

The pre-MBA program is more than just upgrading of English skills. Preparation in Western style approaches, such as the case study method of instruction, report writing, interactive dialogue, and small group teaching methodology are included. In addition, students have the opportunity to strengthen their technical skills in areas including: calculus, economics and accounting. Students who can demonstrate both appropriate proficiency in English and these other requirements can apply directly to the MBA program. Likewise, prospective MBA applicants can enroll only in those pre-MBA courses for which their proficiency does not meet the set admissions standards.

ELC is considering expanding its course offerings to include specialized English classes for doctors and accountants as well as courses on basic computer skills, writing resumes, interviewing, negotiation and presentation techniques. The Center will also be actively involved in verifying and, if needed, upgrading English language skills of the Latvian faculty.

The retention of well qualified ELC faculty poses specific challenges. In order to assure a stable base of qualified English instructors, ELC is engaged in a continuing effort to identify appropriate candidates, to explore possibilities of their employment (often on a part-time basis), and to offer additional training. In order to help ensure the development of qualified ELC faculty, two qualified participants are currently enrolled in a twelve week language and teaching skills certificate program at SUNY-B. The biggest challenge at the moment is how to prevent instructors' burn-out due to intensive teaching conducted in the evenings. Working evenings raises the issues of secure commuting from work as well as the added stress of balancing family responsibilities, particularly when teachers are parents of small children. As the Center develops and broadens its activities to daytime instruction, it might become possible to introduce some kind of a rotation schedule for daytime and evening teaching responsibilities, but at the moment this is still only a consideration.

Organizational Sustainability

Integration of RBS into RTU is progressing well and the accreditation is continuing on schedule. RBS has filed by-laws which conform with the RTU requirement for an independent (within the university structure) institution. In order to facilitate the financial management of the MTEE project, RBS received the Rector's permission to establish a sub-account within the RTU financial structure which has enabled the RBS to control the school's finances in accordance with the agreed upon strategic plan for institutional development. This arrangement is unique within the university structure and will remain in place after the USAID assistance ends. In January 1997, RBS has become a line item in the RTU budget which means that the school will begin to receive government allocations for full-time students at the same level as RTU, which currently is at the level of US\$300.

In an environment where space is in short supply, RBS has been allocated an entire building in the central part of Riga as its permanent home. The building has been transferred to the Riga Technical University by the order of the Prime Minister, in June 1994, and the RTU Rector designated it for the permanent use by RBS in a letter dated December 17, 1994. Although the building still requires substantial investments into infrastructure renovation, it has all the space requirements to accommodate the school's developing programmatic needs.

From the programmatic standpoint, RBS is in the process of hiring three full time PhD faculty, thus satisfying RTU's requirement for establishing an independent Faculty and, consequently, a Faculty Senate which is one of the central requirements for accreditation.

RBS leadership is in the process of finalizing a strategic plan for the future development of the institution. The guiding principle of this plan, as elaborated by the RTU Rector, is developing and

maintaining RBS as an institution of higher education based on the Western principles and, at the same time, a catalyst for curricular development at RTU, in particular, training new and upgrading present faculty. The school also embarked on a transition to a new leadership. An Interim Director has been selected and approved by the Rector. He is scheduled to remain in this position until the end of the year, at which time a new permanent director will have been selected.

RBS will need to address the issue of type of degree offered and language of instruction before the expiration of the current agreements addressing these subjects. An issue which needs to be finalized deals with the type of degree to be awarded to the MBA graduates. Currently, the graduates receive a Masters of Science from RTU and a MBA Certificate from SUNY-B and University of Ottawa. The MBA certificate is awarded by the permission of the Rector and, as such, has only a limited legal life. It is SUNY-B's intention to continue offering the joint certificate with RBS after the USAID grant closes, provided they can insure appropriate quality control over the program, and if it is felt by the RTU and RBS administration that this practice is desirable. The question was raised at the University of Ottawa but no decision has been taken. Both the US Project Director and his Canadian counterpart will continue to sit on the degree awarding committee and provide their guidance and oversight.

A separate issue regarding the type of degree offered, is to determine whether and how long RTU will be able to award a MS degree, since the rules guiding this issue stipulate that there should be a continuity of degrees, namely those who want to receive a MS must have a BS in a related field. The present arrangement allows for a much greater flexibility and attracts able students from diverse professional fields. This obviously is an issue which requires a very thorough consideration by the university administration. At the same time, the MBA alumni can become an effective lobby group for continuing the present practice.

Finally, Latvian law on higher education stipulates that the language of instruction in the institutions of higher education must be Latvian. When the present project was elaborated, one of the unique features of the executive MBA training was maintaining English as the language of instruction. In order to conform with the Latvian law, RBS had to obtain a special exemption to allow instruction in English. This issue will have to be revisited and a more permanent solution found. The students overwhelmingly support the notion of retaining English as the language of instruction, arguing that this feature allows them to be competitive not only domestically but also on the international market, thus promoting Latvian integration into the European economic community. At the same time, it should be stressed that this issue has no relevance for fulfilling accreditation requirements by RBS with RTU.

RBS continues to make progress in securing additional space for its programs. RBS was able to renovate additional rooms (in the basement) which will be used as a lecture hall and a faculty lounge. These additions provide a badly needed space to effectively implement school's programs. In addition, a whole wing on the fourth floor has been vacated by the Student Health Services of the

University of Latvia but its utilization will have to wait until funding for restoration becomes available.

The importance of an active Advisory Board will increase as the program makes a transition to a fully fledged academic institution. As has been noted several times by the SUNY-B administration involved in MTEEP, until this year RBS has been operating as a project and not as an independent academic institution in its own right. It is only now that sufficient faculty have been trained to take over the delivery of the majority of the courses that the school can begin to plan for an institutionally independent future. An integral part of such a plan involves an advisory board which, on the one hand, helps to develop and guide the institution's growth strategy, and on the other hand, provides a bridge to the business community. Unlike most of the projects in the MTEEP portfolio, RBS has had the benefit of a diversified advisory board which until now has primarily provided input on school's finances. In an effort to institutionalize its activities, the Board has established a rotation policy for its members, currently set for two years. The incoming members are required to be approved by the RTU Senate.

An active Alumni Association could provide an important support to the school's links with the business community and enhance its visibility. An Alumni Association was established with the assistance from SUNY-B after the first graduating class. At the beginning, the members met for informal meetings rather frequently but with time this activity became primarily social, focusing on networking. As a result, the group never developed a cohesive plan of activities. Revitalizing the Alumni Association could greatly enhance the attractiveness of the MBA program and the overall school competitiveness. Several alumni expressed an interest in seeing this organization becoming more active in areas such as sponsorship of short seminars, workshops and lectures.

Financial Sustainability

RBS is finalizing its financial strategy which will deliver programs under the changed financial circumstances. RBS has developed a conservative budget through the year 2000 based on tuition revenues which enables delivery of pre-MBA and MBA courses. In 1996, there was a year-end loss due primarily to the costs of repairs to the building which were covered through tuition-generated revenues. This provided an additional impetus to redouble efforts to lobby the Latvian government to honor an earlier pledge to support structural renovation of RBS. These efforts have yielded some progress because the RBS administration has been informed that the Prime Minister has directed the Minister of Education and Science and the Foreign Minister to find a suitable way of providing RBS with funds for renovation. This development, to a significant extent, can be attributed to a strong letter of support co-signed by the Canadian and US Ambassadors.

The income projections for 1997-2000 show a steady increase which allows for a break-even budget. At the same time, no funds have been allocated for renovation and repairs for 1998-2000. This situation might be able to be rectified when RBS begins to receive funds from RTU based on student enrollment in FY 1997-98. Additional funding for renovation and repairs might also become available

through income derived from renting RBS facilities during the day to companies or governmental agencies for conducting training.

RBS has finalized its financial responsibilities (overhead) toward RTU. Starting with the 1997-98 academic year, the overhead costs will be 20 percent of gross income and 5.2 percent of all salaries, which comes to approximately 23 percent of gross income. The school does not have to pay rent to RTU unless it utilizes other RTU facilities but it is responsible for electricity and heating costs.

RBS is in a good position to become an effective competitor for future Western funded projects. With a broad enough base of well trained faculty, RBS will be able to broaden its scope of activities to include special training projects financed by either US or EU agencies. The most immediate such opportunity will be the USAID financed project on Capital Markets Development. This project is in the final stages of bidding and once the implementor is selected, RBS will have an opportunity to discuss future collaboration.

Additional opportunities for branching out might come from establishing third-country training programs for NIS countries, particularly those which would complement the existing scope of academic activities and thus would not unduly divert or overburden the faculty.

RBS is actively engaged in developing collaboration with other Western universities and in securing additional funding for development of its academic programs. The TEMPUS Phare grant will further enhance and support RBS's progress toward building a sustainable and academically solid institution. In January 1997, RBS submitted an application for funding a Joint European Project (JEP) under the TEMPUS Phare system. This project is structured to achieve three goals:

- ▶ Develop and implement a four course concentration in the MBA program in Business Information Management.
- ▶ Offer short non-degree courses in Information Management designed especially for professionals in the fields of accounting, medicine and library sciences.
- ▶ Offer an MS degree program at RTU in Information Management.

This project is designed as a collaborative effort between Sheffield University (UK), Tallin Pedagogical University (Estonia), Vilnius University (Lithuania), University do Porto (Portugal), University of Latvia, InvestRiga, and the Medical Academy of Latvia. This collaboration would provide extensive training for RBS personnel in Sheffield and Porto. The proposed budget is ECU 395,740, or approximately US\$500,000, over a three year period.

RBS is also moving forward with possible collaboration with Herfordshire University (UK) and a proposal was submitted to the Know-How Fund in December 1996. The initial collaboration would center on holding 4-day seminar courses on selected topics during the summer of 1997 and could

later develop into a program offering training for consultants. If these initiatives are successful, the cooperation between the two institutions could be broadened to include recognition of RTU's baccalaureate degree by Herfordshire.

E. PROGRAM MANAGEMENT

RBS is effectively making a transition to new leadership. The In-Country Coordinator and Assistant Dean of Academic Affairs ended his assignment at the beginning of April. His duties have been taken over by the Resident Director of the MBA and English Language Program. As a result, a new Latvian Coordinator of the English Language Center has been named. She is well familiar with both the ELC and RBS policies and procedures since she has taught at ELC since 1993 and already has a year of administrative experience at RBS.

MTEEP continues to enjoy the strong support of USAID/Latvia.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

Program Reach Data from January 1 - June 30, 1997

The last MBA cohort numbers 56 individuals. Participation of women has increased significantly in comparison with the two earlier cohorts. Pre-MBA and General English continue to show strong demand as well as strong participation of women.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	3 4 25	22 23 25	18 17 31	40 40 56
Certificate (list by type) MA/TESOL IELI	Teaching English as Second Lang Certificate IELI	1	2	1 2
Seminars (1 day maximum)	Issues in Globalization; Business Information Management			42 30
Workshops (multiple days)	Decision Making	15	15	30
Other ** (specify)	Pre-MBA English General English	40 38	54 53	94 91

Note: * Place number of companies served in column entitled "# active cohorts/programs."
 ** Include further explanations as necessary on program types, etc.

Program Reach Life of Project Data from Beginning of Project Through June 30, 1997

To date, the MBA program has produced 54 graduates, 60% of whom are women. The Pre-MBA program, with 372 total enrollment, shows a 49% participation of women, and female participation in General English is almost 58%.

Program Type	# Total Cohorts/ Programs	# Male Participants	# Female Participants	# Total Participants	# Male Grads	# Female Grads	# Total Grads	
MBA (list by cohort)	1	28	10	38	9	3	12	
	2	17	17	34	4	4	8	
	3	22	18	40	9	25	34	
	4	23	17	40	N/A	N/A	N/A	
	5	25	31	56	N/A	N/A	N/A	
Certificate (list by type)								
	MBA	4	3	1	4	3	1	4
	MBA/TESOL Intensive English	2	1	1	2	1	1	2
	3	0	3	3	0	3	3	
Business Counseling Outreach	9	64	77	141	N/A	N/A	N/A	
Other ELC	Pre-MBA	189	183	372	N/A	N/A	N/A	
	Gen Eng	79	108	187				

B. SUMMARY OF FINDINGS BASED ON INDICATORS

B.1 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.

Impact Level	Indicator	Summary of Findings
Acquisition	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 increase to 55% in most recent MBA V class
	Target enrollment numbers are reached for entering class ; cumulative pre-MBA enrollment: FY96 - 254; FY 97 - 350	Applicants for MBA and ELC are continuing to exceed capacity

Impact Level	Indicator	Summary of Findings
	Target enrollment numbers are retained through program; cumulative MBA graduates: FY 96 - 20; FY 97 - 50	54 MBA graduates by end of FY 97; General English attrition reduced to 20% from 40%
Satisfaction	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	# 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
Utilization	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.
	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	N/A in this report
Change	RBS is seen and used as a resource by employers	Employers continue to sponsor additional students in RBS programs

B.2 EVIDENCE OF SUSTAINABILITY

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

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received, turnover low; cumulative Latvian faculty trained: FY 96 - 7; FY 97 - 11	Full complement of trained faculty for MBA courses since January 97; ELC director now Latvian; 2 of 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.

Sustainability Level	Indicator	Summary of Findings
Organizational	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.
	Advisory Board membership has balance of Latvian and non-Latvian representation	Active Board primarily from international and major Latvian firms
	Increasing percentage of local staff with administrative authority and responsibility	Increasing % of Latvian faculty teaching in MBA program; ELC coordinator 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 of applicants increases
	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
Financial	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Plan exists; utilize Advisory Board especially in financial aspects; adopted RTU grading system; academic student data part of university systems
	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Renting training space; identified several alternate donor sources; starting to receive government allocation for full-time students as do other RTU faculties
	Increasing percentage and sources of institution/program funds from non-USAID sources	No significant change in last 6 months

C. SUMMARY OF FINANCIAL STATUS

There has been no change in the distribution of funds by source. Other sources include external grants.

Funding Source	% of total project support 06/30/97
USAID Grant	34%
US Institution	9%
Local Institution(s)	26%
Tuition and Fees	15%

Funding Source	% of total project support 06/30/97
Other Sources	16%
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

The SUNY-B and RBS program is moving into its final phases under MTEEP funding. With the exception of implementing small business development workshops and establishing an undergraduate program of business management at RTU, the project has either met or exceeded original targets. The main reasons for the inability to implement the two components were the necessity to divert financial resources for renovation of classroom space and the priority given to faculty development and fulfilling the requirements for accreditation.

The impact of MBA training can be clearly seen through the professional advancement of the participants as well as through their contribution to restructuring managerial practices at their places of employment. What bears emphasizing, is that because of positions held, many of the current program participants are just as effective engines of change as the graduates.

RBS is making good progress toward fulfilling the RTU accreditation requirements -- faculty with PhD degrees in management have been identified and are in the process of being hired, enabling the creation of a Faculty Senate. Other faculty members have completed their training at SUNY-B and University of Ottawa and have begun to participate in course delivery either as co-instructors or on their own. One faculty member will begin PhD studies at SUNY-B early next year. The ELC program has essentially completed its transition to Latvian faculty and management.

One of the consequences of the ending of USAID assistance is a significant drop in the participation of US professors in course delivery, with a corollary concern on the part of the students with continuing program quality. These concerns are only partly justified because the newly trained faculty, although less experienced, are none-the-less very able, and it should be only a matter of time until the students share this confidence. However, their concern for instructors with a practical experience base (not just book knowledge) and diverse international backgrounds has merit.

The most immediate challenge for SUNY-B and RBS collaboration is to ascertain the feasibility (from the point of view of quality control) of continuing to award the joint certificate.

RBS is one of the few institutions in the MTEEP portfolio which has established both an Advisory Board and an Alumni Association. The challenge ahead is to utilize these organizations to the best of their abilities and in this way further support and promote the school's programs, visibility and prestige. Revitalizing the Alumni Association could greatly enhance the attractiveness of the MBA program and the overall school competitiveness. The alumni could offer lectures in their areas of

expertise to the current MBA students and host guest lecture seminars. Producing an Alumni Directory and publishing a newsletter would also strengthen alumni ties with the school as well as promote networking among the group.

As RBS makes a transition to a permanent new leadership, scheduled to take place at the end of this year, the involvement of the Advisory Board in elaboration of the school's development strategy, will acquire an even greater importance. A clear understanding by the Board members of their responsibilities will greatly aid the overall effectiveness of this body. Establishing active linkages with local business networks and providing quality executive and professional training activities (workshops, seminars) is an important part of services provided by a mature business school. Advisory Board members are well positioned to act as initial contacts for developing such linkages.

RBS has developed a conservative financial plan which allows it to deliver its programs under the changed financial circumstances and continues to explore other collaboration and funding opportunities to support faculty course development. At the same time, RBS already has a sizable base of Western trained faculty, which makes the school a good candidate for developing and delivering specialized training programs, including those for the NIS.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following actions be taken:

- ▶ As part of the on-going faculty and organizational development process, RBS should adopt a "learning institution" philosophy which integrates the self-evaluation and strategy development mechanisms as developed under SUNY-B leadership. This could include:
 - directly addressing the concerns of the current participants regarding the transition to the local faculty and to monitor the effect of this transition on the quality of the program;
 - providing opportunities for faculty research and training which would support the school's overall vision of development and involve special projects for MBA students;
 - supporting both the Advisory Board and Alumni Associations in strengthening their operations and value to the institution; a support position of Alumni Affairs Coordinator should be considered.
- ▶ RBS, with support from SUNY-B, should resolve with RTU the issue of what degree(s) and certificate(s) will continue to be offered.
- ▶ RBS should actively explore the possibility of becoming a training provider for the USAID funded Capital Markets Development Project, as well as delivering third-country training for the NIS as part of the USAID assistance effort.

- ▶ RBS should work with its Advisory Board to investigate opportunities to establish business outreach activities, possibly creating a position of a Business Outreach Coordinator. Some of these activities could be combined with those of a revitalized Alumni Association.

LITHUANIA: TEXAS A&M INTERNATIONAL UNIVERSITY

I. COUNTRY CONTEXT

Previous reports have described the October 20, 1996 election results in Lithuania as a defeat of the ruling Democratic Labor Party (LKDP). A victory was won for the Homeland Union (Conservatives of Lithuania, TSLK, 70 seats); the electoral center was gained by the LKDP and the Social Democratic Party both winning five seats each. A coalition government was formed by distributing the 141 available seats in the Parliament or *Seimas* among the two ruling parties, 70 seats for the Homeland Union (TSLK) and 16 seats to LKDP, and the Center Union, held four seats; the Democratic Labor (LDDP) and Democratic Parties won two seats each. Eight other parties won a single seat, as did four independent candidates. The neo-communist LDDP, which had won a majority in 1992, was reduced to 12 seats. This new government demanded revisions to many issues including a 50 percent increase in monthly wages. Repercussions from this election have shaped several conditions in this report and made major changes in the political landscape of Lithuania.

The *Seimas* started its work in the government on December 10, 1996. This is the eighth government since the re-establishment of Lithuania's independence, known officially as the Republic of Lithuania, in 1991.

Currently, the Lithuanian economic and political environment appears to be relatively stable, and able to support and promote development of the private sector. One possible exception may be, as mentioned above, the almost 50 percent increase in the minimum wage over the last six months, which has had some impact on businesses, pro and con.

Locally, in Panevezys, the location of the MTEEP project, the most recent municipal elections have put in power people who are loyal supporters of the Center for Management Technology and Business Training (CMTBT) and the MTEEP programs. The former mayor, also an attendee at some of the Center's programs, has now moved into a regional government office. The present mayor is also a past participant in MTEE training and his staff is well known to the Center Director and its staff. These local political changes will not harm the Center's program but will probably bring positive attention to the efforts of the Center and its staff. Attention from the municipal affairs office brought good publicity to the Center as it approached the formal opening in June 1997.

II. PROJECT DESCRIPTION

Texas A&M International University (TAMIU) and Kaunas Technical University in Panevezys (KTU/P) entered into a three year cooperative collaborative agreement in 1995, to create a self-sustaining center of excellence for business management and related short term training. The support activities are designed around four categories: entrepreneurship training, executive education, training of local government managers, and strengthening the educational capabilities of KTU/P. The main target groups are entrepreneurs, managers from governmental institutions and private and privatizing companies, and instructors at educational institutions. USAID's budget cuts for Lithuania decreased MTEEP funding for the Center for Management Technology and Business Training (formerly known as COMTEPA) by approximately \$1,000,000 - the equivalent of 41 percent of the expected USAID

funding. TAMIU was notified of the reduction in funding in April 1996. Consequently, TAMIU was asked to prepare a revised proposal reflecting these cuts.

The revised proposal was prepared by July 1996 and submitted to USAID/Washington. The revised cooperative agreement eliminated the PhD and MBA programs and a more academic approach to economics, replacing them with a more practical education which can be applied to the creation of business plans, marketing, entrepreneurship and quality adult education. Most references to collaboration, cooperation, joint endeavors and the tone of partnership seem to have been eliminated from the revised agreement.

There appeared to be a serious difference of opinion between TAMIU and USAID/Lithuania regarding the feasibility and time line of proposed revisions in addressing the issue of programmatic and institutional sustainability. In July 1996, TAMIU had communicated to USAID their intent to close the MTEE Project by June 30, 1997. USAID/Washington and USAID/Lithuania have concurred with the proposition.

KTU/P as a branch of the Kaunas Technical University is in the process of becoming an independent university. KTU/P with KTU leadership hoped to create a university in Panevezys with three faculties - engineering, management, and humanities. At the moment only two faculties exist: engineering and business administration.

The TAMIU project has been visited by the MTEEP team four times, namely December 1995, April 1996, October 1996 and April 1997. These visits and the TAMIU quarterly reports form the basis for this report.

Due to the planned closing of this project on June 30, 1997, this report presents a closing evaluation which reviews the following:

- ▶ To determine the impact the project has had since its beginning in terms of change at the individual and firm level;
- ▶ To determine the current and projected status of sustainability (programmatic, organizational, and financial) of the MTEEP program and institution after the end of the USAID financial support;
- ▶ To identify lessons learned on approaches, issues and actions which may help future programs; and
- ▶ To determine near and medium-term actions (if any) planned following the end of USAID financial support.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

Two recommendations were made for the program in the December 1996 MTEEP semi-annual report. These recommendations and the actions taken since the previous site visit to address them are summarized below:

TAMIU, USAID/Washington and USAID/Lithuania should as quickly as possible come to an agreement regarding the scope of the revised proposal. In July 1996, TAMIU proposed that the project be closed on June 30, 1997, and USAID Washington and USAID/Lithuania concurred with that proposal. The project will close out on June 30, 1997 as planned.

Despite the cuts in funding, TAMIU should continue to carefully document the 'success stories' of the project participants. The Project Director and staff have tracked the attendees of all courses and have written success stories to document the progress of the past participants in the entrepreneurs training course, management and marketing courses, and the advertising and promotion courses. The Center's staff encourages visits to these participants' firms to observe and record progress.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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

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

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

C. INDICATORS OF PROGRAM IMPACT

Throughout the numerous site visits of the TAMIU project, there has been clear evidence of impact at the individual and firm level. This impact is represented by information gained during the most recent close-out visit.

MTEEP participants apply their new knowledge to retail business. Two groups of participants from a large retail business who had participated in marketing, customer service, and management programs - the top three senior managers of the organization and four store managers (grocery, stationery, drapery, and jewelry) - found that the training gave them ideas, skills, new ways of thinking, rationale for pricing, ways to study the competition, how to target campaigns and the desire to learn more. The senior managers have changed the organizational structure to incorporate the position of "sales agent," and the store managers mentioned that they had gained the skill of conflict resolution - in fact conflict prevention.

MTEEP programs lead to increased sales. A senior executive of a locally-based joint venture brewery (also on the Center's Advisory Board) who has attended several Center programs and two marketing managers who attended recent marketing programs, attributed a substantial increase in sales (50 percent over two months, and 83 percent over the same month, the year before) to the knowledge, skills and attitudes gained in the Center's programs.

Eight trainers prepare to teach Center programs. A group of eight trainers, all but one of whom are educators by profession, who attended the ETP program and have received additional training of trainers, learned practical skills in interactive training methods. This cadre of trainers are just beginning to use these skills to teach Center programs (see below).

In addition, based on their participation in Center programs there have been a variety of results affecting them and their students, such as:

- ▶ one woman has signed a contract to write a textbook for agriculture students which will include business concepts to be published in September
- ▶ another past participant has arranged a seminar based on the Center's TOT program on how to teach, which will be used in the coming school year in a number of schools
- ▶ students at one school have found it easier to find jobs; they have learned to market themselves (using some of the business/marketing principles now learned in school); two female students have won a recent competition and are studying in Germany.

Lessons learned in the Entrepreneur Training Program pay off. The female director of a locally-based nursery, a former participant of the Entrepreneur Training Program held in the second quarter

of 1996, learned valuable lessons which she has successfully applied to her business. A revisit to this business uncovered the types of ongoing effect this program is having. Based on the business plan developed as part of the ETP, the nursery applied for and received a loan from the government - larger than requested; a second loan has since been received. The nursery has changed a contract for exporting apples to Germany to be more favorable to the nursery. They have increased the number of employees from 30 full time and 30 seasonal to 70 full time and up to 300 part time. In the last three years, they have moved from last place (among nine similar businesses in Lithuania) to second. The nursery has started marketing some of their products locally and have developed a sign and logo.

Trainers of the Young Entrepreneurs Program were attendees of the first ETP training. The young entrepreneurs course, which started while the site visit was being conducted, is being taught by trainees of the first ETP program, most of whom have also participated in Center-sponsored TOT programs. Ten scholarships for young attendees in the young entrepreneur's program were provided by the brewery for children of the brewery's employees.

The new Economic Forecasting Newsletter is a welcome on-going publication. Fifty-five people attended the launch of the Economic Forecasting Newsletter. Attendees showed great interest in subscribing to this newsletter and paying for the services of this kind of research. The event received newspaper, television and radio coverage nationally, further increasing the visibility of this type of research for the business community.

D. PARTNER/PROGRAM SUSTAINABILITY

Programmatic Sustainability

Forty of the KTU/P faculty have received computer and other short term training. Despite the elimination of the MBA and management training originally intended to upgrade faculty skills, forty of the KTU/P faculty have received computer and other short term training in the Center. Even with the limited support received, however, the KTU/P Dean indicated that a number of faculty have changed the content of their courses and integrated new methods into their classes.

Presently very few of the KTU/P faculty and staff (other than Center staff) are being used as regular trainers in the MTEEP program. The reasons stated for their lack of involvement included: lack of time, perceived lack of quality, and not receiving release time by the university. The DATEX team understands that at the present time about 10-12 of the trainers who have participated in various Center programs have been selected to teach future programs. Several of these trainers have conducted programs since the beginning of 1997. Of these, only two or three are faculty at KTU/P.

Forty-seven training activities have occurred since the beginning of the MTEEP. Forty-seven training activities have occurred since the beginning of the MTEEP program with high quality training in marketing, management, computer skills, entrepreneurial training, sales and customer relations.

For courses that have been repeated, there has generally been a training shift from an international to local trainer. All computer training uses community-based, non-KTU/P trainers.

Organizational Sustainability

The appointment of the Center Director helps to ensure organizational sustainability. The appointment of a permanent Center Director, following the site visit, is a positive move in improving the sustainability of the program. The new Director's collaborative, supportive, team-like, willing to negotiate, management style in handling Center staff during a recent period in an acting capacity, was greatly appreciated by the qualified but overworked employees.

The Advisory Board for the Center represents a cross section of Lithuanian society. The creation of the Advisory Board for the Center, currently with six members including four from outside the Center, was strategically done to include a cross section of Lithuanian society. Current external members include: the President of Panevezys Regional Chamber of Commerce; the Chairman of the Faculty Board of KTU/P; a senior manager of a local joint venture company; a banker and a former mayor of Panevezys; the latter two are women. The Board can be enlarged to include up to 15 members; at a special meeting while the evaluation team was in Panevezys, action was agreed upon, to add one additional member with a regional focus in the immediate future.

The three primary roles of the Board were described by the MTEEP Project Director as: 1) to keep the Center on track (program direction to consider; gaps in what they see); 2) to act as a buffer (between the Center and others, including KTU and KTU/P), providing counsel on sensitive issues and support where appropriate; and 3) to provide advice on potential sources of funds, providing contacts within Lithuania. The Project Director emphasized the need to have members who are movers and shakers, concerned, vital, and dynamic people.

Bylaws for the operation of the Center within KTU/P are being negotiated and written. At the time of the site visit, two documents for future collaboration were under discussion. One was Center bylaws, the other the Center's business plan (discussed under financial sustainability). The existing bylaws are said to be two pages long and include only a basic description of the Center's relationship to KTU. The team was told that the KTU Rector and the Chairman of the KTU/P Faculty Board agree that more complete bylaws need to be developed. It was unclear to the DATEX team whether there was agreement among the various parties, including the KTU/P Dean and the MTEEP Project Director, as to what the contents of the bylaws should be. Complicating this was a perception by the DATEX team that the Dean and MTEEP Director may not share the vision of the Center and what its future role in the university should be. However, as the Center Opening Celebrations approached, and the KTU Rector, Deputy Rector and Financial Officer paid a visit to the Center, an improved negotiating climate has enabled the players to approach the task of creating bylaws with a positive attitude.

The Center's facilities and equipment are almost complete. In spite of financial problems, KTU/P has fulfilled its part of the matching grant by renovating the Center's classrooms, creating a beautiful, high quality, and functional educational environment. However, the team was informed that many of the bills for the renovations have not been paid because of the financial constraints of the University. On the TAMIU side, virtually all the computer equipment has been tested, installed and is being used by short training courses. Certain equipment/software for the computer-based production facility is in the final phases of installation.

KTU/P Dean is proud of the Center. KTU/P values the changes that have happened in such a short time. The Center is very valuable to KTU/P and the University is proud of the success. The Dean indicated that the Rector and Deputy Rector of KTU in Kaunas are change agents; he hopes that KTU/P can follow their lead. The Dean has dreams for the integrated working of the University and the Center, but understands it all takes time, skill and patience.

Financial Sustainability

A joint business plan is to be developed in early June. The Dean of KTU/P and MTEEP project Director are each presently working on business or sustainability plans, which are to be discussed and agreed upon. At the time of the visit, the team was told that there were differences that needed to be worked out. The early June official opening of the Center was stated as the time by which a joint sustainability/business plan would be developed.

A draft financial sustainability plan has been created by the Project Director. The MTEEP Project Director shared his initial rough draft of a financial sustainability plan for the Center with the evaluation team. He indicated that revenue producing programs could be classified as either Training Programs or Activities. Non-revenue producing activities were classified as Public Service, Special Events, and staff support.

Training Programs include: Computer Technology (started in May '96), Business English (not yet started), and Management (active from the start in October '95; fees starting in March '96). Activities include: Data Forecasting and Research, Media Production, and other activities such as consulting, translations, rental of facilities; these have not yet become active and viability may be several years away.

Non-revenue producing activities, Public Service, expected to utilize no more than 10 percent of gross revenues and include support to the university and community, and grant writing; as well as Special Events which includes guest lectures and press conferences. For example, the local Rotary Club meets in the Center.

The year 1999 is to be the first break even year. The Project Director developed an initial financial time line that estimated that 1999 would be the first break even year, and that in the year 2000 there

should be a small net surplus. In 1996, actual income from training activities totaled approximately \$35,000. Through April 1997, training fees have generated nearly \$11,500 in income.

This estimate of the income generation was based on the development of three potential financial scenarios: worst case, most likely, and best case. These scenarios include a brief history of factors that are likely to effect revenue generation. In reviewing the draft income generation figures for 1997, projected income for Computer Training is \$45,000, (most likely) whereas the actual computer training income through April 1997 is \$8975. From all programs through April 1997, the figure is reported to be \$11,500. A straight-line projection would lead to an estimate of \$34,500 for the year for all programs, rather than for management training programs only. (Management Training is expected to generate "\$33,500 in 1997, approximately \$43,000 in 1998 and \$55,000 in 1999.") The MTEEP Program Director is continuing to actively search for financial resources to continue the Center's programs beyond June 1997.

The Center is strengthening its accounting expertise. Training for the Center's accountant is expected to develop computerized accounts, through an outside agency. Until now TAMIU has provided the accounting function for the Center. It is expected that the Center will continue to have a sub-account within the KTU/P accounting system.

C. PROJECT MANAGEMENT

The current Center staff includes four full-time employees (associate director, seminar coordinator, technical (computer) director, and accountant/book keeper) and one part-time (research director) in addition to the MTEEP Project Director. The staff is competent and hard working; it has been stable for over a year.

The Project Director has been asked by TAMIU to return to the US by the end of the grant, June 30. Relations between the home office and field representative have remained strained through most of the grant period. However, the MTEEP Project Director's relationship with the USAID/Lithuania office has improved considerably in the past year and in many areas is quite positive.

The current relationship between the Center and KTU/P leadership is unclear but appeared strained based on occurrences which developed during the week of the site visit.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

Program Reach Data from January 1 - June 30, 1997

TAMIU/KTU/P activities are primarily focused on short term training. Two entrepreneur training programs awarded certificates to 67 participants.

Program Type	# Total Cohorts/ Programs	# Male Participants	# Female Participants	# Total Participants
Certificates ETP	1	9	9	18
Seminars (1 day maximum)	2	19	28	47
Workshops (multiple days)	11	62	127	189
Total	14	90	164	254

Program Reach Composite Data from Beginning of Project through June 30, 1997

Program Type	# Total Cohorts/ Programs	# Male Participants	# Female Participants	# Total Participants	# Male Grads	# Female Grads	# Total Grads
Certificates ETP	2	26	41	67	26	41	67
Seminars (1 day maximum)	18	246	320	566	N/A	N/A	N/A
Workshops (multiple days)	36	319	462	781	N/A	N/A	N/A
Business Counseling	54	382	319	701	N/A	N/A	N/A
Other Presentations	4	68	35	103	N/A	N/A	N/A

B. SUMMARY OF FINDINGS BASED ON INDICATORS

B.1 EVIDENCE OF PROGRAM IMPACT

Impact Level	Indicator	Summary of Findings
Acquisition	Participants acquire skills, knowledge and confidence in subject matter	Based on interview data, participants are successfully mastering subject matter.
	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 50% of participants have been women.
	Target enrollments are reached for entering class	Targets are being exceeded.

Impact Level	Indicator	Summary of Findings
Satisfaction	Participants positively rate their experience	Interviews found participants very positive about their experience.
	Faculty and staff positively rate their experience	US consultants were impressed with the dedication of the staff and participants.
	There is a high demand for the program	Yes. There is also tremendous interest in "follow-on" programs.
	Program retains faculty and participants	Participants, yes. Lithuanian trainers now begin to give courses and attendees have been satisfied.
	Program is responsive to participants' and faculty's needs	Participants commented that US consultants have been very generous with their time outside of programs to discuss individual issues. Lithuanian trainers are replacing US consultants.
	Cross marketing occurs	Many of the participants in the Entrepreneurship Training Program (ETP) are repeats and several have attended all the programs the Center provides.
Utilization	Participants can demonstrate that they have applied information to their work	Present and past participants when interviewed discussed the immediate application of skills.
	The Center for Management Technology and Business Training is seen as a resource by employers.	Employers interviewed stated that they are looking forward to developing specialized training via the Center.
Change	# or % of assisted businesses indicating improvement in performance	There are numerous success stories which address creation of jobs, increase in turnover, profitability. In addition, there has been a programmatic change at institutions of higher education as well as at some high schools.

B.2 EVIDENCE OF SUSTAINABILITY

Long term sustainability seems possible because of high quality programs, repeat attendees and build up of quarterly increases in programs and participants. There is a question about near-term financial sustainability following the ending of MTEEP support.

Sustainability Level	Indicators	Summary of Findings
Programmatic	Visiting faculty effectively adapt courses to local needs	Participants commented that faculty are aware of local needs.
	Necessary space, computers, library equipment and support staff are available	Yes. KTU has been extremely supportive in this regard.

Sustainability Level	Indicators	Summary of Findings
Organizational	Increase in number of training events	In total there have been forty-seven training activities since the beginning of the project, representing an increase each quarter.
	Training and/or counseling conducted by qualified Lithuanian staff	Local trainers are participating as Center trainers, however, very few KTU/P staff are viewed as qualified as yet.
	Increasing percentage of local staff with administrative authority and responsibility	Yes, all Center staff including director are Lithuanian and have administrative authority and responsibility. An Associate Director needs to be recruited and hired.
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality participants	Yes, there is an excellent pool from which to select. Standards are very high.
	Self-evaluation mechanisms are in place; findings are applied to operations	Yes, self-evaluation mechanisms are in place.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	A draft sustainability plan has been developed but had not been discussed with KTU/P at time of April 97 visit.
	Legal status of center is established	As part of KTU, the Center for Management Technology and Business Training status is secure. Improved bylaws are being negotiated.
Financial	Satisfactory administrative support systems exist	Program has retained the necessary staff. Some improved financial systems are expected which link into KTU/P.
	Fee collection and other alternate funding in place (where permitted)	These are in place. 15% of funds come from tuition and fees.
	Increasing percentage and sources of institution/program funds from non-USAID sources	Yes, this is true 65% percent is acquired from outside sources at this time. Unclear whether sufficient funds immediately available at end of USAID funding.

C. SUMMARY OF FINANCIAL STATUS

This report shows a drop in tuition and fees from 44 percent in the semi-annual report. The program is relatively dependent on US sources.

Funding Source	% of total project support 6/30/97
USAID Grant	55%
US Institution	10%

Funding Source	% of total project support 6/30/97
Local Institution	19%
Tuition and Fees	15%
Other Support	1%
Total	100%

IV. CONCLUSIONS AND RECOMMENDATIONS

The TAMIU program in one and one-half years has a deserved reputation for high quality, high impact programming. The staff is qualified, dedicated, but too overworked for continued long term success. The Center facility itself is a point of pride within the university and the community. The recent naming of the former Associate Director to Center Director should be a very positive step in moving towards strengthening the relationship between the Center and its parent institution, KTU/P which was precarious at the time of the April 1997 visit.

A recruiting process for a new Associate Director and appointment of a suitable candidate will further strengthen the stability of the Director's position and the smooth management of the Center into the future.

The Center is now at the point where its long term plan must explicitly demonstrate its role within KTU/P reflecting what it contributes to the greater university and what it receives. All players in the project should receive a portion of the advantages and should benefit from the partnership through appropriate sharing of resources. Progress is not made if the project creates "haves and have-nots."

It is unclear whether the Center has a realistic plan - especially financial - for its ongoing operation at the end of USAID support. Center programs clearly generate funds, but the draft business plan does not seem realistic, at least in the short term.

The impressive computer equipment, software and facilities that the Center has garnered can be the source of significant opportunity for the Center or turn into an underutilized resource. Some form of outside support and technical assistance is needed to help develop these resources in a realistic manner.

The DATEX team in its various visits has been impressed by the strong sense of ownership the community has to the Center's program. The Center does not seem to have developed the same sense of partnership with KTU/P. The difference seems to be a result of the amount of effort placed in building external relationships in the community versus internal ones with KTU/P.

RECOMMENDATIONS

The DATEX MTEEP team urges the following actions be taken:

- ▶ An early priority of the new Center Director should be to assure that the Center and KTU/P staff work jointly on the development and implementation of a Center business plan; if possible, an initial joint draft should exist before the end of June. This plan should include the development of a more realistic staffing plan and the position of the Associate Director for the level of activities adopted.
- ▶ The Center Director should work for proactive collaboration between KTU/P and the Center, especially in utilizing KTU/P faculty and upgrading their skills, and providing broader access of Center facilities to faculty and senior-level students. This is vital to present and long term success of the Center.
- ▶ The KTU/P Dean should form a continuing education team of representatives from the Center, Junior College and KTU/P which meets regularly with an agenda designed to further communications, collaboration and conflict resolution among the institutions which share the building. Conflict resolution and prevention seem lacking currently. It is further suggested that the team consider having a rotating chair and meeting on a monthly basis.
- ▶ The Center Director should contact USAID/Lithuania about programs (such as IESC and other donor supported activities) to help KTU/P faculty upgrade their skills.

UNIVERSITY OF MARYLAND AT COLLEGE PARK

I. COUNTRY CONTEXT

In September 1993, when the reformed successors of the socialist and peasant parties that had been in power in 1989 won the absolute majority in the parliamentary elections, there was a relatively widespread concern with the progress and continued transformation of the Polish economy. These fears have been put to rest by the highly impressive performance of the Polish economy, the best among the transition economies to date. Under the three governments in Poland since September 1993, economic growth, which barely began to resume in 1992, reached 7 percent in 1995 and stayed at 6 percent in 1996. In this recovery process, the private sector has served, and continues to serve, as a key stimulus for economic growth. It currently accounts for 52 percent of total industrial output, over 90 percent of retail trade, agriculture, road transportation, and construction, 62 percent of exports and 75 percent of imports. More than 65 percent of Poland's work force [totaling 22 million people or 57 percent of the population] is now employed in the private sector.

The last few years have witnessed a significant restructuring of the productive capacity of the Polish economy. Despite such restructuring, unemployment continued to fall from 17 percent in 1993 to 14.6 percent in 1995, and to 13 percent in 1996. In the past three years, industry has registered a particularly rapid growth, with a 12 percent increase of output in 1994, 10 percent in 1995, and 8 percent in 1996. At the same time, these developments have been accompanied by a sharp rise of productivity.

Likewise, the private sector registers continued growth. Thus far, over 5,000 of the 8,400 state owned enterprises (SOE) have been in the process of privatization. As of the end of 1996, 95 percent of those eligible to claim privatization vouchers have done so. The private sector is represented by over two million private enterprises and, as of 1997, 100 firms have been listed on the Warsaw Stock Exchange. This stock exchange is considered to be the most dynamic exchange in Central Europe, with capitalization (as of December 1996) of eight billion dollars. The privatization process will receive an additional boost with the privatization of KGHM Polska Miedz (Polish Copper) which holds one fourth of the world's copper market.

In terms of attracting foreign investment, Poland has an investment grade from the top rating agencies: Moody's, Standard and Poor's and IBCA. This kind of rating has boosted the demand for Poland's Eurobond issues well beyond the original expectations. This positive investment climate has developed because of the high level of political stability over the past several years. This stability manifests itself by the fact that all major political parties in Poland support development of a functioning market economy and opening of the economy to foreign investment and competition. What is debated is the desired speed of the transformation but not the basic direction.

Foreign investment in Poland is becoming increasingly more desirable due to access to government credit guarantees by developed Western countries, including US Export-Import Bank (EximBank),

and credit lines for large Polish projects established by the World Bank (IBRD) and the European Bank for Reconstruction and Development (EBRD), as well as a working relationship with the International Monetary Fund (IMF).

With the collapse of the Soviet bloc, Poland has successfully re-oriented its trade to the West -- over the past eight years, its export to OECD countries have more than doubled. In 1996, Germany was Poland's largest trade partner, accounting for 34.6 percent of total exports and 24.9 percent of total imports. Other leading export markets include: Russia (6.8 percent), Italy (5.3 percent), the Netherlands (4.8 percent), France (4.4 percent), and Great Britain (3.8 percent).

II. PROJECT DESCRIPTION

This project was formally approved by USAID in September 1994, funds were transferred to the project in February 1995, and the In-Country Director was recruited in the following May. Although the project is in its third year of operation, it is only in its second year of program development. Consequently, in order to fulfill the program outlined in the proposal, the project will most likely need a one-year, no-cost extension. This grant is scheduled to end in 1998. USAID expects to end its program support for Poland in the year 2000.

The institutional base for the activities of the MTEE project is provided by the Polish-American Management Center (PAM Center), which was created as an independent unit of the Faculty of Management at the University of Lodz (UL). The goals of the MTEE project are: an executive MBA (LEMBA); short-cycle (open enrollment) and customized programs for companies; Long Distance Learning Program (LDLP); and restructuring of undergraduate management courses.

The open enrollment programs usually target senior executives and are conducted in small groups of 10 to 12. The customized programs are developed on the basis of a need assessment for a particular client. These programs usually emphasize management skills such as leadership, communication, negotiation, team building, finance, and other topics as needed.

Restructuring the undergraduate management training is a slow process and is planned to be introduced through a 'trickle-down effect' -- by introduction of new material and teaching methodology by the faculty participating in LEMBA.

This was the third site visit. The previous visits took place in the fall of 1995 and 1996. The main purpose of this site visit was to verify the progress of activities planned for this time period and to conduct interviews with MBA students, faculty and university administration. The materials used for this report include site visit observations, quarterly reports, and USAID/Poland performance data for strategic objective 1.3.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The December 1996 MTEEP semi-annual report included four recommendations for the UMCP program. These recommendations and the actions taken are noted below:

MTEEP management should consider hiring an Assistant Director to relieve the Center Director of some of the stress and pressure this role has created. No assistant has been hired and this issue was not further discussed during the current site visit. It appears, however, that although the Center Director continues to work very intensively, the overall situation is not as pressing as previously thought. This could perhaps be attributed to support from the LEMBA Director and from the overall stabilization of the program. Nevertheless, creating a position of an Assistant Director still could be an important consideration for the Polish partner when the issue of appointing a new Director is discussed.

The Long Distance Learning Program (LDLP) has many questions and project management should endeavor to clarify unresolved issues in a timely fashion. LDLP is a very complicated endeavor both technologically and administratively and requires considerable outlays of time and funds. Although strictly speaking, this program appears to be running behind schedule, what has been accomplished until now laid the groundwork for a significant activity unique in Poland. The financial officer of the university indicated that the university is fully committed to the concept of LDLP not just for the Faculty of Management but as a university-wide approach. This commitment will acquire a more tangible dimension when the University 1997 budget is signed and the funds for the LDLP infrastructure can be released. Therefore, the agreement to do so is reflected in the budget.

Additional progress in developing LDLP includes a conference for the Ministry of Education personnel, which was held in the middle of June, on the uses and potential of LDLP. Furthermore, the PAM Center has an agreement with the Faculty of Education to create a new graduate LDLP curriculum and teaching methodology. The program has been accepted by the University Senate and is scheduled to start in October. This will be a one-year program addressing the various aspects of LDLP -- technology, methodology, psychology -- for people who already have a Master's (Magister) degree.

UMCP needs to pay more attention to reforming full-time management training courses at the Faculty of Management. For example, the establishment of a liaison function between the Faculty of Management and the PAM Center could provide stronger direction and support for course restructuring. When the MTEE project started, the primary emphasis was placed on developing and implementing the new components of the program -- the executive MBA and short executive training courses. Now that these components are in place and running well, the project administration has turned its attention to revising the day-time management courses. This undertaking envisions not the wholesale revision of the entire curriculum -- there is no need for such an activity since the recently created Faculty of Management (unlike, for example, the Faculty of

Economics and Sociology) does not have to deal with the specific inheritance of the communist era content of education. When the Faculty of Management was separated from the Faculty of Economics and Sociology it was able to create a post-communist core curriculum in management. As a result, the core curriculum is basically sound and what needs revision and modernization are the individual courses.

The course revisions hope to be accomplished incrementally, relying on the 'trickle down effect' from faculty training. To strengthen this process, UMCP and PAM Center administration will continue to offer faculty development seminars and to supply the needed equipment. The Associate Dean of the Faculty of Management, who has been designated as the liaison for undergraduate program revision, has compiled a 'wish list' of the needed equipment which UMCP will purchase and install at the PAM Center for general use by the Faculty of Management faculty and students. It is expected that with such concerted effort, there will be a discernable effect on the day-time courses within a year's time.

UMCP and PAM Center should improve the timeliness of the report submissions. The quarterly reports are being submitted in a timely manner.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Poland receives the largest share of the US assistance in the region. The strategic plan for Poland was revised at the US Assistance Working Group held in October, 1995. The revised strategy shifted away from broad sectoral projects and instead now concentrates resources on specific strategic objectives which aim at strengthening sustainable institutions and systems able to support and ensure the continuation of the reform process. USAID's new strategic plan aims at strengthening institutions and systems that will remain in place and will support Poland's transition to a market economy, participatory democracy, and public-private initiatives at the local level, as well as promote long term US-Polish institutional relationships. The institutions and relationships to be developed fall under three strategic objectives: S.O. 1.3 - The private sector is stimulated at the firm level; S.O. 1.4 - A competitive, market oriented private financial sector is developed; and S.O. 2.3 - Local government is effective, responsive and accountable. MTEEP has been placed under S.O. 1.3 and I.R. 2 - Improved profitability of small and medium enterprises. I.R. 2 is supported by I.R. 2.1 - Sustainable indigenous organizations provide technical assistance and training to enterprises. The desired outcome is creation of a sustainable indigenous management training institution.

USAID/Poland has asked all MTEE projects to prepare a strategic sustainability plan in anticipation of the approaching termination of financial support. The mission appears to be satisfied with the elaborated plan to achieve financial sustainability.

USAID/Poland continues to closely monitor the progress of MTEEP through regular meetings and site visits. There has been a recent reassignment of oversight responsibilities for the MTEE Project -- the current Project Officer will continue to monitor the UMN program in Warsaw and Olsztyn, and

the UMCP program in Lodz has been assigned to another Project Officer (along with other management training activities).

C. PROGRAM IMPACT

Both LEMBA students and participants of customized executive training, implement their newly acquired knowledge at their respective places of employment. This was repeatedly stated during the various interviews with the entire LEMBA class, and with approximately ten past participants of executive programs as well as their supervisors. Several of those interviewed also gave examples of professional advancement within their companies (Makro Cash and Carry is particularly known for quick promotion of well qualified employees).

MTEEP faculty training promotes course revision and development at other university departments. Two interviewed professors from the Faculty of Economics and Sociology emphasized that they use their training received through MTEEP in courses they teach in their department. Both of them are also collaborating on a new textbook on micro and macro economics, which is scheduled to be ready for Fall 1998 use. One faculty member, who is also a member of the Advisory Board, underscored the importance of interaction and collaboration with the MTEEP trained faculty, not only when it concerns the contents of the courses but also the active teaching methods which are well received by the students. He would like to push for even greater changes, such as reevaluation of the entire curriculum and incorporating the experiences of the American universities in the fields of economics, informatics, sociology and finance.

The PAM Center acts as a catalyst of institutional change for the entire university. The Center is an innovator when it comes to introducing deductive methodology, use of modern technology, and establishing effective links between the university and the business community, as well as promoting a more active interaction among students and faculty.

As already mentioned earlier, the PAM Center will collaborate with the Faculty of Education on developing and implementing a new curriculum for LDLP.

MTEE programs continue to attract steady numbers of women participants. The longer courses offering a certificate (Mini MBA, Health Care Management, Finance Program) show an average 50 percent women participation. At the same time, the course in health care management, a field traditionally dominated by women, had a 70 percent participation rate. It is encouraging that the Mini MBA, an open enrollment course, attracted 44 percent women participants. Female participation in customized programs is predetermined by the structure of each organization and overall female representation at middle and upper management levels. The participation of women in customized courses ranges from 20 percent to 28 percent.

D. PARTNER/PROGRAM SUSTAINABILITY***Programmatic Sustainability***

The UMCP-UL project does not envision as part of this grant activity to follow the example of the UMN and WSE in offering a joint degree. From its inception, the MTEE project was designed to be a Polish program, run by Polish faculty and offering a Polish degree -- an executive 'Magister' in Management equivalent to a five-year degree. UMCP will continue to offer the MBA Certificate and plans to participate in the course delivery after the end of the grant but in a different capacity, emphasizing the LDLP capabilities and reducing the amount of the US faculty travel. There is no doubt in the minds of the program administrators that this project will be sustainable in the present design. Furthermore, it is also felt that even if awarding a joint degree were to be considered, such a discussion would have to be postponed to a much later date, due to both the stringent accreditation requirements on the part of the US institution, and the 'young age' of the project.

Faculty training is progressing according to plan. To date, 24 professors have received training at UMCP. Those interviewed found this experience very valuable and expressed a desire for additional training, funds permitting. Likewise, the US faculty have positively commented on the professional preparation of their Polish counterparts. Presently, approximately 60 percent of courses delivered in Lodz are taught by the Polish faculty and 30-40 percent by the US faculty.

Additional training for LEMBA and University faculty focused on "Active and Action Learning," was organized (February 1997) by a professor from Boston College.

LEMBA participants highly rate the implementation of the program. The admissions process to LEMBA is clearly articulated and well implemented. The first LEMBA cohort started in October 1996 and the program is progressing well. The participants are satisfied with the quality of course delivery, and have been generous (both during the interviews and in written assessments) with suggestions concerning improvements, in both program content and delivery. They particularly value the integration of practical experience into theoretical discussion, interactive methods of teaching with emphasis on class discussion and team interaction, and opportunities to hone their presentation skills.

According to the first term's LEMBA evaluation, the seven Polish faculty received high scores for class delivery. Out of the highest score of 5, four faculty scored above 4 (with the highest being 4.83) and three scored below 4 (the lowest being 3.35). It should be noted, however, that the lowest score was based only on one guest lecture, and as such does not provide sufficient basis for broader evaluation.

Specialized open enrollment seminars continue to attract sufficient numbers of participants. The Center has offered a mini MBA and a Financial Management Program. The first, is a program consisting of seven two-day sessions, and the second of six two-day sessions. In addition, a two five-

day program in health care management designed for the middle level managers in public health sector has been offered free of charge. These programs attracted 27, 18 and 27 participants respectively.

The PAM Center is successfully expanding its client base for the customized programs. The list of clients includes important Polish and international firms, such as Lee Wrangler, East West Spinning, Poczta Polska (Polish Post), Makro Cash and Carry, and the PKP (Polish Railways). If anything, the demand for this kind of training appears to be growing and the Center's high quality programs, and particularly its connection with the university, are unique in the region. This continuing demand also contributes to the financial viability of the Center.

MTEEP will continue to address the challenge of devising effective approaches to promote innovation in curriculum development and teaching methods. Several approaches have been presented during the meeting with the Advisory Board. They included introduction of a credit transfer system as part of TEMPUS, and joining the EU, professional ties with the US institutions to further professional development, opportunities for consulting, and subsidies for travel and research. At the moment, MTEEP has not faced serious problems with faculty retention, but as the experience of other similar projects illustrates, faculty retention and innovative involvement lie at the core of a successful program. Center administration is keenly aware of this issue and is expending considerable time and effort to continually improve its relationship with faculty members.

Organizational Sustainability

The PAM Center continues to enjoy strong support from the Faculty of Management and the University administration. The UMCP and Center administration are working closely with their counterparts at the UL to promote institutionalization of the Center into the university's administrative and programmatic structures. The University administration recognizes the value and contributions of the Center, both current and future, toward enhancing the academic program base. The specific developments supporting the above statement are discussed in more detail in the section dealing with financial sustainability.

Establishing a procedure for selecting the new Director of the PAM Center will significantly contribute to the effective operation of the Center after USAID funding ends. The issue of the transition to the Polish leadership has been discussed by both partners on and off for the past year. So far, there does not seem to be a general agreement on both the procedure for the selection nor whether the future director should come from within the university ranks or from the business community. As the project approaches its final year of operation under the present grant, this issue gains urgency. Ideally, the future Director should have a transition period during which he or she could become familiar with the operations of the Center and have the benefit of the experience gained by the current Director.

The PAM Center continues to make progress is renovating additional space for its activities. The Center has carried out renovation of two rooms which will house the Center's Long Distance Learning facilities.

Financial Sustainability

The PAM Center developed a conservative budgetary sustainability plan for the period following the end of USAID funding. In response to the USAID/Poland request, UMCP and the PAM Center developed a financial sustainability plan for the LEMBA and executive seminars and training programs. There are no projections of costs and revenues for the LDLP because this activity is still at the very beginning stages of implementation and any projections offered at this time would be almost entirely speculative. At the same time, all of the training programs of the PAM Center have been designed to be self-financing once they are firmly in place.

For the remainder of the grant period, USAID funds will be used primarily for program development, equipment acquisition, facilities renovation and grant administration.

The University of Lodz is demonstrating an increasingly stronger commitment to the PAM Center. As was pointed out by the University administration, there are still some legal problems to be solved before the collaboration with the Center could become even more fruitful. These issues are being addressed vigorously and it is hoped that during the third year most of them will be satisfactorily solved. Although the university's financial contribution to this project may appear minor by Western standards, taking into account the serious financial problems facing the university, it is significant from the perspective of the university's capabilities.

In 1995, the university contributed approximately \$25,000 and this contribution increased with the launching of LEMBA. The university lowered the overhead rate from the traditional 50 percent to 20 percent for the funds generated by LEMBA tuition and it agreed not to charge any overhead for the short-term executive programs nor for processing salaries and other Center activities. Likewise, it has provided, free of charge, access to space for non-commercial activities.

The PAM Center is forging ahead in reaching an understanding and accommodation with the University considering the financial responsibility of the two institutions. In addition to developing a business plan for the life of the project, the MTEEP administration is continuously working with the university to negotiate space allocation, overhead charges for the duration of the grant and after the funding ends, and the financial oversight over the funds generated by the MTEEP activities. The Center finds itself in a unique position within the university by the virtue of having two accounts -- a US one and a university sub-account -- which allows it a considerable degree of financial flexibility in planning programs. The experience of the PAM Center with establishing this sub-account has provided an impetus for other departments to strive for similar arrangements. The university administration -- the Vice Rector, and the Dean of the Faculty of Management -- are showing strong support for the Center and its vision.

E. PROGRAM MANAGEMENT

The PAM Center has full administrative and support staff. All positions except for the Center Director are filled by the local personnel. The Center staff appear to be well qualified to perform the various tasks. The Center Director deserves credit and praise for his continued dedication to promote the Center's visibility and effectiveness. This fact has been repeatedly pointed out by several faculty members and staff as well as by the US Project Director.

The relationship between the Center and the University administration and Faculty of Management is good and, in several instances, appears to be improving even further. The collaboration with USAID/Poland is, likewise, good.

IV. RESULTS IN BRIEF**A. PROGRAM REACH***Program Reach Data from January 1 - June 30, 1997*

The first cohort has successfully completed its first year. Considering the 'young age' of the program, the Certificate programs are going strong -- 72 total enrollment with 86% of women participants. Likewise, the multiple-day workshops have reached a desired stability.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	1	19	6	25
Certificate (list by type)	Mini MBA	15	12	27
MA/TESOL	Health Care Management	8	19	27
	Finance Program	13	5	18
Seminars (1 day maximum)	Various	64	64	128
Workshops (multiple days)	8 Workshop Series	127	35	162

B. SUMMARY OF FINDINGS BASED ON INDICATORS**B.1 EVIDENCE OF PROGRAM IMPACT**

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

Impact Level	Indicator	Summary of Findings
Acquisition	Students and Participants acquire skills, knowledge and confidence in subject matter	<ul style="list-style-type: none"> ▶ LEMBA program started 10/4/96. ▶ Interviews with PAM past participants suggest that they find the information useful and relevant.
	Enrollment reflects regional reach of program	<ul style="list-style-type: none"> ▶ LEMBA applications reflect population from Lodz region. ▶ The PAM program targets Lodz businesses and 5 adjacent voivodships, and is drawing from that group.
	Enrollments reflect equitable gender distribution	<ul style="list-style-type: none"> ▶ 6 of 26 LEMBA enrolled students are female (24%) ▶ customized training average: 23%; certificate programs: 50%
	Target enrollments are reached for entering class and workshops	<ul style="list-style-type: none"> ▶ The LEMBA target of 26 was reached with this cohort. ▶ PAM Center Workshops enrollments are meeting targets. Enrollments are deliberately capped and, therefore, will not exceed.
	Students and participants positively rate their experience	<ul style="list-style-type: none"> ▶ LEMBA participants give high praise to program after the first term. ▶ UMCP reports 95% satisfaction rates on PAM Center workshop questionnaires. Interviews during the site visit suggest that participants are pleased with the program.
Satisfaction	Faculty and staff positively rate their experience	<ul style="list-style-type: none"> ▶ Faculty and staff are pleased with the LEMBA.
	There is a high demand for the program (LEMBA)	Enrollments are meeting expectations.
	Program retains faculty and students (PAM)	All MBA students are still enrolled; too early to tell for faculty.

Impact Level	Indicator	Summary of Findings
Utilization	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 indicated that they are considering enrolling in MBA .
	Graduates acquire benefit form having completed program	Still too early to tell about LEMBA, but short cycle participants were using the new knowledge and skills in their workplaces. Others were taking greater responsibility and initiative.
Change	Short cycle participants can demonstrate that they have applied course information to their work	Interviews with past participants provided examples of immediate application of information from workshops. One was promoted as a result.
	Local government and businesses use LEMBA and PAM Center as a resource	Still too early to judge for LEMBA.

B. 2 EVIDENCE OF SUSTAINABILITY

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

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received	Local faculty are being exposed to modern management teaching efforts and are team teaching with UMCP personnel in some modules. Local staff will teach independently the second course if offered the second time, as planned in 1997.
	Visiting faculty effectively adapt their courses to local issues and needs	US faculty receive high marks for course relevance and delivery.
	Necessary space, computers, library materials and support staff are available	The space has been provided and is currently being renovated as promised by the University of Lodz. The first shipment of computers have arrived, are installed and in use in the Faculty of Management.

Sustainability Level	Indicator	Summary of Findings
Organizational	Curriculum is approved by the degree-granting institution	The program was approved by the Lodz Academic Senate in April 1996. An increase in applications was observed.
	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. Usually it is more practical for the board to meet one-on-one at board members' convenience.
	Increasing percentage of local staff with administrative authority and responsibility	All administrative staff, but the In-Country Director, are local. UL has appointed a director for the LEMBA program from its faculty. The Long Distance Learning Program has appointed a local Coordinator. A committee is searching for a local Enhancement Coordinator for the Faculty of Management.
	Recruitment and administrative processes result in an equitable selection of targeted numbers of high quality students	Recruitment 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	The application of findings from self-evaluation mechanisms to planning and implementation is progressing.
Financial	Long range strategic plans for funding and program development are developed, implementing, evaluation and revised when necessary.	PAM Center has a strategic financial plan for a sustainable institution after the end of USAID assistance.
	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Program development has been fully funded by the grant. Tuition payments will fully cover costs of course presentation. The short courses are self-sufficient. Estimated 60-70% of LEMBA costs are covered by tuition.
	Increased percentage and source of institution/program funds from non-USAID sources	Several sources are being pursued. Short cycle courses are paid on a fee for service basis.

C. SUMMARY OF FINANCIAL STATUS

The financial situation remains similar to the previous reporting period.

Funding Source	% of total project support 06/30/97
USAID Grant	64%
US Institution	7%
Local Institution(s)	7%
Tuition and Fees	22%
Other Sources	--
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

Despite the initial delays in implementation, the MTEE project has made significant progress in program development and delivery and is on track to achieve solid institutional and financial sustainability. Although several administrative issues between the Center and the University still await resolution, there can be little doubt that the university feels a commitment to this undertaking.

The impact of MTEE training can be seen at both individual and company levels. Both past participants of customized programs, as well as the current MBA cohort, report utilization of the newly acquired knowledge and skills, and in some cases, promotions within the company. This trend needs to be further tracked and documented.

This collaborative effort is the 'youngest' in the Polish MTEEP portfolio and this point needs to be kept in mind when evaluating and often involuntarily comparing it to its counterpart at the Warsaw School of Economics. In contrast to WSE, the UMCP/UL program does not have the benefit of a long-term previous collaboration nor an extensive institutional experience of prior faculty training through Fulbright, Ford, Mellon or IREX grants. As a result, the challenges for the US partner are not only in the realm of program implementation but also in the sphere of changing the mindsets of university administration and faculty. This is not to suggest in any way that UL faculty is lacking professionally. On the contrary, the comments by the US professors attest to the professional level of their Polish counterparts. At the same time, and understandably so, these individuals are not as familiar with the methodology of MBA instruction. In addition, the WSE, as an institution, is familiar with the requirements of US assistance, whereas for the UL, MTEEP is its first serious US collaboration. This administrative adjustment is further compounded by the different nature of the two institutions -- WSE's programs (as the name suggests) are devoted to economic issues, whereas UL is a classical diversified university with competing departmental interests. In light of all this, the achievements of this program are considerable and deserve due recognition.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following actions be taken:

- ▶ Considering the start-up delays, UMCP should carefully examine the program implementation schedule and evaluate the appropriate steps which would need to be taken in order to complete the activities outlined in the proposal. One of such options could be a no-cost extension of activities for one year.
- ▶ Although the UMCP and University of Lodz have made significant progress in reaching an understanding on various issues of program administration, UMCP should strongly encourage the Polish counterpart to support this commitment in writing.
- ▶ The UMCP and the PAM Center should more actively turn their efforts to reaching an understanding with the University administration regarding the leadership transition of the Center.
- ▶ UMCP and the PAM Center should continue their efforts to submit the quarterly reports in a timely manner.
- ▶ The PAM Center should develop a procedure for tracking and reporting on the professional progress of their short-cycle participants and later, of the LEMBA graduates.

UNIVERSITY OF MINNESOTA AND OLSZTYN UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

I. COUNTRY CONTEXT

For Country Context refer to this section in the UMCP portion of the report presented earlier.

II. PROJECT DESCRIPTION

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

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

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

The one-year Post-Diploma Certificate Program (PDCP), with emphases on applied management and economics 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.

Already by the previous reporting period, PACAMAM had become a driving force behind the broad curriculum reform which was inaugurated in 1991. The Center developed close collaboration with the College of Management, established in the fall of 1995, and continues to play an important role in developing management curriculum for the full-time programs.

The DATEX team did not visit the OUAT program during this round of site visits and, therefore, the discussion of the program progress is based on the information gained from the quarterly report and from conversations with the program administration.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

The following are recommendations made in the 1996 Semi-Annual Report and our assessment of progress made toward them during this reporting period: January 1 - June 30, 1997.

UMN should assist PACAMAM in improving the participation of the Center's Advisory Board. This might be accomplished by holding a meeting (perhaps open to a wider audience) to explain the responsibilities of the Board and discuss the contributions it could make toward improving operations of the Center. Currently, PACAMAM depends on the advice and feedback of internal advisors such as the Rector, Deputy Rector, the Dean of the College of Management and solicited advice from its own staff. In the future, the Center plans to constitute an advisory board which will include members from the business community. Since OUAT and UMN are in the process of elaborating the requirements for awarding a joint degree, the creation of an advisory board with appropriate representation from both institutions, will be addressed as part of developments leading toward organizational sustainability of the Center.

PACAMAM should explore the feasibility of offering classes in Business English. There appears to be a strong need for such training among the present and past participants as well as in the region generally. PACAMAM might also consider making such a course a part of EMRIM and PDCP offering, provided it would be financially feasible. At the time when this recommendation was made, neither PACAMAM nor OUAT contemplated evolution of the program toward a joint degree with UMN. The possibility of having a joint degree has created an additional need to increase competency in English among the EMRIM participants. To meet this requirement, PACAMAM is considering offering additional English training (American Business English) as part of preparatory course for EMRIM [the joint degree will have a different name-- International Masters in Rural Business Administration (IMIRBA)]. This training would be offered as a separate course for an additional fee and would target skills needed for making presentations and writing reports. A preliminary outline for such a course has been developed and a market survey has verified both the demand for and the financial feasibility of such a program. At this point in time, PACAMAM plans to launch this program in February 1998, in time to meet needs of the future IMIRBA cohort. At the same time, this course will also be open to other participants.

The current EMRIM students had an opportunity to present their competence in English during their Diploma Seminar where 40 percent of the participants presented their Master's thesis in English. The experience gained from these courses can provide useful lessons for the proposed preparatory English course.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

This information is presented at the beginning of the Poland section on the University of Maryland in this report. What needs to be noted for the OUAT-UMN program is the strong support of USAID/Poland for the endeavor of establishing a joint degree program. In order to enable the institutionalization of this proposal, the mission has dedicated \$100,000 in additional funding for the next two years.

C. PROGRAM IMPACT

Past and current MTEEP participants credit the training with providing improved employment opportunities and enhancing job performance. Since the evaluation team did not visit the project at this time, the following information is based on the results of the earlier interviews. However, the team feels that the effectiveness of this program bears emphasizing. Almost every participant interviewed provided examples of how experience with PDCP and EMRIM has translated into professional advancement. In some cases, initially unemployed participants were able to secure a job in management or marketing, and in other cases those already working, received promotions or better job offers.

At the same time, every interviewee considered his/her training relevant and helpful. The most frequently mentioned application of the newly learned skills include: learning to negotiate with clients, problem solving, developing a marketing plan, choosing profitable products, optimizing production, and calculating project feasibility costs.

Representation of women in the MTEE courses remains strong and has increased since the previous year. The previously observed trend for women's involvement in management training showed a significantly higher levels of participation in shorter PDCP courses than in longer and more demanding EMRIM program. Although this trend still holds true, there has been also an increase in the overall enrollment of women in all programs. In EMRIM I, women accounted for 22 percent but in EMRIM II, their representation increased to 35 percent. In the current PDCP, women account for 44 percent as compared to 36 percent last year. Likewise, women are also significantly represented in the executive workshops, the last one showing 48 percent of participants as women.

D. PARTNER/PROGRAM SUSTAINABILITY

In response to the strong USAID mission support to the possibility of creating a joint degree program, PACAMAM prepared a proposal addressing the various issues relevant to this undertaking. This is still an on-going process and the discussion presented in this report reflects only the current stage of elaboration. The proposal addresses issues of joint degree program requirements and programmatic, organizational and financial sustainability of PACAMAM. This discussion is presented under the appropriate subcategories below. The discussion is followed by the update of the on-going PACAMAM activities.

Programmatic Sustainability

Creating a joint degree program requires decisions regarding the type of the degree to be offered and the suitability of the involved institutions to confer the degree. As a result of the series of discussions between the representatives of UMN, OUAT and USAID/Poland, there is now an agreement between the UMN's College of Agriculture, Food and Environmental Sciences (and its Department of Applied Economics) and OUAT's College of Management to work on preparation of a joint degree program. The first challenge facing this undertaking deals with the fact that the College of Agriculture cannot offer an MBA degree because, as a professional degree, it is offered by the Carlson School of Management. The two institutions propose to overcome this barrier by offering their respective degrees with the same specialization. Under this arrangement, the College of Agriculture would award a MA in Agriculture with specialization in Rural Business Administration, and the College of Management would award a MSc in Management with specialization in Rural Business Administration. As a result of this arrangement, EMRIM/IMIRBA will be transferred from PACAMAM to the College of Administration. This move would further enhance the educational programs of the institution.

Changing the focus of EMRIM will make it better suited to the evolving needs of the region. EMRIM was specifically designed to respond to the needs of agricultural management. As this sector of the economy undergoes changes in response to the transition to a market economy, EMRIM needs to respond to the new challenges and restructure its course offerings. The proposal regarding the type of degree emphasizes the continued maintenance of the unique nature of the program while at the same time shifting the emphasis from agriculture and agribusiness to rural business administration dealing with such development issues as tourism and environmental landscaping. This shift of emphasis would be reflected in changing the program name to International Masters in Rural Business Administration (IMIRBA).

A joint degree necessitates additional faculty development and training. At the moment, PACAMAM has eight faculty members trained through the MTEE project. The new degree status would require not only the continuing participation of UMN faculty in program delivery [which was not the original intent] but higher numbers of OUAT faculty trained at UMN. A very conservative estimate for the immediate future calls for two additional faculty.

Expanding program offerings will promote PACAMAM's position in the region and contribution to regional economic development. With continuing and growing demand for PDCP, PACAMAM is planning to diversify the current program by designing separate PDCP programs dealing with specific areas, such as marketing, insurance, management, and business law. These programs could be designed based on the specific market demand. The Center also plans to continue and expand by developing customized training courses and consulting projects, such as the programs for the Association of Dairy Cooperatives, and marketing training for high school teachers, respectively. Another program which would support both EMRIM and PDCP is American Business English.

Organizational Sustainability

The organizational sustainability has two components: one dealing with the type of degree to be offered, another with the cooperation between the US and Polish institution, and another between PACAMAM and the College of Management. The former component is still in its initial stages of elaboration and it would be premature to address it at this time.

PACAMAM will profit from establishing closer collaboration with the College of Management. The College of Management is well suited for becoming the base of PACAMAM's future activities by providing the Center with the core faculty for its programs and lending it academic prestige. The first planned step in this direction is the transferring of EMRIM under the auspices of the College.

Changing the name of the Center will broaden its appeal in Poland and in the region. The change of the name would be consistent with the restructuring of programs and would reflect the broader rural management as opposed to strictly agri-business issues. The proposed name is: International Center for Marketing and Management. Restructuring of training programs would enhance the Center's appeal as a training facility for participants from NIS. This change would also make the Center eligible for grants from the European Union.

Financial Sustainability

The prestige commensurate with offering a joint degree will enable sufficient tuition increases to make the programs financially viable. From the very beginning, PACAMAM was faced with the challenge of delivering quality programs in an economically underdeveloped area with corresponding constraints on tuition levels. To make the programs financially sustainable, EMRIM would need to raise its tuition from the present level of 3000zł to 4000zł for the next year and eventually to 5000zł. It is felt that the prestige of a joint degree would translate into the needed market response. The tuition for PDCP also needs to be raised from 1950zł to 2500zł. The proposed course diversification is believed to justify the price hikes.

The financial sustainability of the Center will be further enhanced by embarking on fundraising and offering other programs, such as customized training, consulting, and Business English.

PROJECT UPDATE

Programmatic Sustainability

Demand for EMRIM and PDCP continues to be high. EMRIM will graduate its first cohort, numbering 22, in June, 1997, and has successfully enrolled the second cohort consisting of 31 participants. The drop out rate has been minimal with only one person in each class. This year's demand for PDCP has doubled as compared with the last year and, as a result, two parallel cohorts,

totaling 76 students, have been admitted. The enrollment has remained intact as of the June 30, 1997 reporting date. The interest in this year's program is also very strong.

MTEEP continues to make good progress toward developing a stable base of faculty for its programs. Participants interviewed during the last site visit spoke highly of the quality of instruction delivered by the Polish faculty trained through MTEEP. During the current reporting period, one staff member is attending UMN for six months and another is scheduled to come for the summer session.

Second quarter evaluations give high ratings to EMRIM and Post-Diploma courses. The averaged training evaluations of the two EMRIM cohorts and the PDCP show that 82 percent of participants recognize these courses as relevant to their needs; 76 percent state that the content recognized the local economic situation; 71 percent agree that the courses provide an appropriate balance between theory and practical application; 56 percent feel that they have gained skills which they will apply in their work; 75 percent state that they had access to all the resources such as books and computers that they needed; and 76 percent would recommend this course to their colleagues, if they were looking for this kind of assistance.

At the same time, two courses (Management Accounting and Marketing I - Price and Market Analysis) have much lower scores for gaining skills which participants will apply at work -- 13 percent and 32 percent respectively. Such scores indicate a need to examine the effectiveness of the instructional methods used for transferring the content to the students. In the case of Management Accounting, there was also a relatively low score (47 percent) for relevancy of the course to the needs of the participants. This issue also needs to be considered in the process of the subsequent course review.

The two sessions mentioned above have lowered the level of the scores overall. Most of the average percentages are in the range from upper 70's to upper 80's, however, the average scores of EMRIM II (61 percent) are considerably lower than EMRIM I, (82 percent). The average scores of the Post-Diploma Certificate Programs are equal with EMRIM I at 82 percent overall.

Organizational Sustainability

PACAMAM is run entirely by the local staff. The staff is clearly well qualified and effective in carrying out individual responsibilities, even when the MTEEP Program Director is on a six months leave upgrading qualifications at UMN. Although he has been actively involved in the discussions related to the elaboration of the new strategic sustainability plan and awarding of a joint degree, the regular day-to-day activities of the Center, to the credit of all the staff members, are run without his involvement.

E. PROGRAM 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. There have been no changes among the administrative personnel of the Center. Just like its counterpart at WSE, the project enjoys strong support from USAID/Warsaw.

IV. RESULTS IN BRIEF**A. PROGRAM REACH***Program Reach Data from January 1 - June 30, 1997*

The program has graduated its first EMRIM class, 32% of which are women. PDCP continues to show strong demand as witnessed by two parallel classes being offered this year. Participation of women continues to grow with 45% this year.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	EMRIM I & II	36	17	53
Certificate (list by type)	PDCP	37	30	67
Seminars (1 day maximum)		13	12	25

B. SUMMARY OF FINDINGS BASED ON INDICATORS**B.1 EVIDENCE OF PROGRAM IMPACT**

EMRIM and PDCP participants attest to professional growth and advancement as a direct result of training received and they implement their knowledge and skills at their workplace.

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

Impact Level	Indicator	Summary of Findings
	Enrollments reflect equitable gender distribution	<ul style="list-style-type: none"> ▶ In EMRIM II, 35% are women. This is less than USAID/Washington's target of 50%, however, the percentage has increased from 22% six months ago. ▶ In PDCP, 44 % are women. The increase in female participants is up from 36%.
	Target enrollments are reached for entering class	<ul style="list-style-type: none"> ▶ In EMRIM, two cohorts are in process, one graduates in June 1997, the other in June 1998. ▶ For PDS, two classes are continuing, 33 and 34 participants are enrolled.
Satisfaction	Students positively rate their experience	Participants rate all the programs highly, although an improvement in presentation and rating should be expected in some of the EMRIM II courses.
	Faculty and staff positively rate their experience	Faculty and staff rate the programs highly.
	There is a high demand for the program	Demand exceeds capacity, two - three participants for one place.
	Program retains faculty and students	<ul style="list-style-type: none"> ▶ All students and faculty are continuing in the EMRIM program. ▶ All faculty are continuing in the PDCP program. Retention rate is high.
	Program is responsive to students' and faculty's needs	Program questionnaires are completed and administered in Polish and English.
Utilization	Graduates acquire benefit from having completed program	<ul style="list-style-type: none"> ▶ Participants tell of successful transfer of EMRIM skills and knowledge. ▶ PDS participants demonstrated applications (marketing and business plan creation, choosing profitable products, networking, organizing NGOs) to professors.
	Cross marketing occurs	No specific evidence of cross marketing at 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)	Still not able to tell.

B.2 EVIDENCE OF SUSTAINABILITY

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

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received	Local faculty are team teaching in each module. More are teaching on their own now.
	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.
Organizational	Executive Supervisory committee has balance of US and Polish representation	The committee has a balance of US and Polish representation but they have not met as yet.
	Increasing percentage of local staff with administrative authority and responsibility	The program is run entirely by the local staff.
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Based on the first and second cohort, the students are of high quality.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	The administration has created a self-correcting environment by immediately applying the feedback from questionnaires to the program.
Financial	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.
	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Ways of managing a fair scholarship program has yet to be created.
	Increasing percentage and sources of institutional/program funds from non-USAID sources	Alternatives, including fund raising, are being considered. Fees alone will support most programs after the faculty is developed and the materials created.

C. SUMMARY OF FINANCIAL STATUS

Contributions from the USAID grant are decreasing while those from tuition and fees are increasing.

Funding Source	% of total project support 6-30-97
USAID Grant	40%
US Institution	10%
Local Institution	20%
Tuition and Fees	30%
Other Sources	-
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

PACAMAM continues to improve the already well running EMRIM and PDCP. Both programs receive high evaluation scores and meet (and often exceed) set enrollment targets.

MTEEP training has contributed to professional growth and advancement of the majority of the participants as well as led to a more efficient performance of the companies for which they work.

As part of the preparation to offer a joint UMN-OUAT degree, PACAMAM is in the process of reevaluating its programs and searching for innovations to enhance the future EMRIM training. One such approach includes offering a pre-EMRIM Business English course which, in addition to the language skills, would emphasize report writing and oral presentation. This course may be offered either towards the end of 1997 or at the beginning of 1998.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following actions be taken:

- ▶ While searching for the most effective pre-EMRIM preparatory program, PACAMAM may profit from the lessons learned by the Riga Business School which has a very successful pre-MBA and General English training.
- ▶ 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 consider formalizing the already active interaction between the Center and its graduates by establishing an Alumni Association.
- ▶ PACAMAM should continue to explore opportunities for providing third country training for NIS participants.

UNIVERSITY OF MINNESOTA AND WARSAW SCHOOL OF ECONOMICS**I. COUNTRY CONTEXT**

For Country Context, refer to this section in the UMCP portion of the report presented earlier.

II. PROJECT DESCRIPTION

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

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

This was the third of the series of monitoring site visits. The previous visits took place in the fall of 1995 and 1996. The purpose of this visit was to update project information and to conduct interviews with the staff and current participants. The materials used for this report include interviews with program staff and participants and written success stories compiled by the project. No quarterly report for January - March 1997 was available. The program reach data come from communication with the In-Country Project Director.

III. PRINCIPAL FINDINGS**A. STATUS VERSUS PREVIOUS RECOMMENDATIONS**

Two recommendations were included in the MTEEP semi-annual report. Action has been taken on both of these as noted below.

PACEM should redouble efforts to clarify its legal status. Great progress has been made since the last visit -- a strategic plan has been presented to USAID/Poland which outlines the organizational and legal structure of PACEM. The specific legal issues are being addressed by a legal expert hired for this purpose. These issues are discussed in greater detail under **Program Sustainability**. USAID/Poland accepted the strategic plan and strongly supports the UMN-WSE efforts.

UMN and WSE should reach an understanding as quickly as possible on the possibility of awarding a joint degree. PACEM received all the required endorsements from the WSE authorities to proceed with the awarding of a joint degree. The elaborated proposal satisfied the conditions put forth by the UMN's Carlson School of Management and resulted in a strong recommendation in favor of the joint degree by the latter to the university authorities. The Board of Regents gave its official approval to this undertaking on Friday, May 9.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/Poland strongly supports the new vision of the UMN-WSE program. USAID/Poland realizes that in order to effectively implement and institutionalize the joint-degree project, additional time and funds are necessary. To that effect, the Mission will support both programs (WSE and OUAT) by providing funds outside the scope of the present agreement. According to this arrangement, WSE will receive \$300,000 and OUAT \$100,000. The US partner has been asked to devise the appropriate management structure for the additional funds. Please refer to this section in the UMCP portion of this report presented earlier.

C. PROGRAM IMPACT

The results of training are clearly discernable at both individual and institutional levels. PACEM hired a journalist to conduct interviews with WEMBA I participants in order to determine their individual professional growth and advancement since they entered the program. These individuals hold responsible positions in major national and international companies. The overwhelming majority attest to very significant professional growth, as demonstrated by raises in salaries, promotions, and job offers, and directly attribute this progress to their participation in the MBA program.

Below are some examples of the impact MBA training has had on the professional advancement of the participants.

- ▶ One of the interviewed WEMBA II participants, a lawyer, was doing only legal work for his company prior to enrolling in this program. Presently, he combines his legal expertise with newly acquired skills in budgetary issues.
- ▶ Several WEMBA I students report two to three fold increase in earnings over the period of the past year and a half.
- ▶ Several participants have been offered new positions with greater responsibilities and commensurate salaries.

Another WEMBA I student received professional recognition from his colleagues from Germany, Switzerland, Austria and CEE countries during a regional meeting of his company. His presentation was deemed the best and he credits his MBA training for the skills in this area. As a result of his

presentation, he was successful in convincing the management of the company that Poland is the second most important market in Europe, after Germany, for computer technology sales.

WEMBA I students also are having an impact at the institutional level as evidenced from the examples below.

- ▶ Creating (with a colleague) a financial liabilities clearing department at his bank. The number of employees increased from two to eleven and the turnover rose from 20 million zloty to over one billion.
- ▶ Developing a marketing plan for services and implementing the first phase of the plan.
- ▶ Creating a restructurization strategy for the entire company.
- ▶ Increasing sales by 30 percent as compared with the same period in the previous year.
- ▶ Increasing the market share of the company's product by 70 percent within a one year time period.
- ▶ Introducing new procedures -- internal accountability and reporting.
- ▶ Starting a new business.

Women enrollment in WEMBA remains below the USAID targets. In the present cohort, women constitute 20 percent of the participants. This is lower than in WEMBA I (with 26 percent) and certainly below the USAID goal of 50 percent. At the time of the visit, the new recruitment process was just beginning.

Success Stories

A graduate of the Medical Academy in Lodz started to work as a District Manager for the Laboratories "Fournier," in March 1995. During this time, he created three service regions which are overseen by three new employees, also hired by him. In an effort to increase sales, he conducted research aimed at determining the appropriate client target group. While he was a Sales Manager, the company's turnover increased by 30 percent in comparison to the previous period with the same personnel composition. His contribution to the company's success has been recognized and rewarded by 2.5 times increase in salary. Currently, he is engaged in developing a new sales structure for the company which envisions an increase in the number of representatives from 17 to 34.

A doctor who holds a degree in engineering from Warsaw University of Technology, prior to enrolling in WEMBA, taught at the University of Lublin and held a position as a Senior Research Scientist at VTT Electronics (Electronics Institute, Technical Research Centre of Finland). He was

also a project manager in high-tech research and development projects in Finland and the European Union (ESPRIT and BRITE/EURAM programs, and ESA-European Space Agency). He is the author of one book, numerous articles and conference papers, and of two patents.

After completing the first year of the WEMBA program, he started a high-tech company for software development and multimedia productions (CD-ROMs, Internet-WWW and intranet). The company won an international contract competition and now five persons (two with PhD degrees) are involved in the production. The company is also involved in negotiations to start other projects. The company's objective is to provide for the Polish market high standard professional services based on the experience of Western countries.

He credits the WEMBA program with creating a sound basis for starting the company, organizing and managing its operations, marketing, logistics, and customer service. "I do not think I would have started the company without the WEMBA program. I also strongly believe that the results the company achieved after just a few months of operations would have been impossible without my participation in WEMBA."

D. PARTNER/PROGRAM SUSTAINABILITY

Programmatic Sustainability

WEMBA and short-cycle courses continue to attract qualified participants and meet enrollment targets. WEMBA II has exceeded its target enrollment of 30 by six. The program promotion for WEMBA III is implemented under the auspices of a joint UMN-WSE degree and already at this stage the applications have exceeded the levels of the previous years.

The participants in Round-Table Seminars and Executive Workshops come from all over the country. The continuing high demand for this type of training is an indication of both PACEM's good understanding of the market needs and the recognition of the high quality of the programs. This year, the number of offered short-cycle training events has been increased to eight, from the originally planned seven. There has also been a shift in emphasis, from public to private sector issues. This shift is driven, to a large extent, by financial considerations since the public sector is not always able to cover the costs of the course preparation.

At the time of the visit, a Round-Table workshop on urban planning was taking place. The participants were all employed by *gminas* (an administrative region) which are required by law to have an urban development plan. The participants found the seminar topic very timely and well delivered. As a matter of fact, they had several suggestions for follow-up seminars.

WEMBA participants are generally satisfied with the quality of instruction. All those interviewed, are emphatic about the benefits of participation by the US professors, particularly when commenting on the innovative teaching methods (from the point of view of Polish practice). While some students

expressed concern about both the ability and willingness of some of the Polish professors to continue the efforts of interactive teaching, others provided examples of excellent teaching, meritoriously and methodologically, by Polish faculty and not so stellar a performance by the US counterparts. In the end, all seemed to recognize that performance of professors is linked to their abilities and training rather than national origins.

WEMBA program delivery can be upgraded by improving the organization and distribution of instructional materials. This point has been repeatedly made by participants in both cohorts. They noted that the material should be organized into clearly marked packets/readers, stating the course/subject and instructor and be distributed at the beginning of the term (or as soon as feasible) and not, as is often the case now, at the beginning of a given lecture. Having materials available prior to the class would enable students to better utilize their time and cover some of the material prior to instruction. Likewise, if an instructor decides to introduce new material, he/she should supply a copy of this material at the beginning of the class.

PACEM continues to develop new programs beyond the original scope of activity. In addition to the two one-year post-diploma programs developed and introduced in the fall of 1996, PACEM also collaborates with PIET. The latest activity involved a program for the Ukrainian Ministry of Public Affairs dealing with the Polish experience with unemployment, social policy development, and providing social support by state and local governments for regional development.

Organizational Sustainability

The University of Minnesota and Warsaw School of Economics entered into a strategic alliance which will sustain the Executive MBA program in its current delivery. Both institutions reached an agreement on offering a joint UMN-WSE degree. This agreement requires a specific institutional arrangement which guarantees PACEM programmatic and financial oversight over its activities. The new strategic plan involves establishing a foundation which would be a three-tiered structure: (1) inter-university entity responsible for programmatic aspect with a program director at WSE; (2) a foundation board with university rectors as members; (3) a managing (executive) director with marketing staff, support staff, and accounting and legal functions contracted out. The accreditation process is still being finalized and, therefore, the graduation ceremony has been postponed from July to September or October, when all the required paperwork is expected to be completed.

With this institutional arrangement in place, the MTEE program has acquired a very strong base for both programmatic and financial sustainable development in the future. On the one hand, there is the strong commitment from UMN to continue extensive faculty involvement in the course delivery (50 percent), thus providing the required measure of quality control. Through the Foundation, PACEM will be able to not only increase the tuition fees but also embark on the fund-raising campaign, and most importantly, retain the financial control over the generated funds.

Securing adequate space will continue to be a challenge for the near future. Shortage of instructional space is a notorious situation for many of the institutions of higher education in Poland, and WSE is no exception. It is hoped, however, that with creation of the Foundation there will be a better opportunity to secure good quality classrooms, similar to those being used by the WEMBA II.

Financial Sustainability

The financial strategy is being fine-tuned as part of the preparation for grant completion and achieving financial sustainability. PACEM completed detailed cost-benefit projections which include US faculty involvement, salary and fringe benefits for the Director, Marketing Director and various other administrative functions. Presently, a substantial portion of costs will still have to be covered through fund-raising. Some fund-raising has already started with the local companies and plans are being made to expand this activity in the near future.

PACEM is also in the process of conducting an assessment of short-term training programs to determine their programmatic and financial feasibility. A needs assessment questionnaire was distributed to approximately 2000 companies. So far the response has not been impressive. Follow-up activities such as telephone calls and personal interviews are being planned in order to increase the level of responses.

From the financial perspective, WEMBA covers 45 percent of delivery costs, executive workshops and round-table seminars break even, public sector seminars are money losers, covering only ten per cent of costs, while post-diploma studies generate moderate profit.

E. PROGRAM MANAGEMENT

There have been no staffing changes at PACEM. The program 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.

The relationship between the US-based staff and PACEM staff is very cooperative and collegial. Likewise, the relationship with the local mission is close.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

Program Reach Data from January 1 - June 30, 1997

The program has graduated its first MBA cohort, 28% of which are women. One workshop has been postponed due to low enrollment.

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	1	26	10	36
	2	28	8	36
Workshops (multiple days)	2 (one postponed due to low enrollment)	11	6	17
Other ** (specify)	1 public lecture by US professor			

B. SUMMARY OF FINDINGS BASED ON INDICATORS

B.1 INDICATORS OF PROGRAM IMPACT

The impact of MBA training can be clearly seen at individual and organizational levels - participants are being promoted, receive salary increases, and introduce new and/or improved practices into operation of their companies.

Impact Level	Indicator	Summary of Findings
Acquisition	Students acquire skills, knowledge and confidence in subject matter	<ul style="list-style-type: none"> ▶ WEMBA students have demonstrated immediate application of material even before the program is concluded. ▶ Short-cycle programs' participants rate highly the content and presentation of programs, noting that they plan on applying material.
	Enrollment reflects regional reach of program	<ul style="list-style-type: none"> ▶ Most WEMBA students hold executive positions with Polish and international companies operating in the Warsaw area; this meets the planners' goal. ▶ Short-cycle programs reflect diversity of occupational and regional groups, meeting their goals.
	Enrollments reflect equitable gender distribution	<ul style="list-style-type: none"> ▶ WEMBA I and II have 26% and 22% women participation, respectively. This is less than USAID target of 50%, but seems consistent with the pool from which the candidates come. ▶ Short-cycle program participation rate of women is generally higher, ranging from 30% - 80% of all programs.
	Target enrollments are reached for entering class	<ul style="list-style-type: none"> ▶ 36 are enrolled for WEMBA, exceeding the target of 30. ▶ Short-cycle programs usually meet the enrollment requirements; one workshop was postponed due to low enrollment.

Impact Level	Indicator	Summary of Findings
Satisfaction	Participants, faculty, staff & students positively rate their experience	<ul style="list-style-type: none"> ▶ Formal ratings for WEMBA I are not yet available. Interview data suggests that the students rate the program highly. ▶ Majority of short-cycle participants rate programs highly.
	There is a high demand for the programs & services	<ul style="list-style-type: none"> ▶ WEMBA enrollments exceeded expectations. The candidate pool for WEMBA II was 60. ▶ As short-cycle programs are meeting enrollment targets, demand is sufficiently high.
	Programs retain faculty and students (WEMBA)	<ul style="list-style-type: none"> ▶ All of WEMBA I participants are expected to graduate, and only 3 students dropped out of WEMBA II. Only two faculty members were interviewed during this site visit; this issue will receive more attention during the next site visit.
	Programs are responsive to students' and faculty's needs	<ul style="list-style-type: none"> ▶ WEMBA program questionnaires have not yet been completed, however interviews suggest that most are satisfied. ▶ Based on ratings and attendance, short-cycle programs appear responsive.
Utilization	Graduates acquire benefit from having completed program	Information is not available for short-cycle programs. WEMBA students show high levels of utilization at their places of employment.
	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.

B.2 INDICATORS OF SUSTAINABILITY

The agreement between UMN and WSE to award a joint degree creates a unique situation for programmatic and institutional sustainability.

Sustainability Level	Indicator	Findings
Programmatic	Permanent faculty is well trained and its teaching is well received (WEMBA)	Local faculty are team teaching with UMN faculty in each module. They will take over the next time a course is offered. Although the faculty is very skilled, some could still benefit from additional preparation time to meet the requirements of an executive program with an international focus.

Sustainability Level	Indicator	Findings
Organizational	Visiting faculty effectively adapt their courses to local issues and needs	The student questionnaires have not been completed, however interviews suggest that this is happening satisfactorily.
	Necessary space computers, library materials and support staff are available	Computer facilities have been updated and are well suited for the needs of the program. Space allocations have experienced some problems during the fall quarter.
	Curriculum is approved by the degree-granting institution	This has been accomplished. Accreditation process for a joint degree is in the process of being finalized.
	Executive Supervisory committee has balance of US 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	A program retreat was instituted during which program evaluation issues were explored. Both WEMBA and short-cycle programs are being evaluated and changes incorporated into new course offerings.
Financial	Long range and strategic plans for funding and program development are developed, implemented evaluated and revised when needed	These are being discussed and will have to be finalized in the near future.
	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Tuition for the second cohort has been modified not only to reflect growing costs, but also to drive the program towards self-sustainability. WEMBA covers 45% of delivery costs, executive workshops and round-table seminars break even, public sector seminars are money losers, covering only ten per cent of costs, while post-diploma studies generate moderate profit.
	Increasing percentage and sources of institutional/program funds from non-USAID sources	15% of funding comes from tuition and fees.

C. SUMMARY OF FINANCIAL STATUS

Contributions from the local institution have increased while those from tuition and fees have slightly decreased.

Funding Source	% of total project support 6/30/97
USAID Grant	60%
US Institution	5%
Local Institution	20%
Tuition and Fees	15%
Other Sources	-
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

The most crucial issue which was at the core of sustainability discussions, namely, awarding a joint degree, has been resolved and the program is well positioned for assuring programmatic and financial sustainability. The program administration, both in the US and Poland, is actively involved in the search of the most effective institutional solution to support the joint degree activities. The additional USAID funds will enable both institutions to develop and implement the necessary procedures for the joint degree program.

The impact of MBA training can be clearly discerned at the individual and institutional levels. The former is manifested through promotions and increased earning capacities, and the latter through improved company performance, often as a result of restructuring or introduction of new procedures.

Although the delivery of the program has received high overall marks, it still falls short in the organization of instructional materials. This issue needs urgent attention, particularly in view of the high status of the program.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following actions be taken:

- ▶ PACEM administration should direct its immediate attention to improving the organization and distribution of the instructional course materials. Considering that WEMBA will become a unique program in the country, this aspect of its delivery should also reflect the accepted standards in the US.
- ▶ PACEM should continue efforts to track and collect information on utilization of MBA training by WEMBA students.

I. COUNTRY CONTEXT

On November 17, 1996, Romanians went to the polls in a run-off election to choose a President. Opposition party candidate Emil Constantinescu defeated President Ion Iliescu, ousting the remnants of the communist party apparatus that had controlled Romania for the last 50 years. In parliamentary elections two weeks before, voters had given the center-right opposition parties under the umbrella of the Romanian Democratic Convention (CDR) a victory of more than 70 percent over the ruling Party of Social Democracy (PDSR). The new President Emil Constantinescu is a former university rector with little political experience, whereas Iliescu of the PDSR represented the successor to the National Salvation Front of former dictator Nicolae Ceausescu.

Recent information from the Embassy of Romania indicates that 1996 had mixed results economically. Real GDP growth slowed from 1995 (4.1 percent from 6.9 percent), although the GDP per capita increased (to \$1510 from \$1450). Inflation increased slightly to 38.8 percent, while unemployment was lower, hovering around 6 percent for most of the year. In March 1997, the average monthly wage was 93.3 percent higher than a year earlier; however, there was a real (26.8 percent) fall in purchasing power over the year because of inflation.

The new government has imposed a stringent austerity plan in an attempt to comply with IMF and World Bank benchmarks mandated under their assistance agreements. In mid-April 1997, the government had signed an initial letter of intent to the IMF regarding reforms. There is concern on whether the government can meet the conditions of the IMF, and if so, what the practical near term results on the economy will be. These efforts are also directed at enabling Romania to be successfully considered to join NATO.

This has provoked a great deal of caution in the private sector, including SMEs, as they wait to see what kind of effect these measures will have. As a result there has been little growth in recent months, although the effects do not yet appear to be significantly detrimental.

WSU reports that the state of the banking sector in Romania is one of the critical issues on which the government must concentrate this year to spur investment. There is a current lack of funds for the SME sector. Normal bank loans require collateral of up to twice the value of the loan and the payback periods are between one and three years, even if the capital equipment in which the money is invested has an expected useful life of 10 years. This results in high payback amounts in a short time frame, which seriously impacts cash-flow, which is a key factor for a business's operational sustainability. PHARE has not given loans or grants since 1995. They are planning to release some funds later this year, but there is no concrete evidence of when this will happen.

In mid-April, the Banca Romaneasca and the Romanian-American Enterprise Fund announced the establishment of a Small and Medium Loan Program. The RAEF Board of Directors approved a \$5 million investment in the program to be run through the Banca Romaneasca branches in Bucharest and Pitesti initially. Loans are to range from \$20,000 to \$100,000 and are for expansion of businesses, not start ups. Until recently, RAEF had limited its small loan program to Cluj.

II. PROJECT DESCRIPTION

Washington State University (WSU) entered into a grant agreement in Romania under MTEEP in 1991. The current grant agreement was signed in September 1994 and runs through September 30, 1998. The USAID contribution is for \$2,999,888.

WSU began by developing a working relationship with the Polytechnic University of Bucharest (PUB) (Universitatea Politehnica din Bucuresti), the Academy of Economic Science (ASE) also in Bucharest, and various Romanian government agencies, including the National Agency for Privatization to establish a network of Centers for Business Excellence (CBEs) providing business management consulting and training to small business owners. The program was eventually expanded to include other activities (including business research and human resource management/job placement) and locations. Today, in addition to the two institutions noted above, the CBE Network (CBEN) also includes Centers for Business Excellence at the University of Craiova in Craiova, and the Chamber of Commerce in Timisoara (in conjunction with the university there) and, on an informal basis, the Black Sea University and Ovidius University of Constanta.

The DATEX MTEEP team has made two site visits to Romania in the past year. In the fall, all four centers were visited, and a heavy emphasis was placed on interviews with past participants. The spring trip was brief, being conducted immediately after the Spring Project Directors Conference held in Bucharest. The emphasis of this trip was on sustainability of the centers. These visits and the WSU quarterly reports provide the inputs for this report.

The WSU program is progressing well toward achievement of its stated goals and objectives, and looks to remain on track to meet program goals when the project ends in September 1998. The Centers for Business Excellence (CBEs) are operating in association with each other and are having an impact commensurate with the size and scope of the effort. The program of training business counselors is well established, and there is a core of Romanian counselors who have completed a Master of Business Counselor (MBC) or Professional Business Counseling (PBC) certification. The counselors are university faculty members, and Centers are typically housed on a university campus. The business counseling services provide a much needed service to a growing Romanian private sector that has little other source for practical knowledge to strengthen small and medium enterprises. Program sustainability has become of primary importance to WSU, as the program enters its final year. Of particular concern to WSU is the potential threat that program funds for their final year will be eliminated under USAID's reengineering process.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

There were four primary recommendations from the December 1996 MTEEP Semi-Annual Report for the WSU program. Action has been taken on all of them as noted below.

USAID/Romania should involve WSU staff and partner institutions in the Strategic Objective (SO) review process so that they have a stake in identifying measures of program impact. This has happened. WSU has taken a very active role on the SO Team, and has played an integral role in the development of appropriate indicators for achievement of USAID's strategic objective 1.3. As a result they have also identified the indicators of their own program's success that feed directly into USAID SO indicators. An added benefit is that the other members of the SO team, as well as WSU, have deepened their understanding of how their individual activities combine in a unified effort to meet SO 1.3. Several instances of collaboration among the different USAID projects has resulted.

WSU should take the lead in collaborating with PVOs and NGOs involved in business consulting and training services in discussing common measures of impact. WSU has played a critical role in pursuing this recommendation through its work with USAID's SO Team.

WSU should share its lessons learned in establishing its business consultancy network with other MTEEP grantees in the region that are still struggling to do so. WSU used the MTEEP Spring Conference in Bucharest to share many valuable lessons. The conference also brought them into contact with other MTEEP grantees, and many of the program representatives from other countries and WSU held discussions, and arranged for further follow-up and sharing of ideas. WSU has provided DATEX with success stories from their program, some of which have been featured in the MTEEP newsbrief.

The CBE Network should make a concerted effort to explore alternative sources of funding in addition to its revenues from fees to assure institutional sustainability. Each of the four (4) Centers has developed a sustainability plan, in consultation with WSU, in order to ensure each Center's continued success at the conclusion of the WSU MTEEP activities in September 1998. Each Center has identified a combination of different funding sources, appropriate to their individual situations, to substitute for the current USAID funds. Two of the Centers were meeting their established funding targets at the end of the first quarter 1997, while the other two were behind, but still making progress.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

The WSU MTEEP activities fit under the USAID/Romania Strategic Objective 1.3, accelerated growth and development of private enterprise. With the development of a new strategic plan in 1997 within the Mission, three intermediate results (IRs) to SO 1.3 were identified, with their resultant impact indicators:

- ▶ Growth in small and micro enterprises (SMEs) (*Impact Indicators*: new jobs created/retained; growth in market share; improved labor productivity).
- ▶ A legal framework and policy environment supportive of SMEs (*Impact Indicators*: legislative/policy change).

- ▶ Institutional capacity supportive of SMEs (*Impact Indicators*: range of new services; increase in new organizations; increase in organization membership; policy initiatives undertaken; change in USAID support).

These new indicators are generally consistent with those USAID/Romania used in the past, as well as the MTEEP indicators previously developed jointly with WSU and USAID/Romania.

The DATEX team learned during the spring site visit that there is a possibility that the new USAID/Romania R4 will eliminate the remaining funding for the WSU grant. The Centers and WSU have gone to great lengths to ensure sustainability within the current time line of the MTEEP program (ending September 1998). Within this time line, it is highly likely that each Center would in fact be sustainable. WSU currently has operating funds through September 1997. All four Centers will be seriously impacted if USAID does not obligate WSU's remaining funds, and discontinues the program prematurely.

C. PROGRAM IMPACT

WSU's program is designed to provide counseling and services to mostly small and medium-sized enterprise owners and managers to foster growth and development of the private sector, and stimulate the reform process. The primary service of each Center is to provide business counseling. Each Center also provides a range of other services to a variety of clients to meet related business development and economic growth needs particular to their location and situation.

The primary client for all of the Centers is the small business owner/manager and entrepreneur. The typical client of the centers is fairly young, between 28 and 40 years old, with some as old as 50. Approximately 40 percent are women. They include presidents, general managers, and directors of departments; some are owners of their businesses while others are employees. Frequently the business is a wife/husband operation, sometimes father/son. Nearly all have worked for state-owned companies until the "revolution" of 1989 and continued working there while setting up their own businesses. Many have degrees in engineering or economics. Most businesses have been started since 1992 and have grown from a handful of employees to between 10 and 100 today. They had been registered before approaching a center for assistance. Most of them began with no bank financing, although several have foreign partners who contributed capital or equipment. Typically, they initially approached a center for assistance in preparing a business plan for submission to secure a loan or grant. Business counseling, research activities, training and seminars are targeted at this group.

The six panelists who spoke at the 1997 Project Directors' Spring Conference are representative of the growing group of repeat clients who have matured beyond start up issues. This group all either owned their own business, usually in partnership with someone else, or were at a senior level making

most management decisions. They covered many sectors including advertising and marketing, computer software, meat processing, and architecture.

In addition to the services described above, the centers periodically offer more targeted support for privatizing firms. High level managers of medium-sized and larger firms are the target clients for these efforts offered through a program called Management Training for Privatization (MTP). The most recent MTP accepted applications from firms related to the shipping industry slated to be privatized in the Constanta area, with six client firms ultimately selected. The program objective was to enhance their management and to improve their attractiveness to investors and/or buyers. The program approach is a combination of two day workshops (with 27 hours of total training) coupled with on-site consulting for the approximately two month long program. The end outputs of the most recent program were written and oral presentations by a team from each of the six companies which could be presented to a foreign investor. These presentations were judged by a panel of experts. Follow on assistance has been available to each company in their pursuit of financing. The next program is expected to focus on the food processing sector.

Specialized training programs are another service targeted at medium-sized and larger firms. These programs are developed under contract to meet the needs of specific companies. Small and medium-sized firms participate in seminars and make research requests. The students and the professors at the participating universities benefit from training and seminars, research activities, and counselor certification.

Business Counseling. The six business owners and managers who addressed the 1997 Project Directors' Spring Conference identified what they need most to continue to be successful: 1) practical knowledge about successful approaches to strengthen their operations and services, 2) knowledge of and access to sources of financing, 3) changes in the current system of laws and the regulatory environment, 4) access to and knowledge of technology, and 5) continuing counseling services to develop their abilities. The unanimous opinion of each of the Romanian entrepreneurs was that the PUB Center provided them with concrete guidance and practical solutions to problems they faced in their business. The results of the counseling had a direct effect on each one's business, and each one would not only recommend the Center, but would pay for the services. The common theme was "practical knowledge." The Center helped them to develop realistic work plans, write loan applications, access credit that they would not otherwise have been able to, and to improve management systems. The fact that all counseling is done by Romanians shows the small business owners and entrepreneurs that they have the local capacity to achieve their goals. It also reinforces this message with the counselors.

Talking with the counselors themselves reinforced all of these points. Their greatest satisfactions were in seeing their clients learn skills, and understand things about their business that they did not beforehand. They all talked about how rewarding it was to watch their clients apply these ideas and come back in and share with them how well they were working.

The Spring 1997 CBE Bulletin, the newsletter of the Center for Business Excellence Network in Romania, congratulated five business counselors who helped their clients write business plans to secure 13 bank loans for approximately 2.4 billion lei in 1996 (using an exchange rate of 6500 lei: 1 USD, this equates to approximately \$370,000). WSU reports that this is quite an accomplishment considering the current lack of funds for SMEs. Most of the money the CBEN counselors were able to help their clients receive were Romanian government credits, of which little money exists.

Research. The Centers mainly fill secondary research requests from clients in the SME sector. The information and resources available at the PUB Center, which conducts most of the research activities for the CBEN, are critical to the continued competitiveness of the SME businesses. These companies would either not have access to this information otherwise, or would not be able to afford to access it. As a result, several SMEs have received critical market information that has helped to secure financing, win proposals, and expand their businesses.

Since spring 1996, the Business Information and Research Department at the PUB/CBE has processed over 200 requests for research from its SME client base. One example is from a graphics designer who had heard about the Mercedes Benz company requesting graphics proposals for a potential ad campaign in Romania. He did not know how to follow up on this information, so he went to the Center and made a research request. The research assistants were able to track down information on Mercedes Benz and get a copy of the request for proposal. The panelist created a beautiful proposal, based on market information that he wouldn't have been able to obtain otherwise, and is now waiting to hear the results.

In addition, the Department has provided services to several larger users including the Romanian Post Privatization Fund, Ernst and Young, and the Romanian American Enterprise Fund. As indicated in the Spring 1997 CBE Bulletin, a profile of the Bucharest construction market was completed for one large client. The final report included detailed information about the main construction companies in the Bucharest area, company sales and profit figures, construction market trends, and information on Bucharest-area concrete plants and their product distribution channels. Response to this report was positive, leading to two additional contracts for research so far. Major research studies such as this are done under fee contracts.

Management Training for Privatization (MTP) and specialized training contracts. These programs work with the senior managers of state-owned privatizing firms. The most recent program was offered in Constanta where the largest harbor on the Black Sea is located. This MTP program worked with 20 senior managers of six privatizing companies to help develop better capacity to communicate and convince potential business partners by developing materials (such as business plans and corporate presentations) and strategies to access financing sources. Representatives from each participating company were required to develop a presentation to make to foreign investors. The program gave each firm the option of having their presentation videotaped. One of the presentations was so impressive that the WSU Project Director has taken the tape back with him to the US to present to some investment groups.

An internal assessment of the program indicated that three of the six firms developed written presentations of their companies that were felt to meet international standards; five of the six firms developed internationally acceptable oral presentations. Consulting and other support continues to be given to these firms as they search for financial partners.

The specialized training contracts are different in that they match the Centers with a company to develop a package of training sessions to meet critical needs within the organization. The impact of both of these programs is to make these companies and institutions stronger and more competitive by providing them with practical skills that they need to succeed in a free market economy. One recent example was a contract received by the Timisoara Center to train breeders of fish in Arad and Timis counties to improve their management, marketing and financial skills, while also preparing them for the privatization process.

Certification/Training of PBCs and MBCs. The WSU program is recognized in Romania for its expertise in training small business development counselors. The MBCs at the Centers continue to train and certify new counselors to perpetuate and expand this expertise. They also accept contracts to train other donor-funded staff. As an example, they are training the staff of UNDP supported business development centers. Recently the CBE at the Polytechnic was awarded a contract with the Program for Active Employment Measures (PAEM), funded by PHARE funds from the European Community, to develop qualified business counselors to help PAEM reach its objective of reducing unemployment in Romania. Based on the quality of the CBE training, they have been awarded additional contracts to conduct counselor training for PAEM.

Open Enrollment Training Programs. All the Centers offer open enrollment workshops or seminars. For example, in February 1997, the ASE center initiated a new series of two seminar programs entitled: "Strategies in Business" and "Computer Aided Business Plan and Feasibility Study Preparation." Each series includes seven modules. Individual counseling was made available to participating clients during the final three weeks before the end of the series. Fifteen to twenty participants attended each module.

Human Resource Management. During 1996, WSU set up the Human Resource Services Department within the Polytechnic University of Bucharest. A database was established to match job and internship opportunities with qualified students. A survey of multinational firms in Romania was also conducted to identify employment and internship opportunities for Polytechnic and other university students. The department conducted a series of seminars on how to write a CV and how to build interviewing skills. Over 200 students benefited from Career Days at PUB held in the fall 1996. The success of this effort has led to its being transferred to a new Center for Human Resources within PUB.

Academic Teaching. The impact that this program has on the professors who are counselors is almost impossible to measure, but easy to identify. The DATEX evaluators met with four of the counselors at the PUB CBE. All of them pointed to a very clear change in their teaching styles, and

their effectiveness as professors as a direct result of their involvement with the Center. They are able to provide realistic examples, lessons, and applications of what they are teaching to their students. In fact, the Centers are perceived in the universities as "management labs," much like a biology lab or chemistry lab. All of the counselors have also broken down many of the traditional barriers and formality between professors and students. They are now much more approachable and responsive to student needs. The long term impact that this has on the students is very difficult to measure, but is part of changing the entire Romanian environment and perceptions of small business and private sector development.

Success Stories. The PUB Center Director is working to establish an Association of Professional Business Counselors in Romania to work on policy issues and regulatory reform in the SME sector. His work with the program has demonstrated to him what business counseling can do to affect and further economic reform in his country. Because of this confidence and energy, he has been sparked to do more. The association is in response to a growing realization, that despite successes in the areas of business counseling, Romanian business does not fully understand the value and the need for these services. The association will serve as an advocate for business counseling and the small and medium-sized enterprise sector, as well as the entrepreneur. Its specific focus is on recognition of business counseling as a profession, and quality standards for business counseling.

SC Misy Prodimpex is a computer software and services firm in Craiova. After attending a conference in Bucharest to participate in a discussion regarding the use of the Internet to support scientific studies, the company's founder went to the Craiova CBE. Together with his counselor, he conducted a marketing study to determine the feasibility of offering Internet services for businesses. Significant opportunities were shown to exist and operations of CISNET (Center for Internet Services and Instruction - translated) started in November 1996. Because of the growth in demand for this service, the founder has returned to the Craiova CBE for help in planning further expansion.

D. PARTNER/PROGRAM SUSTAINABILITY

The WSU program overall appears to be on track to achieve programmatic, organizational and financial sustainability when the project ends in September 1998. All four CBEs are being run primarily or exclusively by Romanians. Not only this, but the Centers' services are being organized and provided almost entirely by the Romanian staff. The evaluation team met with the Directors of each of the four CBEN Centers. The Directors all appear to have a good, realistic understanding of what they need to do to achieve sustainability, although they expressed varying degrees of optimism over how well that will occur. Each Director discussed specific initiatives they were undertaking which seem to be in response to market pressures and needs, in order to adapt their programs and services to stay in demand. Each of the Centers receives strong support from their partner institution which will be key to their successful organizational sustainability. What is most significant for financial sustainability is that all four Centers have a realistic sustainability/business plan, developed in collaboration with WSU, that sets clear targets to counter the diminishing USAID funding. These are being regularly modified to reflect changing conditions.

Programmatic Sustainability. Each Center has been certifying its own new counselors, so they are already able to continue to replenish their counseling capacity as the need develops. Partly as a result of their market research activities, and partly through their daily contact with business owners, managers and entrepreneurs, the Centers are getting better at modifying their services to meet a changing and maturing Romanian market. The Centers have identified growing and increased competition from other business development centers. In Craiova there is a European Union (EU) funded center, although there is currently more collaboration than competition as the market for these services continues to grow there. In Timisoara there is a business incubation center, which has a different focus, and a United Nations Development Program (UNDP) center, of which the Timisoara Chamber of Commerce is a board member.

The ASE and PUB Directors both talked about the maturing Romanian market, which has necessitated a shift in focus for both Centers. *Their counseling, training and seminars are now geared toward strengthening businesses, and expanding and improving operations.* General introductory topics into market economies and business start up are no longer relevant, and have been dropped. At PUB, the growth in the research department has led to training to prepare the research staff/interns in conducting primary research.

All of the Directors agreed that their services will require close monitoring and more attention being paid to marketing and client outreach. Fortunately, each one still felt that the need remains for the Centers' services, as long as they continue to pursue new clients and develop the market. This is especially true for the ASE CBE. They have had difficulties attracting new clients, and need to be more proactive in their client outreach.

Organizational Sustainability. The sustainability of each center as an entity looks promising for each of the Centers because they have all secured significant, though varying, levels of institutional support from their Romanian partner institution.

The Polytechnic University of Bucharest provides good support to its faculty counselors through release time. The facilities are being provided to the Center by the University. The PUB has come to understand the value of this resource associated with them, and the Vice Rector is actively involved in the Center's progress. The Center has now begun to request the use of non-counselor faculty for relevant programs. The CBE uses students and interns in many of their activities, especially research. The most recent WSU quarterly report includes monthly reports from the key CBE staff: Center Director, head of counseling activities, head of research, head of human resource services, and head of public relations activities. Each segment of their operations appears to be well managed.

In *Timisoara*, the Center is supported by the Chamber of Commerce. The Center Director holds dual-positions with the Center & the Chamber which leverage each other. The Center receives excellent support from the Chamber, and serves as a resource of practical knowledge and business linkages for the Center. This spills over to the University, which provides the counselors. The Chamber provides free facilities to the Center, full use of their public relations mechanisms, and an

open sharing of clients. Both the Chamber and the CBE appreciate the complementarity of their services, and the value added for their clients through this relationship.

The *Academy of Economic Sciences* (ASE) Center faces more challenges than the other Centers. They have struggled from a past lack of institutional support from the university. However, there are several new changes that look good for the ASE Center. A new Rector was elected who sees the value of the Center and has pledged open support for their activities, as well as providing the facilities through 1999. While the current Director is being pulled into other activities, the Assistant Director is taking on more responsibility. He brings a fresh perspective and more aggressive style. To complement this, they have recently certified some new young counselors, who could provide a needed "shot in the arm" and enthusiasm to turn the situation around.

At *Craiova*, the *Center* Director appears to have tailored the program well for their specific regional needs. The Center is connected to the Economics Department of the university; however, they have begun to expand the reach of the Center into other areas as well. They now pull professors in with relevant skills from other departments to assist in counseling and training. As a result, they are expanding the base of institutional support for the Center. This also provides additional income for the professors and practical professional development opportunities to apply their technical backgrounds. The Craiova Center also makes good use of students. This saves on costs, and provides excellent experience and exposure to the students.

Financial Sustainability. According to the Directors, the number one priority for all four Centers is financial sustainability. WSU's requirement for each Center to each develop a viable sustainability plan was critical in focussing the attention of the Directors and staff on what they need to do to prepare for the end of USAID funding and still remain viable, providing the same quality and range of services. By the first quarter of 1997, all of the Centers were charging fees for certain services. The contracted training is the best money maker for each Center, and the revenues are used to subsidize other, less profitable activities, like counseling. Most of the seminars and training, as well as the MTP and research, cover their own costs.

PUB offers the largest number and variety of services. From discussions with the Center Director and WSU, they have found a good balance and complement of services, so that they are not stretched beyond capacity. The Director has begun to focus his attention primarily on marketing and outreach. He sees this as the key to their financial sustainability, since no matter how necessary their services are, if clients aren't aware of their value it doesn't matter. *PUB* also charges now for all of their services, although the initial counseling session remains free. The specialized training contracts are most lucrative, and subsidize the counseling costs. Everything else covers its costs. It is estimated that currently *PUB* covers up to 55 percent of the Center's expenses (including the facility, utilities, etc.), while fees cover about 10 percent of the expenses.

In the first three months of 1997, *Timisoara* matched MTEEP funding with its own revenues. *Timisoara* is in a strong position financially, partly because of its unique relationship with the

Chamber of Commerce, and partly because of the economic strength of the region. Fees are estimated to currently cover about 40 percent of their costs, while the Chamber provides support which approximates about 30 percent of their expenses. The Director talked about what the Center has been doing to insure funding for the Center. They have widened their range of services into what they call "projects". These are primarily contracts with companies to do extensive market feasibility studies. She envisions these as their primary source of income. They have reduced the training they provide since there are many outside providers now, and the cost and effort to do training, especially short term, is so high. Instead they work with the Chamber on its training programs.

The ASE plan may need to be reassessed in light of a recent and large drop in new counseling clients. ASE's situation is of greatest concern to the WSU staff. It has advanced the least of the four Centers in the last year. Until recently, it had no real support from its host institution, and the facility they worked in was inadequate. Recently, these conditions have changed. A new Rector, with knowledge of the business center concept, has committed support during his tenure. A new site for the Center has been obtained. The Director discussed how important it was for them to remain a part of the University. They do not have to pay for facilities, and they are able to utilize student resources. The ASE CBE charges for all services, including initial counseling sessions, although the fee is very small. They receive most of their revenue from training programs. It is estimated that currently ASE support of facilities, etc. covers about 48 percent of the Center's expenses; fees cover another 21 percent of their costs. However, current levels of programming and the related revenue appear insufficient to enable sustainability in the near future.

Craiova is on track with its sustainability plans. Although the first two business counseling sessions are free, they have begun to charge for additional sessions, and specific activities, such as business plan development and feasibility studies. They will begin charging fees for business participants in their seminars, although students will remain free. The University provides significant support to this center, which currently is estimated to be in the range of 58 percent; fees provide another 10 percent of their support.

An interesting approach to financial sustainability is being taken by the university rectors, with informational support from WSU. The Rectors are intending to petition the government for support of small business centers in a manner that is modeled after Small Business Development Center (SBDC) funding in the US. In the US, SBDCs are funded for 50 percent of their operations by the federal government (via the Small Business Administration (SBA)) and a 50 percent match by the local university (and whatever sources it finds such as municipality, fees, chamber of commerce, etc). The proposal for Romania is expected to suggest: 25 percent of operational costs funded by the federal government; 25 percent from the university (staff release, facilities, etc); 25 percent from the municipality; and 25 percent fee generation. At the June 1997 Rector's Conference where this idea was presented, the Romanian Minister of Education also presented budget information that showed a likely 7.5 percent cut in the upcoming university budgets.

E. PROJECT MANAGEMENT

Current project staffing. For WSU, the outgoing in-country director has received extensive praise and recognition for her efforts and accomplishments during the past year. She is largely credited with integrating the WSU project into the USAID strategic objective team, and for strengthening programmatic ties with USAID/Romania and the Project Officer. Throughout the year, each of the Centers have been required to develop a sustainability plan, in close collaboration with the in-country director and WSU staff. This has been a difficult process, but the result is that each Center is now in a much better position to insure their sustainability once USAID funds are withdrawn. The incoming in-country director has been a Business Advisor with the WSU project for the past year, and as a result he knows the project and is well acquainted with the various Centers' directors and personnel. This is making for a smooth transition, which is especially critical now as the MTEEP program in Romania enters its last year.

Relations with Partner Institutions. WSU maintains excellent relations with each of the four Centers. For example, based on a request from the Rector at PUB, the US Project Director is making a presentation in June at the National Conference of Rectors regarding the funding of small business development centers in the US, which is relevant to the proposal the Rectors will be considering on similar support in Romania.

In addition, cooperation with other USAID implementors under SO 1.3 is increasing. For example, World Learning teamed with the CBE to provide a training for potential EMED participants. CBEN counselors and WSU staff worked with Intrados to organize and coordinate a seminar for potential stock issuers/members of the Romanian stock exchange (RASDAQ).

IV. RESULTS IN BRIEF**A. PROGRAM REACH*****Program Reach Data from January 1 - June 30, 1997***

For the three main client activities (seminars, workshops, counseling), there has been a 38 percent increase in clients since the beginning of 1997 over the last half of 1996. In addition, the percent of women participants increased from 36 percent to 43 percent. For business counselors, one third of the PBC graduates are women; only 17 percent of the MBC graduates have been women.

Program Type	# Total Cohorts/ Programs	# Male Participants	# Female Participants	# Total Participants	# Male Grads	# Female Grads	# Total Grads
Certificate (list by type)							
PBC		15	11	26	22	11	33
MBC		9	3	12	10	2	12
Seminars (1 day maximum)	75	589	489	1078	N/A	N/A	N/A
Workshops (multiple days)	27	134	148	282	N/A	N/A	N/A
Business Counseling	971	519	285	804	N/A	N/A	N/A
Resource Centers (list by type activity)	(research requests completd)			65*	N/A	N/A	N/A

Note: * Research requests are recorded by company name - not by gender

B. SUMMARY OF FINDINGS BASED ON INDICATORS

B.1 EVIDENCE OF PROGRAM IMPACT

There is considerable evidence of program impact, with a growing number of female participants and strong indications of satisfaction and utilization of training in business. Research efforts are growing to include contracts for primary research.

Impact Level	Indicator	Summary of Findings
Acquisition	Counselors, clients acquire skills, knowledge and confidence in subject matter (counseling, MTP)	Past participants can give examples of information used; counselors directly apply in their work.
	Participation reflects equitable gender distribution	% women increased in last six months to 43%; 40% for year.
	Target participation numbers are reached for clients/businesses (counseling, MTP)	Yes, generally.
Satisfaction	Clients positively rate their experience	Clients surveyed in site visit indicated high satisfaction; spoke of Centers as very supportive of them; follow up contracts signed.

Impact Level	Indicator	Summary of Findings
	Counselors and staff positively rate their experience	Yes, they tend to be very loyal and proud of their affiliation with CBE.
	There is a high demand for the program	Program demand remains high; only one Center had decrease in new clients.
	Program is responsive to clients'/businesses' needs (availability of library resources, workshops of interest, computer resources, etc.)	CBE research department has increased staff to respond to demand; gaining significant contracts.
Utilization	# of assisted businesses still working and/or receiving financing within 6 months of intervention (counseling)	In 1996, 13 loans worth 2.4 million lei to CBEN clients.
	Clients can demonstrate that they have applied information to their work (counseling)	Past participants interviewed specify application of information received.
	# of assisted businesses implementing programs in-house (MTP)	MTP companies active in "marketing" their business plans for financing.
	Change in student demand (HRM)	Interest in HRM leading to transfer of function to new PUB departments.
	Change in # inquiries (IR)	Over 200 inquiries in 1996. Staff added to handle demand.
Change	# or % of businesses indicating improvement in performance (MTP)	Clients interviewed note changes in business, including 13 loans received for business plans in 1996.
	% of students placed (HRM)	No information; however, function being transferred due to demand.
	CBEs seen and used as a resource by employers; change in sales of assisted firms (counseling)	Repeat business strong in all aspects of services.

B.2 INDICATORS OF SUSTAINABILITY

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

Sustainability Level	Indicator	Summary of Findings
Programmatic: general support is sufficient for high quality program delivery	Demand for counseling and services is high	Yes, for all but one center where # of new clients decreased in 1996.
	Increase in number and percent of counseling hours.	Yes, but fluctuates according to loan programs and government initiatives.

Sustainability Level	Indicator	Summary of Findings
	#/% Romanian staff/experts/ certified counselors implementing program	All counseling by Romania certified counselors: 33 PBCs, 12 MBCs certified to date. All but 6 hours (out of 27) of training for MTP handled by Romanian counselors.
	Necessary space, computers, library materials and support staff are available	Yes; generally space is not problem.
Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative/management authority and responsibility	Yes, WSU staff serves advisory role; Centers managed by Romanian staff.
	Legal status of centers; administrative & support systems in place	All centers under control of local sponsoring organization (university or chamber of commerce) where they are officially recognized units.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Evaluation forms are in place, but use of results unclear; thorough evaluation of most recent MTP conducted with specific actions to be taken.
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Draft sustainability plans for all 4 centers are being actively used.
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Fee collection and other alternate funding mechanisms explored and established and operating.	Yes, Centers have implemented a fee schedule for a range of services and do contract work.
	Increasing percentage and sources of institution/program funds from non-USAID sources.	Fees are increasing and local institution contributions are high.

C. SUMMARY OF FINANCIAL STATUS

This data is an estimated weighted average of the funding sources for the four centers supported through the MTEE project, and is not the overall split of sources of funding for the overall program. This was felt by WSU to be a more accurate look at potential financial sustainability of the centers. While the centers appear fairly independent from outside sources of funding, tuition and fees remain a relatively small, although growing, percentage. With the information just received about likely university budget reductions, it is possible that the local institution percentage will be reduced in the future.

Funding Source	% of total project support 6/30/97
USAID Grant	28%
US Institution	7%

Funding Source	% of total project support 6/30/97
Local Institution	53%
Tuition and Fees	12%
Other Sources (included above)	-
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

The Romania program is a success. There has been significant development by WSU of the Romanian counterpart capacity. The Centers are run completely by Romanians. WSU has steadily decreased direct US involvement in the overall program. All four Centers have sustainability plans that are currently being carried out, with varying degrees of success. The Timisoara and PUB Centers are in the best position in this regard.

The Romanian SME sector and private sector market has matured and improved throughout the course of the MTEEP program. The demand for services and training at the Centers has shifted from startup needs, especially in developing business plans to request financing, to strengthening the business through improving internal operations and achieving growth. All of the Romanian entrepreneurs interviewed during the last two DATEX site visits pointed to these services as critical aspects of their successes. While good anecdotal and program reach data is available, more thorough follow up data on the impact - at the utilization and change levels - are not reported on.

The Romanian economic and regulatory environment remain hindrances to the development of the SME sector. The status of the regulatory environment needs to be more fully investigated; however, it was identified by almost all of the Romanian entrepreneurs as a critical constraint for them. Romania is currently under an austerity plan, which has stalled further development of the small business and entrepreneurial sector, as it is too risky at this moment to enter into business. All four Centers identified this as a current problem for them.

The CBEs should be commended for developing sustainability plans, and thinking realistically about how to continue to be viable after USAID funding runs out. Each stands a good chance of meeting funding targets by September 1998, having completed a planning based on the current time line of the MTEEP program. All four Centers will be seriously impacted if USAID does not obligate WSU's remaining funds and discontinues the program prematurely. This program has been successful at moving towards sustainability, and due to its "success" should be rewarded by being given the opportunity to achieve its objectives. Although there is a possibility that the Centers may "survive" if funding is cut early, the programs will suffer significantly, even if they do manage to just survive.

Romanian institutional support is a critical factor in the success and potential sustainability of the Centers. Strong support from the PUB, the Timisoara Chamber of Commerce, the University of

Craiova, and now finally ASE, have been the deciding factor in the continuing success of the Centers as WSU/USAID funding is being phased out.

WSU has succeeded in developing close relations with the Mission. They are active members of the SO team. As a result, WSU has also developed closer relations with other USAID implementors in their sector. The USAID/Romania Project Officer feels that the program is valuable and fills a necessary void in business services in Romania. The transition of in-country management is proceeding relatively seamlessly. The new in-country director has worked with the program for over a year, and there was excellent collaboration between the outgoing and incoming in-country directors throughout the transition.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following actions be taken:

- ▶ USAID should continue to fund the WSU program through its regular completion date.
- ▶ WSU should hold planning meetings with its partners and USAID/Romania to “prepare for the worst case scenario” in regards to their funding. The Centers should develop emergency marketing plans, over and above their regular marketing activities. As part of this effort, WSU should leverage its relationships with the other Romanian projects and implementors to help the Centers identify new clients and service opportunities for the four Centers.
- ▶ WSU and the four Centers need to continue to actively monitor and reassess their sustainability plans to adjust for macro-economic, environmental, and programmatic changes.
- ▶ WSU should strengthen documentation of the results of the program, especially at the utilization and change levels to move beyond the significant anecdotal and success story information that is regularly reported. This has been a successful program, and the main findings and lessons learned are a valuable tool for other MTEEP programs, as well as other USAID implementors. With the possible stabilization of the USAID/Romania strategy and indicators, WSU and the Centers have a basis for more thorough reporting.
- ▶ The Centers need to institute follow up with clients on the value and utility of Center services to feed into market research efforts and program development, enabling the Centers to better adjust their programs to shifting market needs. More specifically, PUB should use their research capability to do more direct market research for the Centers themselves in order to continue to target and adapt their services to market needs.

I. COUNTRY CONTEXT

In the summer of 1997 it would appear on the surface that the Slovak Republic is in good shape. In 1996 the GDP grew at a robust rate of 6.9 percent, considerably better than the neighboring Czech Republic. The central bank has a solid monetary policy that has pushed inflation down to merely 6 percent. The country's foreign debt is among the lowest in Central Europe. However, there are also negative signs. Unemployment is running at a rate of 12.96 percent and the trade deficit is also ballooning as it is in the Czech Republic. Slovak exports are low-tech and commodity-based while imports are primarily capital and consumer goods.

Prime Minister Vladimir Meciar's government is about to push through an enterprise revitalization law that would allow over \$2 billion in enterprise debt to be written off. While this may keep shaky firms out of bankruptcy and their workers employed, it has been criticized as a scheme for "channeling even more taxpayers' money into the pockets of a narrow privatization lobby." Meciar is also planning interventionist and administrative measures to protect the domestic market from imports, a plan hardly designed to please free market advocates and gain points for eventual admission into the European Union.

Responses to the trade problem have been mixed. On the one hand the government has sought to increase its trade ties with Russia, even though in 1996 the Slovak Republic's trade balance with Russia was the worst among all its trading partners. Nevertheless, Russian Premier Chernomydin visited Bratislava in April 1997 where he held talks with Meciar. At the same time, Meciar has complained that the Slovak Republic is being excluded from the list of the first group of CEE countries to be admitted into NATO. The chief of the Slovak Republic's armed forces warned that this could only have negative consequences.

In May a popular referendum was held on two different sets of questions. One asked Slovak citizens whether they want their country to become a part of NATO. The other requested public acceptance of direct presidential elections. Slovaks boycotted the referendum since the government of the Slovak Republic provided the ballots only with the first set of questions on NATO membership.

II. PROJECT DESCRIPTION

The University of Pittsburgh (UPitt) signed its cooperative agreement with USAID/Slovak Republic in October 1995, with a completion date of December 31, 1998. Under the terms of the agreement, UPitt was to enter into partnership with the Economics University of Bratislava (EUB). Under the original proposal the partner institutions would offer an executive, 3-year weekend executive MBA program (WEMBA); a full-time, one year MBA program; and a post-doctoral, post graduate program in Advanced Economics (AE). The WEMBA program was scheduled to begin in January 1996, the AE program in February 1996, and the start date for the full-time MBA was targeted for September 1997.

As of November 1996, all three components of the partnership were experiencing problems. Only the WEMBA program was functioning successfully from a programmatic standpoint, although its financial management had not been satisfactory. By the end of the year the UPitt-Economics University relationship was being dissolved and a new partner relationship was being seriously explored with Comenius University, also in Bratislava. By the time of the spring 1997 site visit the new partnership was in full operation. However, UPitt's request to ENI's Office of Procurement to officially approve the change and a no-cost extension to the grant had not been finalized, although indications were that there was no problem in principle. The UPitt office was set up in the Faculty of Management at Comenius and the first WEMBA I session was begun in January 1997. The Advanced Economics Program was in the process of being transferred to the Comenius Faculty of Mathematics and Physics.

The oldest university in Slovakia, Comenius University was founded in 1919 and named for the esteemed 17th century scholar Jan Amos Komensky. The University of Pittsburgh has had relations with Comenius University for several years, which provided the basis on which to explore a formal relationship. This DATEX site visit came six months after the fall 1996 visit and at a crucial turning point in the implementation of the University of Pittsburgh's MTEEP grant in the Slovak Republic. There were several indications that the new relationship was off on the right foot.

There have been two site visits conducted in Slovakia by DATEX, the first in the fall of 1996 and the second in April-May of 1997. The primary purpose of the latter site visit was to assess progress being made toward the establishment of the new partnership with Comenius University since January 1997.

III. PRINCIPAL FINDINGS

A. STATUS VERSUS PREVIOUS RECOMMENDATIONS

All of the recommendations contained in the DATEX MTEEP January 1996 semi-annual report concerned steps that should be taken to assess the UPitt-Economics University partnership before officially dissolving it. That process was in fact already underway at the time and the new relationship with Comenius University was being formed. Thus, judgment as to the wisdom of that decision will be determined in full in coming months. After five months, however, all indications are that it was the correct decision and the transition is proceeding well, but not without some difficulties. The evaluator met several times with the Pittsburgh project staff as well as the Dean of the Management Faculty, who provided a guided tour of Faculty facilities. Interviews were conducted with several Management Faculty members as well as the Rector which were helpful in comprehending the issues of university governance and attribution of authorities. The evaluator also attended classes of both WEMBA I and II cohorts, the latter just beginning and the former now into its second year. One brief session was held with the Dean and senior professors of the Faculty of Mathematics and Physics.

B. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

The University of Pittsburgh program falls within USAID's Strategic Plan and the Mission has been generally supportive of its efforts. The USAID/Slovak Republic program focuses one of its Strategic Objectives (SOs) on the accelerated development and growth of private enterprises. An intermediate result of this SO is to strengthen the ability of local institutions to provide business training and assistance. USAID considers it essential that the Slovak Republic develop the indigenous capacity to train future generations of managers to carry on the kind of enterprise turnaround and strategic planning that is currently being provided through outside sources. The partnership between UPitt and its partner institution focuses on enhancing the skills of faculty and managers who can profit from modern training in management and economics. The USAID Mission has been quite supportive of the University of Pittsburgh throughout its struggle to start up the MBA and Advanced Economics programs in the Slovak Republic and specifically approved the change in institutional partnership. UPitt has requested that the Office of Procurement in Washington grant approval for the change of institutional partners. However, there has been no official response thus far.

C. PROGRAM IMPACT

The WEMBA Program. Begun at the Economics University of Bratislava in January 1996 with some 19 participants occupying senior and middle level management positions in the top Slovakian firms, the Weekend Executive Management of Business Administration (WEMBA I) program is continuing under Comenius University auspices. Entering its second year, WEMBA I enrollment is now 14 students who are scheduled to graduate in December 1998. Some participants travel several hours from towns outside of Bratislava to attend classes. The second WEMBA cohort began on April 18, 1997, with 19 participants who are expected to graduate in April 2000. All participants in both WEMBA I and II are men.

The WEMBA is a three-year program offered on alternate weekends which aims at enabling executives and professional managers to earn an MBA *certificate* without interrupting their career. The program is designed to improve the ability of participants to operate more effectively within a rapidly changing international business arena.

Requirements for admission to the WEMBA program include professional experience, previous academic performance, English language proficiency as reflected in the TOEFL, and results of the Graduate Management Admissions Test (GMAT). The yearly tuition for the WEMBA is 100,000 SK (about US \$3,000), which covers the cost of textbooks, instructional materials, and on-site meals.

Success Stories

WEMBA Participants. There are numerous examples of the direct impact of the WEMBA program on participants. One WEMBA I participant reports that he has been promoted from Slovak Sales Manager to Regional Manager in part due to his enhanced capabilities derived from participating in

the program. Another was promoted from Director of a subsidiary firm to the Vice President for Strategy of a major holding company since joining the WEMBA. Many WEMBA participants report being able to make immediate use on the job of what they learn in the program. A director of a firm reports that he changed the requirements for the appointment of a comptroller because of lessons learned in courses on Managerial Economics and Financial Accounting and Control, as well as the evaluation criteria and process for new investment projects. Another participant learned new techniques for inferring cash flows from annual reports and how to use this information in evaluating loan applications. He introduced the new technique into the bank where he works.

WEMBA Faculty. At least two of the faculty members participating in the WEMBA program are full time senior managers in top level private firms, both directors of strategic planning within their companies and both PhDs. One is Director of Strategy and Marketing at Pol'nobanka (Agriculture Bank), the fourth largest bank - privately held - in Slovakia. Unlike most of its competitors, Pol'nobanka focuses mainly on lending to SMEs. He previously taught at the Czech Management Center and brings to WEMBA an even balance of academic and practical experience. The other is now Director for Strategy with Chirana-Prema, a company involved in Medical and Measuring Equipment. He previously taught at the Economics University. Chirana Prema was among the first Slovak firms privatized in 1992 and today its shareholders are banks and finance companies. It has no serious competitors in Slovakia and most of its production is for the Eastern European market. Its production line includes disposable needles and syringes, dental equipment and instruments, and X-ray machines. Both professors are able to teach courses in strategic planning that draw directly upon their day-to-day business experience.

An **MBA Case Competition** was held at Comenius University on April 19th. Organized by the Comenius Faculty of Management and the Katz School, with funding from the local Deloitte Touche accounting affiliate, the competition brought together students from the Katz School, the WEMBA program, and the Management Faculty at Comenius. The competition consisted of nine teams comprised of a combination of students from each of the categories. There were 31 MBA students from the Katz School (14 women), 14 from the WEMBA program, and nine from the Comenius Management Faculty (two women), with equal distribution on each of the nine teams. Five Katz School faculty members were on hand to help coordinate the event and 10 judges voted on the participating teams. The case selected was a Harvard Business School case on the privatization of Prochnik, a Polish clothing manufacturer in Lodz. The Danube Dynamo team beat out the MBA Panthers and the Bratislava Dream Team to win the competition!

The three-day Case Competition was well organized and the competition keen. Some 130 people attended a reception at Comenius on the last day which was patroned by the US Ambassador as well as the Rector of Comenius. It was an auspicious indication of the ability of the new partner institutions to work together and an excellent marketing event for the MBA program.

D. PARTNER/PROGRAM SUSTAINABILITY*Programmatic Sustainability*

The Management Faculty. The Management Faculty was established in 1991 in order to prepare specialists in management, business administration and related fields. The program of study is for a maximum of five years to the Magister (MA) level, with a Bachelors degree granted after three years. Courses offered at the MA level include entrepreneurial accounting and finance, financial management, human resources management, marketing, management information systems, business data management, and international economics. Today half of all the courses in the Faculty are taught in English. There are a total of 800 students enrolled in Management and in 1996 the first cohort of 60 students graduated with a Masters in Management degree. The Management Faculty five-year program is a combination of traditional Slovak curriculum and innovations derived from American undergraduate and MBA courses. UPitt's Katz School is helping to develop a Slovak faculty that is capable of dispensing MBA courses along the US model.

The Dean of the Management Faculty has been involved with the establishment of the Faculty from the outset. When it was opened he transferred from the School of Economics to Management. He had previously spent two years in Yokohama, Japan at the School of Business. Then in 1993 he spent 10 months at the University of Tennessee on a Fulbright scholarship and upon his return was asked to serve as Dean of the Faculty for a three year term. He has been re-elected by the University Senate for another three years.

The Management Faculty has benefitted from several partnership arrangements. In 1993, the Faculty entered into a partnership arrangement with Cornell University - funded by the Andrew W. Mellon Foundation - to develop its human resource management capability. Through this partnership there was collaboration in the co-teaching of courses as well as practical internships with private companies, thus providing the Faculty with exposure to American pedagogical methods. The current Comenius Rector was among those who spent time at Cornell and was involved in establishing the Management Faculty.

In the WEMBA program there are currently several professors from the Economics University who continue to assure courses. In addition, Comenius Management Faculty have also begun to teach WEMBA courses as well, although UPitt professors will be required to continue teaching on an adjunct basis for the foreseeable future. In the spring of 1997, two Comenius faculty members went to the Katz School on the first part of the faculty development program. The commitment of the Management Faculty to this development effort will be tested in the months to come.

Mathematics and Physics Faculty. The second component of the Pittsburgh MTEEP grant agreement is a partnership with the Mathematics and Physics Faculty of Comenius University for the Advanced Economics program. UPitt's Department of Economics is the implementing agent for this program which aims at developing capabilities of the Faculty in teaching and research in economics.

The study of mathematics and physics has been offered at Comenius since the founding of the Faculty of Natural Sciences in 1940. In the early 1970s, the study of computer science was introduced into the curriculum. Today the Faculty is among the largest and most research oriented in the university.

UPitt has been working with the Dean of the Faculty and his colleagues to establish linkages for faculty development. Currently 15 faculty members have applied for a two-year program at UPitt's Department of Economics. The plan is for at least six of them to be selected and sent to Pittsburgh by September 1997 for two years of post-graduate studies in economics. The training aims at developing the faculty base for a program in the Mathematics of Economics and Finance and a center for post-doctoral education in Economics.

Organizational Sustainability

The transition from one partner institution to another will inevitably have an impact on the anticipated results of MTEEP activities in Slovakia. Comenius, like the Economics University, is a state institution funded by government grants. Its highest authority is the Academic Senate, elected by the academic communities of all faculties, and its Rector, who is elected by the Senate. The Scientific Council of the University is nominated by the Rector with the approval of the Academic Senate. The Rector also serves as President of the Scientific Council. Each of the 12 faculties enjoys a high degree of independence and autonomy, except in budgetary matters. The faculty is chaired by a Dean and governed by the Faculty Academic Senate and a Scientific Council. Most subjects studied at Comenius University lead to degrees on three levels: Bachelor (BA), Masters or Magister (MA), and Doctor (PhD). The Bachelor's degree generally requires two to three years to complete, the Masters another two years, and three to five years for the postgraduate (PhD) level. The agreement between Comenius and Pittsburgh's Katz School of Business is for a jointly issued Certificate of Completion of the MBA program.

UPitt is assisting both the Management Faculty and the Mathematics and Physics Faculty. The most critical element involved is faculty development and the programmatic sustainability of the MBA and economics programs within Comenius University. The Management Faculty did not participate in the recruitment of the WEMBA II cohort as expected, and the UPitt team was obliged to carry the full burden. The challenge is to obtain the active engagement of the Management Faculty in the full range of efforts to set up the WEMBA and MBA programs.

At a minimum, it will be another two years before the first WEMBA cohort receive their MBA certificates. The full time MBA and the Economics postdoctoral and undergraduate programs are still being put in place at Comenius. The Advanced Economics Program with the Faculty of Mathematics and Physics will not get under way until the fall of 1997.

Thus far the transition has not been without its difficulties. Comenius commitments for office and classroom space have not been properly assured. Renovations of the Management Faculty building are still under way, causing disruption in courses. Support facilities such as photocopying and

library services also are inadequate. For several weeks UPitt faculty were without direct phone lines and are still without email at the time of this writing.

Financial Sustainability

UPitt is still in the early stages of its partnership with Comenius University. Fully 60 percent of all funding is from the MTEEP grant. The success of the project will depend upon diversifying sources of funding, including sound management of WEMBA-generated funds.

E. PROGRAM MANAGEMENT

The UPitt Project Co-Directors continue to coordinate MTEEP activities in the Slovak Republic, including those of both the Economics Department's PhD program and the Katz School's MBA program. A Professor of Finance at the Katz School of Business has taken on the lead role in implementing the Management Training component of the MTEEP grant (MBA and WEMBA) with Comenius University. He had served as UPitt Senior Vice Chancellor for Finance and Business previously. His presence on the project is a clear indication of the level of commitment of the Katz School. He is ably assisted by a Slovak woman who formerly worked with the US Embassy. Comenius University officials from the Rector to the Deans of the two Faculties concerned have been generally supportive of MTEEP activities in principle. However, they have not yet made good on commitments in terms of office and classroom space.

IV. RESULTS IN BRIEF

A. PROGRAM REACH

The WEMBA program currently has two cohorts enrolled, while the Advanced Economics program is still being planned in collaboration with Comenius University's Faculty of Mathematics and Physics to begin in the fall of 1997.

Program Reach Data from January 1 - June 30, 1997

Program Type	# Active Cohorts/Programs	# Male Participants	# Female Participants	# Total Participants
MBA (list by cohort)	1. WEMBA I (begun at EUB) 2. WEMBA II (begun at Comenius)	14 19	0 0	14 19
Other (specify)	Post-Doctoral Program - EUB* MBA Case Competition*	4 80	1 50	5 130

Notes: * Professors at Economics University of Bratislava completed post-doctoral training.

** The MBA Case Competition is written up in more detail in the section on success stories.

B. SUMMARY OF FINDINGS BASED ON INDICATORS

B.1 EVIDENCE OF PROGRAM IMPACT

Impact of the UPitt program in Slovakia is evident mainly in the WEMBA program, now into its second year of operations. The full time MBA is scheduled to begin at Comenius University in the fall of 1997, as is the Advanced Economics program.

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. Advanced Economics students have not done as well.
	Target participation numbers are reached in terms of capacity, gender distribution & regional reach	All 15 of the WEMBA participants currently are male, drawn from the senior management ranks of large and mid-sized firms, mostly in the Bratislava area but including regional towns.
Satisfaction	Students, faculty & staff positively rate their experience	WEMBA students at Comenius are quite satisfied with the program.
	There is a high demand for the program	Demand is higher than the capacity of Comenius to meet. Hopefully this will change with a new institutional partner.
	Program retains faculty and students	The WEMBA program at Comenius is still using UPitt faculty.
	Program is responsive to students' and faculty's needs	Evidence is that the WEMBA program is quite responsive to participant needs and those of their respective firms.
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 in SIPPS programs	This is no longer applicable, since the change of partners to Comenius.

B.2 EVIDENCE OF SUSTAINABILITY

Sustainability Level	Indicator	Summary of Findings
Programmatic	Permanent faculty is well trained and its teaching is well received	Some EUB faculty are continuing to teach in the WEMBA program now at Comenius.
	Visiting faculty effectively adapt their courses to local issues and needs	UPitt faculty generally use US case studies and attempt to adapt them to Slovak conditions. More case studies of local enterprises would be helpful.

Sustainability Level	Indicator	Summary of Findings
Organizational	Necessary space computers, library materials and support staff are available	Office space is still a problem at Comenius despite promises of the Rector and Dean.
	Curriculum is approved by the degree-granting institution	Comenius Management Faculty has a Masters in Business, but new courses are being introduced into this curriculum for the MBA.
	Advisory Committee membership has a balance of US and Slovak representation	No information on this for Comenius.
	Increasing percentage of local staff with administrative authority and responsibility	Most of the staff under the MTEEP activities are Slovak; local faculty are assisting UPitt professors in assuring WEMBA courses.
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	This needs to be further developed in collaboration with the new partner institution.
Financial	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	With the new partnership arrangement, strategic planning will be of critical importance from the outset. A greater involvement of the partner institution will be needed.
	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	The WEMBA program continues to generate revenues, but the allocation of those funds within Comenius may still be an issue and must be monitored.
	Increasing percentage and sources of institutional/program funds from non-USAID sources	WEMBA was becoming self-sustaining before the change of partners. Its ability to pay for itself will be all the more important now.

C. SUMMARY OF FINANCIAL STATUS

The largest portion of funding in Slovakia by far is still USAID with 59.9 percent. The second largest is the US institution. The UPitt project 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, as well as Comenius University, for which there is no separate breakdown as yet.

Funding Source	% of total project support 6/30/97
USAID Grant	60%
US Institution	24%
Local Institution	N/A

Funding Source	% of total project support 6/30/97
Tuition and Fees	16%
Other Sources	N/A
TOTAL	100%

V. CONCLUSIONS AND RECOMMENDATIONS

The WEMBA program continues to be income generating, paying for itself from tuition fees. However, revenues from WEMBA go into Comenius University coffers and project-related expenses are then subject to considerable delays in drawing down on the WEMBA account. Project staff have called this problem to the attention of university authorities. It would be tragic indeed if issues of financial management were to cloud the new partnership between UPitt and Comenius in the light of past experience. These issues must be dealt with head on.

While the Pittsburgh MTEEP activities are now located within the Management Faculty of Comenius, the facilities at the disposal of the WEMBA and MBA program still leave something to be desired. Some renovation has been completed, but there remains more to be done, especially toilet facilities. There appears to be some question as to whether authority for these matters lies with the Faculty Dean or the Rector. In any case, WEMBA participants who pay a lot for tuition expect their money's worth and the WEMBA program in turn expects the university to live up to its agreement.

While USAID funding for the MTEEP activities of UPitt and the Czech Management Center is coming to an end, there are various areas in which the CMC and the Management Faculty at Comenius University might collaborate: case study materials, faculty exchange, approaches to customized training and Business English. The new President of CMC would be receptive to such collaboration.

RECOMMENDATIONS

The DATEX MTEEP team urges that the following actions be taken:

- ▶ UPitt and Comenius make a concerted effort to recruit more women into the WEMBA program and particularly into the full-time MBA program. Thus far all of the students enrolled in the WEMBA program have been men, to a large extent the reflection of the upper management of the firms from which they come.
- ▶ The Management Faculty at Comenius in collaboration with UPitt establish an Alumni Association consisting of graduates of the WEMBA program. In fact, it might be useful for such an association to include those who have already graduated from the Management Faculty and are inclined to help recruit students for the MBA program and eventually make

financial contributions to its operations. This could easily be done with the most recent cohort of Management graduates.

A. INTRODUCTION

With the growing maturity of MTEEP activities, there is an increasing emphasis on understanding the impact - at the change level, for both participants and the institutions they work with - and the sustainability of the programs and institutions that MTEEP has supported. When MTEEP was approved in 1990 there was no logical framework for the project that identified outputs and indicators. The initial focus of MTEEP in fact was on quick delivery of training programs to large numbers of people. Only in recent years, with Phase II projects (starting in 1994) and with individual Mission strategy development within reengineering efforts, has attention been given to measuring impact at the utilization and change levels. Sustainability has gained importance in this same time period, especially as missions and MTEEP projects begin their close-out phases.

Starting with the MTEEP Semi-Annual Monitoring and Evaluation Report of December 1996, the DATEX MTEEP team began to make more definitive observations about the quantitative and qualitative results of MTEEP activities. In this present chapter, we build on those initial observations of overall program results. Also included in this report are the first close-out assessments of Phase II MTEEP projects. There are four which have been included as individual reports: two which have completed their funding period (Czech Republic and Latvia); one which is closing early, largely due to a major reduction in MTEEP funding (Lithuania); and one which has been transferred to another office within the ENI Bureau (Bulgaria). Other projects continue for up to two more years and, in some cases, are just starting to show definitive results and to focus on sustainability. The status of each project is shown in Table 1 in the report introduction.

This chapter reviews overall program impact, partner/program sustainability (including an assessment of local partner program management capacity), and cross project themes.

Program Impact (including program reach). Extensive program-wide information and analysis is presented in this report, not only for the January-June 1997 time period, but in comparison to July-December 1996. Total life of project results for close-out projects are also included. In addition, impact results at the individual and firm level have become better defined in the last six months and several examples from close-out projects are given which complement the more in depth look at individual project impact in the country sections.

Partner/Program Sustainability. Sustainability is becoming the "buzz word" as MTEEP projects mature and several end their MTEEP funding support. It remains that the three components of sustainability: programmatic, organizational, and financial, must all be looked at for a complete picture of the likely continuation of MTEEP-supported institutions and partners. These are reviewed in the context of the growing number of "sustainability plans" that are being developed, both under the direction of USAID management and through the leadership of US implementors. Academic and certificate programs are reviewed separately from non-academic programs which focus primarily on short term training and business advisory centers to highlight differences in some aspects of sustainability.

Program Management. There is a continuing analysis of two questionnaires, one to US and In-Country Project Directors, the other to Local Partner Representatives on the management of MTEEP projects, with an emphasis on the capacity of the Local Partner to carry on. This is the fourth time these questionnaires have been utilized. In addition, a separate review of twelve business centers in two countries, utilizing In-Country Coordinator assessments, is presented in order to assess potential program wide issues for projects with business support centers as components.

Cross Project Themes. These are handled in a new format with this report. Only two topics are included: 1) accreditation of MBA programs, and 2) the use of case studies and case study competitions in both academic and non-academic programs.

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 stimulation of Central and Eastern European economies. Evaluation of the overall impact these programs have made in moving toward the MTEEP goal, is assessed in this section of the report. The assessment is outlined in quantitative terms in Tables 2 and 3 and in narrative in the next pages. The figures in the tables show the number of male and female participants in each project, the totals of each, and the percentage of those participants who are female. The total numbers of people affected by the project is an indication of impact, but the numbers are not impressive without the journeys these people have taken and the changes these programs have made in their lives. The success stories in each of the country reports, as well as the two accounts in this section, hold the series of events that explain the overall impact of MTEEP.

Each project has chosen approaches, activities and target audiences that best suit the collective economic personality of the countries in which the projects are placed. The first three program types of activities in the two tables exhibit academic and certificate programs (PhD, MBA and certificate). The Seminar and Workshop categories show short-term training activities for general audiences, while Business Counseling and Special Company Interventions relate to direct firm-level activities. This is the first time that the categories of Resource Center and Other have appeared in this section of the MTEEP report.

MTEEP Program Reach Data from January 1 to June 30, 1997

Table 2, MTEEP Program Reach Data, presents the results of the MTEE Project over the period from January 1 to June 30, 1997 in quantitative terms. Impact here is measured by the number of participants reached by an activity. The table includes two important totals: the grand total of 10,217 participants being reached by all MTEEP activities, including resource centers and other special

OVERALL PROGRAM RESULTS

programs, and the 5,780 participants reached in the more traditional program areas of academic and non-academic training, business counseling and special interventions.

This latter figure is a eight percent increase (from 6272 to 5780) over the previous reporting period of July to December, 1996. There is one primary category where this difference comes and that is a decrease in the number of participants in workshops. The reason for this is unclear, it may be that certain categories have been reported differently, or that programs have shifted program emphasis over the last six months.

Using traditional program areas to compare with the last report, 15 percent of the participants in the last six months have been in academic and certificate programs, 62 percent of the participants in short-term training programs, and 23 percent in business counseling and special company interventions. This compares with 10 percent academic, 70 percent short-term training and 20 percent in business counseling and other targeted company interventions. These changes are not considered significant.

With respect to gender, women comprise 39 percent of the participants in all traditional program areas for which gender disaggregated data was provided. It is 37 percent when all activities are included. This compares similarly with the 41 percent women participation rate six months ago, and the 39 percent rate one year ago. Women are most apt to be found in short-term training and certificate programs; their participation varies from zero percent in one academic program to 90 percent for one certificate program.

In the last report in December 1996, the figures for Resource Center(s) and Other were presented in the country reports, but were not summarized in this section. Although these categories are not easily defined with regard to activity because of their variety and breadth, the evaluation team has come to believe that it is very important to see the total aggregate, even if they are "lumped together," perhaps artificially. In addition, these figures may be very important to showing outreach, which at a later date will produce other participation in ongoing management and economics activities of the MTEE programs, resulting in individual and firm level impact that is more visible.

Table 2: MTEEP Program Reach Data From January 1 - June 30, 1997

Program Type	Country	Institution [cohorts, programs, companies]	# Male Participants	# Female Participants	Percent Female	# Total Participants
PhD	Czech Rep	UPitt/CERGE [6]	69 69	38 38	36% 36%	107 107

OVERALL PROGRAM RESULTS

Program Type	Country	Institution [cohorts, programs, companies]	# Male Participants	# Female Participants	Percent Female	# Total Participants
MBA	Albania*	UNL/UT	9	21	70%	30
	Czech Rep	UPitt/CMC	52	11	17%	63
	Hungary	SUNY/TUB	58	6	9%	64
	Latvia	SUNY-B [3]	70	66	49%	136
	Poland	UMCP	19	6	24%	25
		UMN/OUAT[2]	36	17	32%	53
		UMN/WSE [2]	54	18	25%	72
	Slovak Rep	UPitt [2]	33	0	0%	33
			331	145	30%	476
Certificate	Czech Rep	UPitt/CERGE	14	15	52%	29
	Hungary	IU	5	45	90%	50
	Lithuania	TAMIU	9	9	50%	18
	Poland	UMCP [3]	36	36	50%	72
		UMN/OUAT	37	30	45%	67
	Romania	WSU [2]	24	14	37%	38
	Slovak Rep	UPitt	4	1	20%	5
			129	150	54%	279
Seminars (1 day maximum)	Albania*	UNL	18	15	45%	33
	Bulgaria	UD	81	110	58%	191
	Hungary	IU	377	200	37%	577
		SUNY	70	30	30%	100
	Latvia	SUNY-B	-	-		72**
	Lithuania	TAMIU	24	31	56%	55
	Poland	UMCP	64	64	50%	128
		OUAT	13	12	48%	25
	Romania	WSU	589	489	45%	1078
				1236	951	43%***
Workshops (multiple days)	Bulgaria	UD	11	14	56%	25
	Czech Rep	UPitt/CERGE	-	-		60**
	Hungary	IU	213	67	24%	280
		SUNY	195	82	29%	277
	Latvia	SUNY-B	15	15	50%	30
	Lithuania	TAMIU	62	127	67%	189
	Poland	UMCP	127	35	22%	162
		UMN/WSE	11	6	35%	17
	Romania	WSU	134	148	52%	282
				768	494	37%***
Business Counseling	Albania*	UNL [4 ctrs]	-	-		11**
	Bulgaria	UD [1 ctr]	27	4	13%	31
	Romania	WSU [4 ctrs]	519	285	35%	804
			546	289	35%***	846□
Special Company Intervention	Bulgaria	UD	8	1	11%	9
	Hungary	SUNY	358	124	26%	482
			366	125	25%	491
		Total	3445	2192	39%***	5780□

OVERALL PROGRAM RESULTS

Program Type	Country	Institution (cohorts, programs, companies)	# Male Participants	# Female Participants	Percent Female	# Total Participants
Resource Center	Bulgaria	UD	359	327	48%	686
	Hungary	SUNY	-	-		-
	Romania	WSU [res done]	-	-		65**
			359	327	48%***	751□
Other Lecture/pres English Lang	Bulgaria	UD [assn bldg] [nat'l bus conf]	6	15	71%	21
	Czech Rep	UP/CERGE [50]	175	36		211
	Hungary	IU [CDO OP]	-	-		1,500**
		SUNY [TQM]	160	40		200
	Latvia	SUNY-B [ELC] [fac dev]	1040	396	28%	1436
	Slovak Rep	UPitt [MBA Case Compet'n]	78	107	58%	185
			1	2	67%	3
			80	50	38%	130
			1540	646	30%***	3686□
		TOTAL	1,899	973	34%***	4,437□
		Grand Total	5,344	3,165	37%***	10,217□

Notes: * All programs in Albania interrupted by civil disturbances; expatriate staff evacuated in March

** No M/F breakdown

*** Percent female based only on data with gender disaggregated data.

□ Male and female columns will not equal total participant column because of non-disaggregated data.

ACADEMIC AND CERTIFICATE PROGRAMS

Economics PhD, MBA, and certificate training programs. The MBA and PhD candidates have had prerequisite courses from an academic stream of higher education, whereas the certificate programs may be academic, non-academic or practical in regards to educational preparation and prerequisite. The enrollment of PhD participants in CERGE-EI (Czech Republic) is a total of 107, and during the life of the project, CERGE-EI has had five graduates, one of them a woman. At the present time, there is in the "pipeline" of possible future graduates 69 male and 38 female participants (36 percent of the total are female).

MBA programs are offered in six countries: Albania, Czech Republic, Hungary, Latvia, Poland and Slovak Republic. UNL/Albanian MBA program is currently on hold because of civil disturbances in that country. There are a total of 444 students enrolled in the MBA programs, most of whom are enrolled in evening and part-time MBA programs. Thirty percent of the MBA students are women. Two programs bring this average down - one with zero percent and another with 10 percent of women participants. There are four MBA graduating classes in June/July 1997, including two programs in Poland-UMN/OUAT and UMN/WSE (first MBA graduates of UMN/Poland), one program in RBS/Latvia, and another in CMC/Czech Republic. The impact of these four programs

on the lives of a sample of the people taking these courses has been documented in the current and past semi-annual and annual reports.

Certificate Programs. Certificate programs are currently being offered by seven MTEEP grantees including UPitt/CERGE-EI in the Czech Republic, IU in Hungary, TAMIU in Lithuania, three programs in UMCP/Poland, one program in UMN/OUAT, two programs in WSU in Romania and one Post Doctorate in Slovak Republic. TAMIU/Lithuania has granted certificates to the second Entrepreneurs' Training Program, this time for young adults and high school students. Several success stories have been shared in other reports about this program and the participants who have profited from this experience. The certificate program being implemented by CERGE-EI in the Czech Republic is a nine week training program funded by the World Bank, whose employees receive certificates from a consortium of the Joint Vienna Institute, the Economic Development Institute of the World Bank and CERGE-EI . (See the success story at the end of this section). The female participation, a major objective of MTEEP, is recognized as very important in the overall stimulation of capital markets in Central and Eastern Europe, as the project strives to provide programs which attract at least 50 percent female registrants. It is interesting to observe that the MTEEP goal of 50 percent female attendance, has been surpassed as far as certificates are concerned.

NON-ACADEMIC PROGRAMS

Short Term Training. Seminars and Workshops are the MTEE Project's activities which attract the largest group of participants. Generally, these programs are open to the public, advertised extensively, are of great interest, and practical in nature. IU/Hungary held one-day seminars which attracted 577 participants, which was eclipsed by WSU/Romania who reached 1078 participants through one-day seminars. The total participation for all seminars was 2259 - an increase of 11 percent over the previous reporting period.

Multi-day workshops also attract large numbers of participants. SUNY/Hungary held workshops for 277 participants. UD/ Bulgaria held a workshop which attracted 25 people, 56 percent of whom were women. TAMIU/Lithuania held 11 workshops, several of which were computer training, with 67 percent female participation among the 189 participants. WSU arranged a number of multi-day workshops, the attendance for which totaled 282, 52 percent of them were women.

Business Counseling and Special Company Interventions. This category of MTEEP activities is mainly targeted to business owners and managers. Sometimes this activity includes one-on-one counseling sessions at the business site, or at the Center for Excellence where a management problem is the focus, or a small business owner receives instruction in how to make a business plan. In Albania, this kind of activity was located within an undergraduate university setting, where four centers recently reopened in Tirana, Shkodra, Vlora and Korca, following the political crisis in that country.

Other Activities

The remaining two categories: "Resource Center" and that inclusive category "Other," include many activities which are very important to outreach and expanding MTEE Project to new audiences. Frequently, the participants in Resources Centers are people who "walk in" to peruse the library, learn a computer skill, or attend an information session. UD/Bulgaria served 686 people during this recording period in their Resource Center, 48 percent of them women.

UPitt/CERGE-EI in the Czech Republic held 50 lecture/presentations to which 1,500 were attracted, to hear presentations by visiting academics. Most of these sessions were one to two hours in duration. SUNY-Buffalo/ Latvia included in its program a vibrant English Language Center with six levels of General English, and 6 levels of the Pre-MBA Program. Included in the latter, was Business English, accounting, calculus, and learning from case studies' methodology. During January to June 1997, they had their largest attendance of 185 participants. Fifty-eight percent in the English Language Program (ELP) were women. (See the success story at the end of this section for more about ELC.)

In these latter two categories "Resource Center" and "Other Activities," there were a total of 4,437 participants which bring the total reach for this reporting period to 10,266 participants.

Program Reach Life of Project Data for Close-out Projects through June 30, 1997***ACADEMIC AND CERTIFICATE PROGRAMS***

All four close-out projects have academic or certificate programs, including CERGE-EI's PhD program. Two programs have well-established MBA programs. The University of Delaware/Bulgaria offered three certificate programs entitled: Advanced Economics Program (AEP), Advanced Management Certificate (AMC), and Small Business Certificate (SBC). One group of AEP participants was able to spend one seminar at UD and receive their Master's Degree from UD. UD/Bulgaria is no longer involved in certificate programs. TAMIU/Lithuania has followed an adult education model of training, including two Entrepreneur's Training Certificate Programs (ETP), and other practical, readily applied courses to bring rapid change to the Panevezys region of Lithuania.

SEMINARS AND WORKSHOPS

Seminars, maximum one day in length, were very popular in Bulgaria (893 total participants), and presently are very popular in Lithuania (566 total participants) as an effective method of training. Workshops of multiple days and sometimes weeks in duration are another popular mode of education in three countries - Bulgaria (213 participants), Czech Republic (1150 participants), and Lithuania (927 participants). These seminars and workshops are given on a wide variety of topics deemed marketable at first and repeated as often as the market would demand.

BUSINESS COUNSELING

Business Counseling on such topics as writing business plans, management improvements, marketing, and trade, are short term counseling sessions designed for business owners and managers of small and medium businesses. The MTEEP program in Lithuania has counseled 701 participants in business in the short time the program has been in operation, and UD's Bulgarian Business Development Center has counseled 101 specific participants.

RESOURCE CENTERS

The UD program in Bulgaria provided services and resources to 11,263 people who entered their Resource Center or the Center at the Sofia Municipal Library for various kinds of services. Services include reading rooms, videos, computer resources including on-line access to international market and trade information. Other Activities, at 12,285, have boosted these two categories to a total of 23,548 male and female participants for close-out projects.

In addition, Table 3 indicates that the total number of participants for the seven categories including academic and non-academic programs is 7685. This total (7685 participants) added to the Resource Center and Other Activities total (23,548 participants) creates a grand total of 31,151 participants, who have been reached and involved in these four MTEEP projects since the beginning of the program in 1991.

FEMALE PARTICIPATION

Through the years of the MTEE project, the percentage of female participants has grown from 0 percent in some programs to 71 percent in others. The overall average for the close-out projects over their project life is 47 percent; however, the overall range of female participation is from 15 percent to 71 percent in individual programs. Certificate programs have the largest attendance of women at an average of 49 percent. Female attendance in long term academic programs in close-out projects is 41 percent, while in multiple-day workshops, the average has been 34 percent.

OVERALL PROGRAM RESULTS

Table 3: Program Reach Life of Project Data for Close-Out Projects through June 30, 1997

Program Type	Country	Institutions, (cohorts, programs, companies)	# Male Participants	# Female Participants	% Female	# Total Participants	# Male Grads	# Female Grads	# Total Grads
PhD	Czech Rep	UPitt/CERGE [6]	73 73	38 38	34% 34%	111 111	4 4	1 1	5 5
MBA	Bulgaria Czech Rep Latvia	UD [MA/AEP] UPitt/CMC [5] SUNY-B [5]	6 115 121	2 93 95	25% 45% 44%	8 (unknown) 208 216	5 122 22 149	2 24 32 58	7 146 54 207
Certificate	Bulgaria Czech Rep. Lithuania	UD *AEP[1] *AMP[2] *SBCP[3] UPitt/CERGE[19] TAMIU[ETP/2]	21 17 44 333 26 441	19 34 104 219 41 417	48% 67% 70% 40% 61% 49%	40 51 148 552 67 858	13 13 N/A N/A 26 52	7 33 N/A N/A 41 81	20 46 N/A N/A 67 133
Seminars (1 day maximum)	Bulgaria Lithuania	UD [40] TAMIU[20]	543 246 789	350 320 670	39% 57% 46%	893 566 1459	N/A	N/A	N/A
Workshops (multiple days)	Bulgaria Czech Rep Lithuania	UD [12] UPitt/CERGE [23] CMC TAMIU [61]	113 -- 1,443 319 1875	100 -- 416 462 978	47% 22% 59% 34%****	213 1150** 1859 781 4003□	N/A	N/A	N/A
Business Counseling	Bulgaria Latvia Lithuania	UD SUNY-B TAMIU	73 64 382 519	28 77 319 424	28% 55% 46% 45%	101 141 701 943	N/A	N/A	N/A

OVERALL PROGRAM RESULTS

Program Type	Country	Institutions, (cohorts, programs, companies)	# Male Participants	# Female Participants	% Female	# Total Participants	# Male Grads	# Female Grads	# Total Grads
Special Company Intervention	Bulgaria	UD	11	2	15%	13	N/A	N/A	N/A
			11	2	15%	13			
		Total	3829	2624	41%****	7603 □	205	140	345
Resource Centers	Bulgaria	UD	5543	5720	51%	11263	N/A	N/A	N/A
			5543	5720	51%	11,263			
		Total	6496	6377	50%****	23,548 □	4	5	9
Other	Bulgaria	UD [assn bldg]	6	15	71%	21	N/A	N/A	N/A
		[Nat'l Bus Conf]	274	92	25%	366			
	Czech Rep	UPItt/CERGE [415]	-	-		10,675**/****			
		SUNY-B [ELC]	333	219	40%	552			
	Latvia	[fac dev]	268	291	52%	559	4	5	9
	Lithuania	TAMIU [presentations 4]	4	5	56%	9			
		Total	953	657	41%****	12,285 □			
		Total	6496	6377	50%****	23,548 □	4	5	9
		Grand Total	10,325	9001	47%****	31,151 □	209	145	354
							41% Female		

Notes: **** Percent female based only on gender disaggregated data.

*** Czech Republic data does not include the break down of male and female participants

** Most of these sessions were open lecture/presentations by CERGE-EI faculty and visiting experts.

* AEP - Advanced Economics Program

* AMP - Advanced Management Program

* SBCP - Small Business Certificate Program

□ Male and Female columns will not equal total participants column because of non-disaggregated data.

Graduates from Academic and Certificate Programs

PhD Graduates. Graduates are just being seen in most academic and certificate programs. To date, the only graduates from academic programs have been from the close-out programs. Graduates from PhD programs are five in number, one of them a women, from the UPitt/CERGE-EI/Czech Republic Program. Two of these graduates are full-time faculty at CERGE-EI, and the first woman PhD graduate, is working as a senior policy advisor in the Czech Ministry of Finance. Another graduate is advising the government in Romania.

The MBA and MA graduates from Bulgaria, Czech Republic and Latvia have clearly made a mark in the high level working situations into which they have been hired. Many of them have contributed to their institutions long before graduation, and have been recognized as leaders in the fields of economics, finance, banking, marketing, human resource management and entrepreneurship. Forty-four percent of the MBA graduates are women, and the evidence proves that women are prospering in the field of business, once they acquire this education.

Certificate graduates from Bulgaria, Czech Republic, and Lithuania are very different from each other in this category. The Bulgarian certificate holders have expertise in Advanced Economics, Advanced Management and Small Business practice. The UPitt/Czech Republic program has graduates from several Central and Eastern European countries under the auspicious of the World Bank. Trained in the 19, 9-week certificate training sessions, these graduates return to their influential institutions to lead, make change and drive the transformation of Central and Eastern Europe. (More can be read about this program in the paragraph below - **Success Stories**.) TAMIU/Lithuania's graduates have certificates in entrepreneurship and have learned to create business employment and can stimulate the economy in ways unknown before in Panevezys, a small city in Lithuania's interior.

Change and Evolution of MTEEP Programs

Many of the elements of the MTEEP programs in these four countries have changed and evolved since the signing of cooperative agreements. Examples of program changes are recognizable as innovations, adjustments, shifts in thinking and acting, and strategic planning designed to create systematic, incremental, growth and programmatic improvement. Two examples of changing and evolving MTEEP organizations at the individual and firm level are: RBS/SUNY-Buffalo in Latvia, and CERGE-EI/UPitt in Czech Republic. Their success stories are represented below.

The SUNY-Buffalo/Riga Business School's English Language Center is an example of evolutionary change. This program began as an English Language program to augment the capacity of participants before they registered in the English-instructed MBA program of the Riga Business School. The ELC, however, has evolved over the past four years to be an income producing, six-level, General English program, and a six-level, Pre-MBA program, the latter of which teaches

content subjects in English, well beyond the perimeters of language instruction. Accounting, calculus, learning methods through case studies, business writing, and American Business English are taught, using interactive methods. Interviewing participants of the Pre-MBA course revealed the positive perception these trainees have of the enhanced skills they now possess. Prepared by the skills, attitudes and knowledge provided by this program, the trainees have a better chance of achieving their goals (some participants have a goal to get into the MBA course, others have different goals) as well as practical, marketable additions to their resumes. Participants of the Pre-MBA course take the TOEFL test when they are ready. The TOEFL test score and the successful completion of the Pre-MBA course are prerequisites for application to the MBA course. In June 1996, eighty-four candidates applied, and fifty-one well-prepared candidates were accepted for the high standard set for the MBA course admission at the Riga Business School, the only program of such caliber in Latvia. A bonus of this program is the financial contribution the English Language Center makes to the sustainability of the Riga Business School.

Joint Vienna Institute (JVI) Economics Training for Senior Managers. Although CERGE-EI is best known for its Economics PhD program, for the past several years CERGE-EI faculty have quietly been providing training under the Joint Vienna Institute (JVI). UPitt, through its partner institution CERGE-EI in the Czech Republic, is having a very direct impact on high level managers from both the public and private sectors. They have been offering training in economics and finance to senior managers from banks, Ministries of Economy, Foreign Affairs, and Finance from the CEE as well as NIS regions. Funded by the World Bank, the program consists of a nine-week course covering such subjects as micro- and macroeconomics, accounting, international trade, computer applications, and English. It is very intensive and demanding, but much appreciated by the participants. A typical class includes 25 to 30 participants from a dozen countries, including a strong representation from NIS countries. A total of 552 persons have participated in this training, which has a very pronounced impact at high management levels across a wide range of agencies and countries.

Recent JVI participants have included a Russian who works for the Ministry of Foreign Affairs, where he handles external debt and relations with the European Bank for Reconstruction and Development. A Lithuanian participant from the Ministry of Economy with a background in world literature persuaded his boss that the JVI course would be helpful in improving his economic analysis skills. A Bulgarian with the Bulgarian National Bank deals with government securities. He chose to come to Prague to improve his English as well as his knowledge of Western economics and monetary policy. All viewed the program as important to understanding the process of European integration. Those who complete the program are awarded a certificate in Market Economics and Financial Analysis under World Bank auspices, in collaboration with CERGE-EI.

C. PARTNER/PROGRAM SUSTAINABILITY

As most of the MTEE projects enter their last year(s) of grant support, achieving independence from USAID funds has become the primary concern of project directors and local Missions alike. Sustainability of the projects is evaluated and measured across three areas -- programmatic, organizational, and financial. The programmatic category addresses issues of faculty development and retention, curriculum development and restructuring, and securing adequate space and technical support for program delivery. The organizational aspect deals with the relationship of the programs/centers to the sponsoring local universities, securing administrative support staff, and developing recruitment and admission procedures, self evaluation mechanisms, and long-range strategic development plans. The financial category concentrates on implementation of tuition policies and fee collection, and developing strategies for securing outside funding. All three components of sustainability are intrinsically connected and support each other.

The challenges of sustainability are quickly becoming a reality for several of the MTEE Programs which are scheduled to graduate from the USAID assistance in the Fall of 1997. These programs are the following: SUNY-B and Riga Technical University; UPitt and CERGE-EI and CMC; TAMIU and Kaunas Technical University/Panevezys. The case of the University of Delaware in Bulgaria is unique in that a close-out evaluation was conducted because Bulgaria was leaving the MTEE Programs, not because it was terminating. Except for the TAMIU project, which is ending sooner than originally scheduled, all other projects have gone through an extended period of USAID assistance. The experiences of these projects provide helpful lessons for the remaining participants of the MTEEP portfolio and should be used as a road map to develop a better transition strategy for the final years of assistance. Some projects (UMN and UMCP in Poland and WSU in Romania) already have started to address issues of transition by reevaluating their programmatic, organizational and financial arrangements and preparing strategic plans with the goal of reaching financial sustainability at the end of the assistance period.

Since the MTEE Programs represent a diverse spectrum of training programs ranging from PhD, MBA, post-diploma certificate studies, customized training, workshops and seminars, to business counseling, sustainability of these activities needs to be defined and evaluated within the specific context of each project. Although the sustainability criteria outlined above apply to all programs, those whose activities concentrate mainly on delivery of degree programs (with the exception of CMC), find that the sustainability of their programs is integrally linked with issues of integration into a university's administrative, financial and programmatic structure and with an ability to deliver a clearly defined type of training. On the other hand, programs whose main product/services are delivering business counseling and customized training have to address the issue of the appropriateness of their current institutional arrangements for delivering quality programs which reflect the changing needs of the developing market environment.

This presentation will address only those issues of programmatic, organizational and financial sustainability which have become particularly germane either due to the difficulties they illuminate or to the solutions they offer. To provide better clarity to the discussion, academic and non-academic programs are discussed separately.

ACADEMIC/CERTIFICATE PROGRAMS

Programmatic Sustainability

Content of programs to be sustained. Before addressing the specific aspects of programmatic sustainability, one needs to clearly define what this concept implies for academic and certificate programs. Perhaps the most crucial differentiating and defining component relates to the delivery method and, specifically, to the requirement of continued regular participation of Western faculty. Although all programs must deal with the issue of faculty retention, for those programs which envision a stable component of Western faculty in course delivery, assuring programmatic sustainability involves determining the desirable level of that participation and finding the resources to support it. All programs aim at developing an indigenous faculty base and capabilities for future program delivery which requires them to concentrate on training sufficient numbers of faculty and, perhaps, on securing continued opportunities for faculty development, at least in the initial period after graduating from the USAID assistance.

In the case of UMN, regular participation of US faculty in program delivery after the end of the grant was not initially envisioned. This issue gained prominence as a result of evolving demands to receive a joint degree on the part of the participants who, because of their places of employment, represent an elite group within the Warsaw business community. As a result, the Polish counterpart reached a consensus that continued successful marketing of the program (considering the existing competition) is intrinsically connected with establishing a joint degree program. Because of the strong commitment to the success of the project from both sides, and after satisfying the specific organizational and financial requirements elaborated by UMN, the Board of Regents has approved this undertaking. This is the first such example within the MTEEP portfolio. The decision to offer a joint UMN-WSE degree has affected UMN's other partner institution in Poland -- Olsztyn University of Agriculture and Technology -- which also embarked on transforming the original MBA program to one with a joint degree. However, because of the specific institutional arrangements, this process is only in its initial stages.

Similar pressures are being felt at Riga Business School (SUNY-B) where the students clearly identify the continued quality of MBA training with retaining both English as the language of instruction and a steady component of Western (not necessarily US) faculty. This program is fortunate to have additional support and collaboration from CIDA, through the University of Ottawa, which enables it to continue faculty development efforts at the very least.

Organizational Sustainability

Degrees to be offered after the end of USAID assistance. For discussion of different aspects of this issue, please refer to *Section E. 1, General Cross-Project Themes*. As mentioned in the previous report, an MBA is still not a recognized degree within the CEE region. This raises the issue of what will happen to the present arrangements of granting a local degree and a US institution's MBA certificate after the end of the USAID assistance. In many if not most cases awarding of a certificate may be discontinued because of the inability by the US institution to exercise appropriate quality control over the program delivery. Under these circumstances, the program might suffer an initial drop in demand and/or enrollment due to the often widespread perception within the region that local institutions are still insufficiently prepared to deliver economic training corresponding to the demands of the market economy. However, assuming good capabilities of the MTEEP- trained faculty, such a reaction would, most likely, be a short-lived phenomenon.

However, there is another issue to be considered as a result of discontinued US oversight over the program: continuity between undergraduate and graduate degrees. One consequence of offering an MBA certificate from the participating US institution was exemption from the continuity requirement between undergraduate and graduate degrees for an MBA. Under the existing rules, a student who has a degree in physics or literature could not enroll in a graduate (postgraduate in European usage) program in management. Management training was (and still is) delivered either by a Faculty of Management or by management courses offered within individual departments, such as engineering. Clearly the success of the MTEEP intervention is presented not only in terms of delivering quality programs but also in alternatives to existing educational choices to an educationally diversified group. This may cease to be an issue in the very near future if appropriate amendments are introduced or if, in the absence of such amendments, universities are temporarily given permission by the Ministry of Education to circumvent current regulations in order to promote broad-based management training and re-training.

Another related issue is differentiation between the MBA, which is a professional degree, and the MSc (awarded by local institutions), which is an academic degree. This differentiation is very clear within the US context but may prove not to be as important (at least in the short run) within the CEE region. Ultimately, it is the specific content of the program and not a program name that determines the type and quality of education. It is interesting to note that perhaps an unintended impact of MTEEP has been popularization of the MBA concept in the region, as opposed to delivering Western style of management training in general. This trend may eventually result in development of US-style business schools and restructuring of management education in general.

Financial Sustainability

The most pressing issue of financial sustainability is integration of a Center into the university's administrative structure and at the same time retaining significant, if not complete, financial control

over utilization of program-generated funds after termination of USAID assistance. Based on the MTEEP experience, the latter are not likely unless there is a clearly elaborated and legally binding organizational arrangement between the local university and the MTEEP-created Center. This issue increases in relevance whenever a program is not able to generate sufficient funds to become financially sustainable. This may occur not because of insufficient demand for this type of training but because, for economic reasons, the targeted group of participants is not able to sustain the financial outlays when the program is priced according to its true delivery costs. In such instances, it may be other academically less demanding programs which can underwrite and assure program viability.

Two primarily academic MTEE Programs have identified a potentially financial complement to academic tuition and fees:

- ▶ CERGE-EI Foundation was founded in 1993 in accordance with Czech laws. The purpose of the Foundation is to raise funds between donor agencies and corporations in the Czech Republic and Western Europe. A second CERGE-EI Foundation was established in the United States and registered as a 501(3)c non-profit organization in the state of Pennsylvania and tasked with fund-raising in the US.
- ▶ A similar foundation is in the process of being established by the Warsaw School of Economics. Considering the fact that UMN and WSE will award a joint degree, there may not be a need to establish a separate US-based foundation.

NON-ACADEMIC PROGRAMS

Programmatic and Organizational Sustainability

Small business counseling and advisory services are a rapidly growing and highly competitive sector in the CEE region. Customized and open enrollment short-term training activities are the primary focus of some MTEEP programs and are frequently offered as a complementary service of business centers in others. The question of sustainability depends significantly on the type of institutional arrangement most appropriate and effective for delivery of these services. The MTEEP portfolio includes several examples of business counseling and customized training activities. Most of the business centers are affiliated with a local university, although one is linked with a local Chamber of Commerce (Timisoara in Romania).

With an increasing emphasis on developing private sector and support services, in some instances, university involvement in these activities was either overlooked or discounted. MTEEP experience provides numerous examples supporting the position that universities are both appropriate and effective instruments for establishing SME assistance Centers which are flexible and responsive to market needs. The following conclusions below can be drawn from MTEEP activities.

Close collaboration between a business counseling center and an university is mutually beneficial. On the one hand, universities can provide a permanent anchor for Center activities, often enabling it to offer programs which are not self-supporting (not to mention profitable) during initial operations. Universities also provide a steady and well trained cadre of instructors for program delivery. The MTEEP experience seems to indicate that as long as the university faculty perceives these training and consulting activities as long-range, with ensuing professional growth, their commitment to Center activities will remain strong. Likewise, the younger faculty members are relatively well acquainted with market economic theory, and in order to develop long-term and viable training programs a sound theoretical background is essential. Although a university bureaucracy may be more difficult to change, once such changes do take place they tend to be more lasting. As a result, universities become agents of innovation and economic transformation through their newly trained faculty.

The Centers, on the other hand, serve as natural laboratories for learning practical applications of market theories. The experience thus gained can be incorporated into university courses and can make the studies more relevant to the evolving needs of economic transformation. This relationship has been continuously emphasized during interviews with university faculty who have had an opportunity to engage in consulting services. The Centers can also provide training opportunities for university students and thus expose them to the real business environment.

It appears that in some cases, the most immediate challenge facing the business counseling Centers is to convince local partners that in order to be most effective, the Center should be institutionalized within the university administrative and financial structure. The second challenge is to lobby government and university authorities to include such Centers as a regular line item of budgetary allocations to university programs. This is already being done by WSU in Romania.

Financial Sustainability

The choice of a specific programmatic strategy and the specifics of the economic environment are directly linked to achieving financial sustainability. The diversity of the MTEEP portfolio allows for making comparisons between strategies chosen by different Centers operating in different economic environments. These experiences lead to the conclusion that specific phases of the economic transition create conditions which preclude adoption of certain approaches in order to achieve financial sustainability of a given activity. For example, strategies for program delivery and financial sustainability chosen by WSU in Romania and UMCP in Poland provide cases in point. When WSU started the Centers for Business Excellence (CBE), they concentrated on providing advise and training for start-up businesses because privatization of state owned enterprises was only in its embryonic stage. At the same time, post-Ceausescu Romania did not provide a very favorable environment for attracting foreign investment. Subsequently, there were very few joint ventures or larger foreign companies that would become interested in management training programs. However,

as the Romanian market matures, the CBEs continue to augment their programs and services with more customized programs, reaching a break-even level and in some cases even showing a profit.

By contrast, the UMCP program in Lodz, Poland targeted larger domestic, joint-venture and foreign companies as recipients of their management training programs from the very beginning. The main objective behind this strategy was to make the Polish-American (PAM) Center very visible within the Lodz business community. This goal could be achieved by securing a stable corporate client base which would also provide financial stability. Having achieved this, the PAM Center may embark on developing programs which, although needed from the socio-economic perspective, may not have the ability to cover their delivery costs.

These two examples highlight the tension which often exists between delivering socially needed and desirable programs (such as training of women entrepreneurs, or programs for disadvantaged ethnic groups) and creating a sustainable financial structure. The critical element here is the period within which the new institution is to achieve financial stability. In some cases, certain programs may never reach this level because the targeted group may not be able to pay the needed amount to cover the cost of program delivery. This brings us back to the issue discussed at the beginning of this section, namely the effectiveness of centers affiliated with universities for the delivery of business counseling programs. Although universities in the CEE region find themselves in a difficult financial situation, they still would be more willing to embrace training programs which may need subsidies but, at the same time fit into the overall mission of the institution. On the other hand, if business counseling and training were to be delivered strictly by free standing private institutions, it is doubtful that such centers would be inclined, or even able, to offer programs which could not generate sufficient financial revenues. In other words, programs which may be financially profitable may not be the ones addressing specific social needs which would facilitate economic transformation and development.

D. PROGRAM MANAGEMENT

The growing maturity of MTEE programs has resulted in increasing focus on the management capabilities of the local partners to continue the programs/institutions supported through MTEEP. Since the start of its contract, DATEX has collected information on this issue, and the related one of US partner management support capabilities, through two survey questionnaires issued twice a year. The questionnaires have remained essentially unchanged over the four times they have been distributed.

One questionnaire, the US/In-Country Project Director's Evaluation of MTEEP Local Partner(s), 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 17 responses from US-based Directors, and 18 responses from In-Country Coordinators. These are similar to the number of

responses received for the previous MTEEP semi-annual report. The only program for which there was no US implementor response was the UPitt program in the Slovak Republic.

The other questionnaire, Evaluation by Local Partner of USAID MTEE Program, asks a representative from each local partner to address categories including the relevance of the MTEE Program, program management by the US partner, program content and impact, as well as provide a self-assessment of their own abilities. Several questions about the overall program are also included. Twenty-six responses were received from Local Partner representatives, an increase of seven from the previous survey. However, local partners from four programs did not respond: Czech Republic (CMC), Hungary (BUES), Poland (WSE), and Slovak Republic (Comenius University).

Four 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. The fourth summary is a special review of the In-Country Coordinators' assessments of the 12 business centers sponsored by MTEEP in Hungary and Romania. This is included as an attempt to see whether there are specific issues that might be identified by predominant program type (e.g. academic, business center, short term training).

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 3.4 and 3.9, and the average response to the 25 items being rated between 1 (unsatisfactory) and 5 (excellent) is 3.69, a slight increase over the fall assessment and indicates 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 since December. These areas are: ability to provide quality service, potential to provide innovation for the program, and potential for financial stability. Providing quality service is an area of perceived increasing strength for the partners, while innovation is a category for which there has been no consistent assessment of partner strength. Potential for financial stability is an area of consistent perceived weakness, but one where US grantees see the potential increasing.

The US Project Directors and In-Country Coordinators have 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

OVERALL PROGRAM RESULTS

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.

Of course, there are also areas of perceived weaknesses of Local Partners. 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. In fact, this is the only area where the relative rating decreased more than 0.1 point in the past six months. 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. As mentioned above, financial stability is also an ongoing concern.

US grantees are responding to assist their partners in these areas of perceived weaknesses. For example, WSU has looked at effective marketing of programs as a top priority for its staff technical assistance in the next year. 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 - grant and tuition/fee-based - to assist the long term financial viability of their efforts.

Table 4: Analysis of Project Director Questionnaire Responses

Item: Local Partners	12/95 Average Response (N=28)	5/96 Average Response (N=19)	12/96 Average Response (N=34)	5/97 Average Response (N=35)
Cooperation in developing curricula	3.1	3.8	3.8	3.8
Cooperation in acquiring and housing equipment	3.8	4.1	3.5	3.4
Cooperation in providing space for program	4.0	4.6	3.7	3.9
Cooperation in cutting red tape for program	3.8	4.1	3.4	3.4
Ability to attract qualified staff	3.7	4.1	3.6	3.6
Ability to retain qualified staff	--	4.1	3.5	3.6
Ability to attract clients	3.6	3.9	3.9	3.9
Ability to retain clients	--	3.8	3.8	3.9

OVERALL PROGRAM RESULTS

Item: Local Partners	12/95 Average Response (N=28)	5/96 Average Response (N=19)	12/96 Average Response (N=34)	5/97 Average Response (N=35)
Ability to adjust to changing politics	4.1	3.9	3.8	3.7
Ability to adjust to changing economics	4.0	3.9	3.8	3.8
Ability to provide quality service	3.9	3.9	3.7	4.2
Ability to determine local needs	--	3.9	3.8	4.0
Ability to develop new programs	3.9	3.6	3.6	3.6
Ability to engage in effective long range strategic planning	--	3.4	3.4	3.5
Ability to self-evaluate and effectively apply findings	--	3.3	3.2	3.2
Ability to effectively market programs	--	3.6	3.4	3.2
Commitment to free market reforms	4.4	--	4.4	4.6
Commitment to USAID program	4.3	--	4.1	4.3
Commitment to leading reforms	4.1	--	3.6	3.6
Commitment to the people leading reforms	4.1	--	3.7	3.6
Potential to administer the program during change	3.7	3.9	3.5	3.5
Potential to provide leadership for the program	3.9	3.9	3.3	3.6
Potential to provide innovation for the program	3.8	4.3	3.3	3.7
Potential to lead strategic planning for program	3.5	3.6	3.5	3.4
Potential financial stability	--	3.3	2.9	3.3
Faculty/staff turnover similar to other programs	--	100%	57%Y	84%
Staff would leave for better paying positions	--	18%Y	57%Y	58%

Notes: Responses - 2 = poor; 3 = adequate; 4 = good; 5 = excellent; Y = yes

D.2. LOCAL PARTNERS' ASSESSMENT

Responses to the Local Partner Questionnaire remain similar to the previous two times it has been issued. The average response for the 32 categories is 4.32 out of 5, and almost 50 percent of the average responses are between 4.3 - 4.5. As with the fall survey, Local Partner responses remain

OVERALL PROGRAM RESULTS

approximately 0.5 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 two 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. This is an area which is considered of growing importance to Local Partners.

Looking at the MTEE program itself, Local Partners have consistently felt 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 adjust to changing political circumstances. They have also indicated two areas of perceived increasing concern: ability to attract clients and to provide quality services.

It is interesting to note that the Local Partners feel that faculty/staff turnover is lower or the same as other programs (88 percent responded yes with this survey); this would imply that faculty and staff being lost are going to the private sector and not staying in academia.

The concern of Local Partners over their ability to adjust to changing political circumstances is greater than their concern about adjusting to changing economic conditions, although in both areas concern has increased. These concerns and Local Partner concern over their ability to retain clients in spite of well planned programs may relate to the concerns raised by the Project Directors - that is, partner weakness in self-evaluation, strategic planning and financial stability.

Interestingly, at a time when Project Directors see a number of improving areas in local partner performance, local partners themselves see more areas moving down slightly. It may be that both groups are assessing things in a more similar fashion as program implementation matures.

Table 5: Local Partners Questionnaire Analysis

Item: MTEEP Program...	5/96 Average Response (N=20)	12/96 Average Response (N=19)	5/97 Average Response (N=26)
Relevance to needs of participants	5.0	4.6	4.7
Recognizes economic situation	4.3	4.3	4.4

OVERALL PROGRAM RESULTS

Item: MTEEP Program...	5/96 Average Response (N=20)	12/96 Average Response (N=19)	5/97 Average Response (N=26)
Makes good use of local examples	4.0	4.0	4.0
Places right balance between theory and practical application	4.4	4.4	4.3
Most participants are satisfied	4.7	4.5	4.6
Materials developed can be applied	4.5	4.4	4.4
US staff sufficiently qualified	4.7	4.8	4.8
US staff respond to needs	4.6	4.5	4.6
Program properly administered	4.5	4.5	4.5
Length of stay of US staff sufficient	4.1	4.0	4.1
US partner meets financial commitments in timely manner	4.2	4.2	4.5
Current ability to attract qualified staff/faculty	4.4	4.2	4.3
** to retain staff/faculty	4.0	4.0	3.9
** to attract clients/students	4.8	4.6	4.4
** to retain clients/students to program completion	4.0	4.3	4.0
** to adjust to changing political circumstances	3.8	4.0	3.6
** to adjust to changing economic circumstances	3.9	4.3	4.1
** to provide quality services	4.7	4.6	4.4
** to determine local needs	4.0	4.2	4.1
** to develop programs for local needs	4.1	4.2	4.1
** to engage in meaningful long range, strategic planning	4.0	4.1	4.2
** to self-evaluate and effectively apply findings	4.2	4.2	4.3
** to effectively market programs	4.0	4.3	4.2
In last 6 months, changes in faculty ability	4.6	4.4	4.5
** , permanent changes in course offerings	4.4	4.4	4.5
** , participants applying what they have learned	4.6	4.5	4.3
Program content matches ability of participants	4.6	4.2	4.3
Provides sufficient technical assistance	4.2	4.1	4.0
Programs well planned and appropriate	4.6	4.3	4.5
External staff well trained/organized	4.8	4.6	4.6

OVERALL PROGRAM RESULTS

Item: MTEEP Program...	5/96 Average Response (N=20)	12/96 Average Response (N=19)	5/97 Average Response (N=26)
Sufficient training for staff	4.2	4.4	4.4
Translation appropriate and effective	4.8	4.8	4.6
Program charges fair price	90%Y	100%Y	100%Y
Demand equals or exceeds capacity	100%Y	67%Y	77%Y
Faculty/staff turnover lower or same as other programs	100%Y	75%Y	88%Y
In last 6 months, emerging competition	6%Y	35%Y	32%Y

Note: Responses - 2 = poor; 3 = adequate; 4 = good; 5 = excellent

D.3. COMPARATIVE ASSESSMENT AMONG RESPONDENTS

This is the third comparison among respondents which looks primarily at local partner capability to carry on the MTEEP program(May 1997 responses are compared). 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 0.5 in average response).

Local Partners clearly denote their ability to adjust to changing politics 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 managing the program during times of change is an area of relative weakness. 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.

In the same manner, Project Directors and In-Country Coordinators perceive Local Partner ability to engage in long range strategic planning as a relative weakness, while Local Partners rank it in about the middle of their abilities. Finally, Local Partners believe their key strength is in making

OVERALL PROGRAM RESULTS

progress in maintaining or increasing the program stature; In-Country Directors agree with this, although less strongly. However, US Project Directors consider this an area of relative weakness.

There is a "reverse" perceptual difference in two areas, which may indicate a merging of views. Local Partners consider their ability to retain clients as a relative weakness; both In-Country Coordinators and Project Directors consider it a relative strength. In the same way, Local Partners feel their ability to determine local needs is a relative weakness; Project Directors and In-Country Coordinators consider it a relative strength.

This merging of views may be an important for all partners in developing approaches to address Local Partner weaknesses. It is difficult to make change when there is not an agreement on the issue.

Table 6: Comparison Assessment Among Respondents - May 1997

Item: Your (for local partner)/Partners'.....	Local Partner Average Response (N= 26)	In-Country Director Average Response (N= 18)	US Director Average Response (N= 17)
Ability to attract qualified faculty/staff	4.3	3.6	3.6
Ability to retain qualified faculty/staff	3.9	3.6	3.6
Ability to adjust to changing politics	3.6	3.6	3.8
Ability to adjust to changing economics	4.1	3.8	3.8
Ability to provide quality service	4.4	4.3	4.0
Ability to determine local needs	4.1	4.0	3.9
Ability to self-evaluate and effectively apply findings	4.3	3.1	3.2
Ability to effectively market programs	4.2	3.0	3.5
Ability to attract clients	4.4	3.9	3.9
Ability to retain clients	4.0	4.0	3.8
Ability to develop new programs in response to local needs	4.1	3.6	3.6
Ability to engage in meaningful, long range strategic planning	4.2	3.5	3.5
Progress in maintaining or increasing the stature of the program	4.5	3.8	3.6
Progress in maintaining or expanding sources of non-USAID funding	—	3.7	3.8
Potential to administer the program during change	—	3.4	3.6

Note : responses - 2 = poor; 3 = adequate; 4 = good; 5 = excellent

D.4. SAMPLE ASSESSMENT OF BUSINESS SUPPORT CENTERS IN TWO COUNTRIES

There are 12 business centers supported by MTEEP grantees in Hungary (SUNY - 8 TQM Centers) and Romania (WSU - 4 Centers for Business Excellence). In-Country Coordinator assessments were received on each of these programs as part of this current survey cycle. An informal review of these surveys was made to see what, if any, comparisons might be made between similar programs - not so much to "rate" or compare centers as to see if there were common areas of strengths or relative weaknesses.

There were four areas of relative strength among these 12 centers - true across the two countries. These areas were:

- ▶ Commitment to free market reforms (4.75 average response)
- ▶ Commitment to USAID program (4.4)
- ▶ Ability to provide quality service (4.4)
- ▶ Ability to determine local needs (4.2)
- ▶ Ability to retain clients (4.0)

In like fashion, there were four areas of relative weakness across the two countries:

- ▶ Potential financial stability (2.9)
- ▶ Ability to effectively market programs (3.0)
- ▶ Ability to self-evaluate and effectively apply findings (3.1)
- ▶ Potential to administer the program during change (3.3)

Only one program across the two countries was considered very strong in attracting and retaining local faculty (e.g. staff would not leave for better paying positions). The others are all competing with private sector firms. In the same way, one center out of both countries seems to be able to adjust to changing economic circumstances in a very strong manner (similar information was not available regarding political change). There were three other cases where only one center among the twelve was considered "excellent": in improving the stature of the program, in providing leadership, and in potential for providing innovation for the program.

This type of result would seem to point to programs to look at in the future as possible examples of best practices in various aspects of business service center management.

There was also one example of a center with a significant number of weaknesses. This result would lead to future review of what constraints have so impacted the operations of this center.

The analysis also pointed out that there can be complementarity of information - between site visits and "hard data" such as from the surveys - that can help reinforce certain points. For the most part, the general analysis of all surveys, not broken down by program type, showed similar strengths and weaknesses as this review. The exceptional differences (where one unit is very different from all the rest) can only be seen by comparison of individual responses.

E. GENERAL CROSS-PROJECT THEMES

In the DATEX Semi-Annual Report of December 1996, several cross-cutting themes that emerged from country reports were summarized and discussed. Some of them such as sustainability (discussed in section C above) and re-engineering continue to be of key importance to MTEEP grantees and their partners. They were debated at the Bucharest Conference and written up in the proceedings of the conference. Rather than to address each of the same themes again in summary form, the DATEX team decided to examine in greater detail a couple of issues that are not only common to many projects but may have long lasting consequences beyond the life of MTEEP. It is our view that the questions of accreditation and case studies presented below should be given more systematic attention during the next phase of project monitoring and evaluation.

Accreditation for MBA programs is becoming an increasingly important issue.

Overview. The DATEX team has identified this issue as the most important one facing MTEEP grantees and their partner institutions in academic programs. It has mainly involved those in MBA and Executive MBA (EMBA) programs, although it could also apply to doctoral and masters programs as well. Eight institutions in six countries are involved in MBA-type academic (whether certificate or degree) management programs (see Table 7). As DATEX reported in the last semi-annual report, the accreditation (and recognition) process is proving to be long and complicated, since the MBA has not yet been recognized by any government in the CEE region, except in Albania where the university's right to offer an MBA program has been granted. Only one partner institution is now awarding its own MBA degree (CMC in the Czech Republic) while others hope to soon. Local partners are often very keen on having the ability to offer US degrees in conjunction with their MBA and EMBA programs. The first US grantee institution in the MTEEP portfolio (UNM in Poland) is now committed to awarding a joint MBA degree, while others have concluded that it is too involved to undertake. The table below illustrates the range and complexity of MTEEP activities in this area.

Table 7: Academic MBA Programs: Certificates and Degrees Offered

Country	US Univ/ CEE Univ	Type of Degree (date first issued or anticipated)	Degree or Certificate		Degree granted by: (local univ, country, other)
			Current	Future	

OVERALL PROGRAM RESULTS

Country	US Univ/ CEE Univ	Type of Degree (date first issued or anticipated)	Degree or Offered	Certificate	Degree granted by: (local univ, country, other)
Albania	UNL/UT	MBA - 1997/8	(on hold since 1997)	same	UT faculty senate, Council of Ministers
CzRep	UP/ CMC	MBA - 1993 EMBA - 1993	UP/MBA Others	CMC/cert	UP, others CMC
Hungary	SUNY/TUB	MS (Engineering Mgmt) - 1998	TUB Master's		TUB
Latvia	SUNY-B/ RBS	MBA -1995	RTU Masters w/ SUNY cert	RTU	RTU (interim appr; LT in process)
Poland	UMCP/UL	MS - 1998	Magister UL w/cert UMCP		UL senate appr
	UMN/ WSE	MBA - mid-1997	post grad dipl WSE w/ MBA cert	joint certificate, WSE & UMN	WSE senate appr, UMN/Carlson School
	UMN/OUAT	EMBA (Rural Ind Mgmt) -1998	MS-mgmt & mktg OUAT w/ cert UMN		
Slovakia	UP/ Comenius	EMBA - 1998 MBA - 1999	WEMBA, Comenius degree	MBA, beginning fall 1997	Comenius Univ, Management Faculty, UPitt/Katz School

Meanwhile, the formal legislative process leading to government recognition of the MBA degree is creeping slowly along. None of the governments (except Albania) has yet to recognize the MBA degree. As management education and economics training programs began to be restructured along Western lines, their development has largely taken place outside the supervision of the Ministry of Education. Countries in the region had a history of continuing education attached to academic departments, but not MBA programs. This has important ramifications for questions of quality assurance, course accreditation schemes, and financing. For example, the Czech Ministry of Education has been responsible for several fundamental changes in the education sector. The Higher Education Act of 1990 had as its primary goal to decentralize the educational system, return decision-making authority to independent universities, and redefine the relationship between the Ministry of Education and higher education institutions. But issues pertaining to the recognition of new degrees were given little attention.

In the US, MBA accreditation as such is not accorded by a government agency but by an accrediting association or agency. The main accrediting association for business schools in the US is the American Assembly of Collegiate Schools of Business (AACSB). Western Europe has a very different accrediting system from that in the US. The Central and East European Management Development Association (CEEMAN) based in Slovenia, deals with standards of quality of management education

in the CEE region and is working toward regional accrediting standards. Though only four years old, CEEMAN has already been successful in gaining financial support for some of its activities from the EU-PHARE Program. It does not appear that CEEMAN has been widely recognized as an accrediting institution in the region. With hundreds of MBA type programs springing up all over the CEE region, the question still remains as to who and where the accrediting function should be housed.

For doctoral and masters degree programs there is yet another accrediting agent to be considered. The New York State Education Department has developed guidelines to assist academic institutions outside of the US that seek registration (accreditation) of their graduate program curricula by the New York State Board Of Regents, a nationally recognized accrediting agency. The Regents incorporate colleges and universities by issuing a charter that defines the institution's legal authority with respect to the scope and locations of its program offerings and the degree(s) it may award. However, if an institution is not already chartered by the Regents, it must submit a petition for a charter as well as the program registration. (The University of Pittsburgh has given consideration to using this accrediting process for an M.A. degree in Economics at CERGE-EI.)

The following are summary descriptions of MBA programs involving MTEEP grantees:

Albania. The University of Nebraska at Lincoln (UNL) and the University of Tirana (UT) established an MBA program with USAID funding which was suspended in the spring of 1997 because of political events. The program opened in March 1996, and was in its second semester with an enrollment of 30 (two-thirds of them women) at the time of the suspension. Two courses were being offered - in English - by US faculty. Many of the students were also employed, often in quite responsible positions, including a woman who was the Minister of Labor. The Albanian Council of Ministers has officially granted a license to the University of Tirana's Faculty of Economics to offer the MBA degree program. It will still remain for UNL to work toward setting up standards in line with accrediting associations once the MBA program at UT is resumed.

Czech Republic. The Czech Management Center (CMC) was the first Western style management training institution established in the Czech Republic - with the assistance of the UPitt Katz Graduate School of Business - specifically with the objective of granting the MBA degree. Although most of the MBA degrees awarded to CMC students thus far have been from US universities where they completed their studies, CMC began awarding its own MBA in 1993. CMC is able to award an MBA degree because it is an autonomous institution not affiliated with any university.

As in other countries of the CEE region, the Czech government does not recognize the MBA degree. Since the educational reform of 1990, a new proposal was prepared in April 1997 and submitted to the Minister of Education. It focuses only on the most fundamental and widely agreed-upon positions on higher education initiatives: tuition fees for students (and on state-guaranteed loan repayment schemes), recognition status of certain forms of independent educational institutions within the

current framework, and recognition of several new forms of academic titles. (Masters- level degrees divided into technical/economics based programmes, which yield the 'Ing.' (Engineer) versus those in the Arts yielding the title 'Mgr.' (Magister). (Information provided by Michael Jetton, from his London School of Economics Masters Thesis paper, June 1997).

However, the Business Administration (MBA) degree is not even listed in the April 1997 proposal, and might well not appear even in the next legislative proposal. This means another four to five years of established management education programs - including CMC - offering a degree which is not recognized by the Czech authorities. Although some established universities have included common course elements with MBA programs, the degree awarded at the end of the program is a Master's in Economics or Management, not an MBA, since a business administration degree is not recognized.

Hungary. SUNY/CPED has collaborated with the Technical University of Budapest in establishing an MBA program for engineers. Designed jointly by TUB and SUNY-Buffalo faculty, the Engineering Management MBA program at TUB began its first academic semester in the Fall of 1996. More than 200 applicants were received, of whom only 70 were admitted to the program; of these 58 men and 6 women completed the first academic year. The larger than anticipated class size resulted in two 35-student sections for lectures and regular classwork. The TUB faculty have begun changing their course methodology as well as curricula toward a more US-type system of credit hours and electives. Despite the fact that the MBA degree is not yet recognized by the Hungarian government, most of the students have received release time as well as tuition support from their employers to attend the program. They will also receive a legal TUB degree upon completion of the program.

Latvia. SUNY-Buffalo began working with the Riga Business School, within the Riga Technical University (RTU) in 1991 under MTEEP. By 1997, a total of 54 students had graduated from the program. SUNY-B and RBS are continuing to address the issue of the type of degree offered and the language of instruction in their MBA program. Currently, graduates receive a Master of Science (M.S.) from RTU and an MBA Certificate from SUNY-Buffalo. The MBA certificate is awarded with the permission of the Rector of RTU. Until now MBA students have been admitted into the program based on their performance in a pre-MBA program consisting of English, case studies, accounting and calculus before being admitted into the MBA program. The MBA curriculum itself is a standard two years. It is SUNY-Buffalo's intention to continue offering a joint certificate with RBS after the USAID grant comes to an end, provided they can insure appropriate quality control over the program, and if the RTU and RBS administration feel that this practice is desirable.

All Latvian institutions of higher education are required to undergo a new accreditation process. The first step is a self-evaluation conducted by the faculty. One of the major accreditation requirement stipulated by the Latvian law is that half of the instructional staff be employed full time. An additional RTU requirement is that each department head be "research competent," holder of a PhD.

A strength of the RBS program is its emphasis on English language skills which provides good preparation for graduates to function in the international market. Although this issue has no relevance for fulfilling accreditation requirements by RBS with RTU, it may provide a stepping stone toward international recognition and US accreditation. Latvian law stipulates that the language of instruction in the institutions of higher education be Latvian. When the present SUNY-RBS project was elaborated, one of the unique features of the executive MBA training was maintaining English as the language of instruction. In order to conform with the Latvian law, RBS had to obtain a special exemption to allow instruction in English. This issue will have to be revisited and a more permanent solution found. The students overwhelmingly support the notion of retaining English as the language of instruction, arguing that this feature allows them to be competitive, both domestically and internationally, and thus promoting Latvian integration into the European economic community.

A separate issue regarding the type of degree offered is to determine whether RTU can continue to award an M.S. degree to RBS graduates, since the rules stipulate that there be a continuity of degrees. Presently, to be admitted to the Masters program, one must have a B.S. in a related field. The new arrangement with the pre-MBA program allows for a much greater flexibility and attracts able students from diverse professional fields. However, this issue will likely entail a thorough review by the university administration. Meanwhile, MBA alumni can become an effective lobby group for continuing the present practice.

Poland. In Poland, there are examples of very different MTEEP grantee approaches. The University of Minnesota's (UMN) Carlson School of Management and Warsaw School of Economics (WSE) have been working together on the joint award of an Executive MBA (WEMBA). The Polish-American Center for Economics and Management (PACEM) was established within WSE in 1992 as part of the MTEEP grant. In the fall of 1996 the project started up its Executive MBA degree program in American-style modern management education. PACEM has received official approval from WSE authorities to award the joint degree with UMN. On May 9, 1997, the UMN Board of Regents gave its approval to the joint award proposal and now the details are being worked out. Thus, the accreditation issues regarding the joint degree are being finalized.

The University of Maryland at College Park (UMCP), however, has declined to explore awarding joint or double degrees with its partner institution (University of Lodz) in Poland. UMCP and Lodz currently offer a Master of Management (Magister) degree which is officially recognized by the Polish government. In a letter from the Dean of UMCP's College of Business and Management to USAID/Warsaw in February 1997, it was noted that the AACSB does not accredit any programs outside of North America. It would require considerable commitment of faculty and curriculum development, as well as assessment student admission criteria and performance. Courses would have to be taught in Polish and English, and UMCP does not offer any degree program of this nature. The AACSB accrediting procedures are very rigorous and time-consuming.

UMN is facing rather keen competition in the MBA arena from non-US universities at WSE. A CIDA-funded EMBA program at the Warsaw School of Economics is being jointly sponsored by the 23-member Canadian Consortium of Management Schools (CCMS) and WSE. The two lead institutions are the University of Calgary and Universite du Quebec in Montreal. The Canadian EMBA program being offered at WSE, modeled after the established MBA degree programs at these two universities, is being taught entirely in English. The initial students will receive a degree from one of the two Canadian universities. The University of Calgary program is accredited by the AACSB.

The Value of the MBA degree in the CEE region. But what does the lack of official government recognition imply? There is a distinction to be made about who recognizes or does not recognize the MBA degree. For example, in the Czech commercial sector, where most recipients of formal MBA degrees are employed, the lack of official government recognition has not hindered employment prospects or wage structures of MBA graduates. Companies that are hiring young managers understand what an MBA is and what the MBA curriculum consists of. The same is true in the other countries in which MBA programs are operating, such as the RBS MBA program in Latvia.

In contrast, positions in the state administrative sector still rely on classification scales to establish salaries. In the current situation, an MBA holder is not classified as having the equivalent of a Masters degree. Thus, officially salary offers would be expected to be so low as to be a disincentive to graduates accepting such positions. However, throughout the CEE region we have seen that the marketplace is recognizing the value of the MBA degree. And most universities are continuing to offer M.S. degrees in Management and Economics while integrating MBA-type curricula into their syllabus. Most employers have shown a willingness to hire MBA graduates without regard for government recognition of the degree. Business needs have surged ahead of the legislative framework which should govern such matters. Perhaps the need for formal legislative change has actually been diminished because the MBA recipients are attracted to high salaries in the private sector and are ignoring the public sector. Unemployment among MBA degree-holders is almost non-existent and they are often recruited well in advance of their graduation because the demand for nationals with MBA degrees is so high. (M. Jetton, *op. cit.*)

Case Studies and Case Competition have become important features in academic as well as training programs.

Overview. Several of the MTEEP grantees and their partner institutions are developing case studies of local firms and conducting case writing competitions. This is an important contribution to understanding the newly developing private sector in the CEE region. These activities apply to academic (MBA training) as well as business training and counseling programs. Sometimes the firms are those whom MTEEP grantees and their partner institutions have assisted or counseled. Some of the case studies are being published in English and others in the local language. Case study workshops are being organized and teaching techniques presented. Case competition is a popular event common to US business schools which is finding its way to the CEE region.

The following is a summary description of the range of case study activities among MTEEP grantees.

Czech Republic. The Czech Management Center (CMC) has long been involved in case study development in its MBA program. CMC claims to be the largest single source of original public case studies on companies in transition economies. Some 35 case studies in English are available in the *CMC Series of Case Studies*. About 30 additional cases have been published by Western publishers in the forms of books. Another 50 original case studies in Czech language are part of CMC's class materials.

Hungary. SUNY/CPED began conducting a case writing competition in Hungary in May 1996. Winners of the competition are selected through a combined peer review and committee selection process. A total of three such competitions have been held on various topics. The most recent winner, declared in February 1997, was the Budapest University of Economic Sciences (BUES) professor whose case concerned the history and evolution of the management of a successful engineering firm. SUNY/CPED has also assisted the faculty at the Technical College of Engineering in Debrecen in revising curricula and written case studies and have developed quality assurance and TQM courses that undergraduate engineering students take. One faculty member who did a graduate internship at SUNY/Buffalo concentrated on developing case study materials. These case studies have been published by CPED in Hungarian language and are being used as teaching aids in schools and universities around the country.

SUNY/CPED has helped introduce case studies into the curriculum of the MBA program at TUB. Half of the students in the program utilized the option to develop case studies as part of their course work based on issues on their jobs during their first semester. At least half of MBA program participants are from small and medium-sized businesses. SUNY/CPED is also involved in a regional Total Quality Management (TQM) university-based network which provides instruction and consulting on quality management issues to university students as well as the Hungarian private sector. Case studies are also being prepared by the TUB faculty for TQM training in selected Hungarian companies and will be used as Hungarian language teaching materials and examples for other companies.

Indiana University's School of Business began assisting BUES in setting up a Center for Business Education six months ago. The Center was established as a visible support to the faculty to improve their teaching skills. Staff are at work on World Wide Web related projects and the development of company contacts and courses and seminars for small businesses. Two workshops have been offered for both BUES and external faculty, including one on case writing and teaching pedagogy.

Latvia. RBS established a Case Center in March 1997. While the Center is initially operating with full Canadian support, it is envisioned that in the next few years this support will be progressively phased out and replaced by contributions from the Latvian business community. As its name indicates, the Case Center expects to develop, publish and distribute case studies. It will provide

technical support and funding to writers, provide guidance for case teaching, explore opportunities for case write-ups (linkages with local firms), and organize summer case teaching and writing workshops delivered by visiting Canadian faculty. Two such workshops, designed for new writers and users, have already been held in 1995 and 1996. A workshop scheduled for the summer of 1997 is designed as a refresher course for past participants.

Lithuania. Texas A&M International University (TAMIU) and Kaunas Technical University in Panevezys (KTU/P) began to create a self-sustaining center of excellence for business management and related short term training in 1995 through the Center of Management Technology and Business Training. Support activities are designed around four categories: entrepreneurship training, executive education, training of local government managers, and strengthening the educational capabilities of KTU/P. A workshop conducted by the center involving many of the faculty from various departments of KTU/P has focused on case research. As a result of this activity, they became members of the newly formed Baltic Association of Case Research and Application (BARCA) which in turn became affiliated with the World Case Research Association. BARCA will have its headquarters at the center.

Poland. PACEM has been active for several years in research and publication of case studies. WSE and UMN professors have collaborated on case studies which provide the badly needed and highly relevant instructional material for the various PACEM-sponsored training activities. A manuscript on teaching materials for operations management is being prepared for publication which will be the first on this topic at WSE, and perhaps even in Poland. The most important publication by PACEM staff is a book of *Case Studies* based on examples from the Polish market. This collection will be used in WEMBA as well as in Executive Workshops, Round Table Seminars and Post Diploma Studies.

Romania. Washington State University collaborated with the Center for Business Excellence (CBE) at PUB (Polytechnic University of Bucharest) in publishing the first edition of a publication entitled *Business Cases for Students, Managers and Entrepreneurs* in 1994. All eight contributors were Romanian professors in the Management Departments of PUB and the Academy of Economic Studies (ASE). The collection was the result of active cooperation between PUB, ASE, and WSU and illustrated the increasing competence of the Romanian professors who had collaborated with US professors and consultants in the MTEE Program. The immediate use of this business case book was for business counselors working within the CBE, to help them develop business analysis skills and apply them to their counseling of business managers and owners.

Slovak Republic. An MBA Case Analysis Competition was held at Comenius University on April 19, 1997. Organized by the Comenius Faculty of Management and the University of Pittsburgh's Katz School, with funding from the local Deloitte Touche accounting affiliate, the competition brought together students from the Katz School, the WEMBA program, and the Management Faculty at Comenius. The competition consisted of nine teams comprised of a combination of students from each of the categories. Five Katz School faculty members were on hand to help coordinate the event and 10 judges voted on the participating teams. The case selected was a Harvard Business School

case on the privatization of Prochnik, a Polish clothing manufacturer in Lodz. The three-day Case Competition was well organized and the competition keen. Some 130 people attended a reception hosted by Comenius on the last day and patroned by the US Ambassador as well as the Rector of Comenius.

F. CONCLUSIONS

The MTEEP Project has over seven years of activity from which to derive information on impact and sustainability as well as lessons learned. Although the emphasis during the first several years of the project was on short term, massive attitudinal change to understand the free market system, MTEEP has evolved into a significant effort to develop sustainable quality programs and institutions throughout the nine countries touched by the project.

Impact

MTEEP programs are reaching a significant number of people. In the past year standard academic and non-academic programs reached about 6,000 in each half year period. In this report all additional types of programs, summarized under resource centers and other, are also summarized for the first time and show that these "other" efforts touch nearly as many people as the program more typically reviewed. About 4,400 people have participated in activities such as undergraduate TQM programs, English language programs, visiting or utilizing business resource centers, or attending open lectures.

Women

Women are also being reached, in some cases in significant numbers. While there is a great variation by country and program type, the overall participation rate of women has remained somewhat constant over the last 12-18 months at about 40 percent. In the last six months, variations in women's participation rates have been from a low of 25 percent in special company interventions to 54 percent in certification programs. Over the life of the four close-out programs, this variation was from 34 percent for the PhD program in the Czech Republic to 49 percent for certificate programs offered by three of the four programs.

Academic and Certificate Programs

Academic and Certificate programs are reaching maturity and while the number of graduates are increasing they remain small. However, the pipeline is strong, and the number of programs with graduates will increase from three today to about six by the end of 1997.

Short Term Training

Short term training remains a strong element of most programs, split between seminar and workshop formats. The mix varies by program, and perhaps by season of the year, although the data is not clear on this point.

Special Company Interventions

To date, few 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.

The impact of these programs has been detailed in the individual program assessments. In a very real sense, however, the whole of the institutions touched by MTEEP is greater than the sum of the participants that have been reached. New institutions have been created which represent a new approach to management and economics education in the CEE region.

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.

Academic and Certificate Programs

For academic and certificate programs, one 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.

The ongoing issue of what degree is offered to graduates of MBA programs includes several nuances that will have to be resolved as programs become independent of MTEEP support. The special flexibility granted many programs may not remain available. Such factors as the current requirement for continuity between undergraduate and graduate degrees common in most CEE countries, the

language of instruction, and the continuation of joint degree/certificate programs are likely to grow in importance as affecting the organizational sustainability of some programs.

The development of CEE and US-based foundations by one MTEEP program as a potential source of ongoing revenue for the local institution is an option for a secure funding base most programs have not explored as yet.

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 money producer that allow less profitable programs to be offered.

Program Management

There is an increasing merging of opinions between US and Local Partners on the value of the MTEE programs and the capability of Local Partners to manage them. However, several areas of divergent opinion remain, especially in the areas of self evaluation, program marketing, and strategic planning where US grantees feel that their Local Partners are not as strong as the partners feel they are. The issue that most concerns Local Partners is their ability to respond to changing political (and to a lesser extent economic) conditions.

The evaluation team has noted US grantees are responding to many of these perceived weaknesses in the technical assistance being offered.

A special review of business advisory centers in Hungary and Romania shows that overall responses are consistent with all programs (academic and non), but at an individual response level, special strengths or concerns at an individual center can be identified. There seems to be complementarity of information between site visits and "hard data" from the questionnaires.

Cross Project Themes

Two themes were addressed in this report, one especially significant for academic programs, the other relevant to all programs.

OVERALL PROGRAM RESULTS

Because the majority of MTEEP grantees are involved in MBA-type academic programs, the fact that most CEE countries do not recognize the MBA degree makes it extremely important to the universities involved. However, for the graduates, it currently is not an issue as good jobs are readily available. Reporting on developments on this issue can be helpful to most MTEEP grantees and partner institutions and will be encouraged through the MTEEP monitoring process.

The link between MTEEP and universities makes the development and use of case studies an important component of all programs as a way of extending the lessons learned by faculty as they work directly with private (or privatizing) businesses within the academic setting for long term change.

APPENDICES

**U.S. Project Director's or U.S. In-Country Director's
Evaluation of MTEEP Local Partner (s)**

Grantee Institution: _____ Date: _____
 Partner To Which Survey Applies: _____
 Location of Program(s) to which this survey applies: _____
 Type of program involved in this evaluation (check all that apply):
 ___ PhD ___ Part-time MBA ___ Full time MBA ___ Certificate program
 ___ Non-certificate training ___ Business advising/counseling
 ___ Faculty/trainer training ___ Other support activities: _____
 Name and Title of Person Completing Survey: _____

This questionnaire is intended to reflect your assessment of the status of this partner's progress since the last time this form was completed (prior six months). If you are working with more than one partner, please fill out one form for each partner in the project. Please circle the appropriate response to each item in the column on the right. Feel free to elaborate on any of your choices.

Thank You.

USE THE FOLLOWING SCALE FOR RATING ITEMS:

5 - Excellent
4 - Good
3 - Adequate
2 - Poor/Less than Adequate
1 - Unsatisfactory
NA: Does not apply to program

Cooperation From this Partner	Please circle your choice.					
Please use the space below each question to elaborate on your choice of response.						
1. In last 6 months, developing content for program(s)	5	4	3	2	1	NA
2. In last 6 months, acquiring and housing equipment and materials	5	4	3	2	1	NA
3. In last 6 months, providing space for USAID programs	5	4	3	2	1	NA
4. In cutting through the red tape of local requirements and regulations	5	4	3	2	1	NA

Partner's Current Ability:	Please circle your choice.					
Please use the space below to clarify or comment on answers.						
5. To attract qualified staff/faculty	5	4	3	2	1	NA
6. To retain qualified staff/faculty	5	4	3	2	1	NA
7. To attract clients/students	5	4	3	2	1	NA
8. To retain clients/students to program completion	5	4	3	2	1	NA
9. To adjust to changing political circumstances	5	4	3	2	1	NA
10. To adjust to changing economic circumstances	5	4	3	2	1	NA

Partner's Current Ability:	Please circle your choice.					
11. To provide quality services to its constituents	5	4	3	2	1	NA
12. To determine local needs	5	4	3	2	1	NA
13. To develop programs in response to or in anticipation of local needs	5	4	3	2	1	NA
14. To engage in meaningful long range, strategic planning	5	4	3	2	1	NA
15. To self-evaluate and effectively apply findings	5	4	3	2	1	NA
16. To effectively market programs	5	4	3	2	1	NA

Partner Institution's Commitment	Please Circle your choice.					
(Please use the space to clarify "extreme" answers ("5", "2" or "1")						
17. To free market economic reforms	5	4	3	2	1	NA
18. To continuing programs established through USAID support	5	4	3	2	1	NA
19. To leading reform movements	5	4	3	2	1	NA
20. To people who are leading reform movements	5	4	3	2	1	NA
21. To expansion of U.S. economics/management programs	5	4	3	2	1	NA

Partner's Progress:	Please circle your choice.					
22. Since the last report, the partner has maintained or increased the stature of the program (e.g. the service/program has been included in a catalogue, has gained recognition by or membership in an association). Example:	5	4	3	2	1	NA
23. Since the last report, the partner has maintained or expanded its sources of funding outside of this USAID grant.	5	4	3	2	1	NA
Estimated current percentage breakdown of sources of funding for this program:						
USAID Grant	_____					
U.S. Partner	_____					
Tuition & Fees	_____					
Local University	_____					
Other (specify)	_____					
TOTAL	100%					

Partner's Potential	Please circle your choice.					
Evaluate your Partner's potential with respect to:						
24. Administering program during times of change	5	4	3	2	1	NA
25. Providing leadership	5	4	3	2	1	NA
26. Creating and implementing innovations in program development	5	4	3	2	1	NA
27. Strategic planning and implementation	5	4	3	2	1	NA
28. Financial stability	5	4	3	2	1	NA

General Questions About this Partner	Please circle your choice.		
(in relation to other local programs)			
29. Does the institution charge a fair price for services?	Yes	No	N/A
30. Faculty and staff turnover in this program is lower than or the same as that of similar programs or institutions.	Yes	No	N/A
31. The demand for services in this program meets or exceeds capacity.	Yes	No	N/A
32. Given a better paying position outside of education would, in your opinion, large numbers of faculty/trainers and staff leave? If "yes," for which industries/positions?	Yes	No	N/A
33. Since the last quarter, has the partner developed new collaborative efforts for this project with other service providers? If yes, which ones, and what is your assessment of the effectiveness of that partnership?	Yes	No	N/A
34. Since the last quarter, has any new competition emerged for this program? If "yes," what is your assessment of the impact of the competing service provider on this program?	Yes	No	N/A

Additional Comments:

Evaluation by Local Partner of USAID MTEEP Program

Local Partner: _____ Date: _____
 USAID Grantee to which survey applies: _____
 Location of program(s) to which survey applies: _____
 Name of Person completing survey: _____
 Type of program involved (check all that apply):
 PhD Part-time MBA Full time MBA Certificate program
 Non-certificate training Business advising/counseling
 Faculty/trainer training Other support activities: _____

Your opinion is important to United States Agency for International Development (USAID). Please choose responses that reflect your assessment of the USAID program since the last time this form was completed (prior 6 months).

Please circle the appropriate response to each item in the column on the right. Please comment on your choices in the available space.

Thank You.

USE THE FOLLOWING SCALE FOR RATING ITEMS:

5 - Strongly Agree
 4 - Agree
 3- No opinion
 2 - Disagree
 1 - Strongly Disagree
 NA: Does not apply to program

Please rate the following:

Relevance of the MTEEP Program	Please circle your choice.					
1. The program is relevant to the needs of the participants.	5	4	3	2	1	NA
2. The program recognizes our economic situation.	5	4	3	2	1	NA
3. The program makes good use of local examples.	5	4	3	2	1	NA
4. The program places the right balance between theory and practical application.	5	4	3	2	1	NA
5. Most participants are satisfied with the program.	5	4	3	2	1	NA
6. Much material developed through this program can be applied to our country.	5	4	3	2	1	NA

MTEEP Program Management:	Please circle your choice.					
7. The U.S. staff /trainers/faculty seem sufficiently qualified.	5	4	3	2	1	NA
8. The U.S. staff /trainers/faculty have responded to our needs.	5	4	3	2	1	NA
9. The program is properly administered.	5	4	3	2	1	NA
10. The length of stay in this country for U.S. faculty/trainers is sufficient for our needs.	5	4	3	2	1	NA
11. The U.S. partner meets its financial commitments in a timely manner.	5	4	3	2	1	NA

Program Ability:		Please circle your choice.				
Please assess your program's <u>current</u> ability to:						
12.	To attract qualified staff/faculty	5	4	3	2	1
13.	To retain qualified staff/faculty	5	4	3	2	1
14.	To attract clients/students	5	4	3	2	1
15.	To retain clients/students to program completion	5	4	3	2	1
16.	To adjust to changing political circumstances	5	4	3	2	1
17.	To adjust to changing economic circumstances	5	4	3	2	1
18.	To provide quality services to its constituents	5	4	3	2	1
19.	To determine local needs	5	4	3	2	1
20.	To develop programs in response to or in anticipation of local needs	5	4	3	2	1
21.	To engage in meaningful long range, strategic planning	5	4	3	2	1
22.	To self-evaluate and effectively apply findings	5	4	3	2	1
23.	To effectively market programs	5	4	3	2	1

Program Impact:		Please circle your choice.					
Please elaborate on your answers in the space provided.							
24.	In the last 6 months, this program has led to changes in our faculty's or trainers' or counselors' ability. Please give examples:	5	4	3	2	1	NA
25.	In the last 6 months, this program has led to permanent changes in our course offerings. Please give examples:	5	4	3	2	1	NA
26.	To the best of my knowledge, those who have participated in this program in the last 6 months are now applying what they have learned to their work. Please give examples:	5	4	3	2	1	NA

Program Content:	Please circle your choice.					
27. The degree of difficulty in the program's content matches the abilities of our participants.	5	4	3	2	1	NA
28. The program provides sufficient technical assistance.	5	4	3	2	1	NA
29. Programs are well planned and appropriate.	5	4	3	2	1	NA
30. The instructors/trainers/counselors are well trained and organized.	5	4	3	2	1	NA
31. The program provides sufficient training for instructors/trainers/counselors.	5	4	3	2	1	NA
32. Translation is used appropriately and effectively.	5	4	3	2	1	NA

General Questions	Please circle your choice		
33. Does the program charge a fair price for services?	Yes	No	NA
34. Does demand for services in this program equal or exceed capacity?	Yes	No	NA
35. Is faculty and staff turnover in this program lower or the same as that of similar programs or institutions?	Yes	No	NA
36. In the last 6 months, have any other programs emerged that are in competition with the services offered by your program? If "yes," what is your assessment of such program(s)?	Yes	No	NA
37. Please provide a percentage breakdown of the current sources of funding for this program:			
USAID Grant	_____		
U.S. Partner	_____		
Tuition & Fees	_____		
Local University	_____		
Other	_____		
TOTAL		100%	

Additional Comments: _____